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Importance of Green Washing and its Impact on Consumers and Businesses

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Abstract

One of the important factors contributing to success of organizations is how closely ethical values are woven into their organizational culture. In the long run an ethical firm builds loyalty and trust among its customers. But even the largest of the corporate seem to overlook these ethical values by indulging in greater profiteering through green washing activities. The awareness about the drawbacks of green washing will help the consumers to make an informed decision in favor of genuine green products. It will also help the companies by educating them on how green washing activities negatively impact their brand image and brand loyalty eventually resulting in decreased revenues and market share. The rapid industrialization and globalization in past decade has led to severe environmental degradation. This has become a cause of great concern for individuals, companies and governments worldwide. Consumers are becoming highly conscious about the products which they purchase and their environmental impacts, which is clearly evident in their purchase behaviour. The acceptance of green products by increased number of consumers has led the manufacturers to adopt eco-friendly practices not only in the production process but also in the end product itself. Green marketing has been considered as the most preferred strategy to attract a huge mass of eco-friendly customers. n marketing.

Keywords: Green washing, Advertisement, Ethics, Corporate, Green marketing.

Introduction

The rapid industrialization and globalization in past decade has led to severe environmental degradation. This has become a cause of great concern for individuals, companies and governments worldwide. Consumers are becoming highly conscious about the products which they purchase and their environmental impacts, which is clearly evident in their purchase behaviour. The acceptance of green products by increased number of consumers has led the manufacturers to adopt eco-friendly practices not only in the production process but also in the end product itself. Green marketing has been considered as the most preferred strategy to attract a huge mass of ecofriendly customers. Adopting green attitude is all about a continuous effort, sometimes shallow and sometimes deep in minimizing the negative impact on the environment. Research has indicated that green washing advertisements are successful in attracting customers. The motive behind huge number of consumers choosing green products is to live a way of life which helps them makes choices that benefit the environment or has minimum impact on the environment.

Green claims are normally made by products and services which are not characteristically environment friendly. One major supportive factor for companies claiming to sell green products is that their claims cannot be clearly verified by the consumers even after they have used the products or services. There are basically three types of confusion normally faced by green consumers: unclarity confusion, similarity confusion and overload confusion. Unclarity confusion happens when the consumer has no up-to-date knowledge about the product thereby making it difficult to evaluate the product. Similarity confusion arises when the consumer is deceived by the similar physical appearance of different products. Overload confusion happens when the consumer is so overburdened with relevant information that it becomes difficult for them to make a choice between products. Many companies try to project themselves as being environment friendly by spending huge amounts of money in marketing themselves as green companies.

But the fact remains that instead of actually decreasing their adverse impact on environment, they just try to cover up with marketing their products as green products. So consumers are now more doubtful about advertising being an authentic method of communication, thereby making them skeptical about advertising. There are no proper standardized rules and regulations to validate the green products claim of the companies. Still many consumers are ignorant about the usefulness of green products. It will take lot of efforts and time to convince them to switch to green products as people normally resist change in their buying behavior.

A product becomes less meaningful if it meets all the environmental norms but fails to achieve customer satisfaction. So the product must qualify the dual parameters of being environmentally friendly and should also be able to provide customer satisfaction. The Boston College Centre for Corporate Citizenship (2008) and Cone LLC conducted the Green Gap Survey of 2008 which revealed that 40% customers favour green products and 48% of the customers think that green products has a positive effect on the environment.

The Challenges of Green Washing

The concept of green washing was first used by American environmental activist Jay Westerville in 1986. Green washing is mainly promoted through advertisements which show claims that are untrue, overlook specific information about validity of the claims or a combination of these. Green washing is a perilous practice as the organizations promoting it are unable to validate their green practices, which may influence the faith of the consumers towards genuine green products. Green washing is intentionally hiding negative information and projecting the positive information about products in order to maintain a positive corporate image.

It is a deliberate attempt initiated by companies which includes a selective information disclosure decision which are often advantageous for the companies but unsafe for the society. Under green washing the companies try to spend huge amounts of money for advertising their products as green products rather than actually spending money on improving their products which would make them environmentally friendly. Green products messages are normally confusing to a majority of the consumers. So the manufacturers take advantage of this confusion and keep promoting their products as green products.

Often there exists a thin line between promoting green products for companies own profit and for meeting social responsibility norms. Green washing may also negatively affect the trust of the investors. It encourages negative propaganda by consumers there by confusing other consumers about the validity of green claims made by the companies. Because of this the consumers fail to build a long term relationship with the companies due to the mistrust created through these misleading green washed advertisements. So companies claiming to be green entities should live up to their green claims.

Apart from green claim strategy some companies have adopted another strategy of green washing called as the executional green washing, where there is no clear claim of greenness but some imagery in the advertisement suggest the product to be environmentally friendly like recyclable, eco-friendly etc. Some companies even try to divert the consumer attention away from the product to the social contributions which they make from proceeds by selling the product.

Celebrity Endorsements

Consumers normally can judge the intentions behind a green washing advertisement but the visual prompts in the advertisement tend to attract them to buy the product because of their affinity towards nature. Some companies take the help of credibility of some famous celebrities by persuading them to advertise their products. The motive behind this is to indulge in immoral practice of green washing by leveraging on the trust of the consumers on the celebrities. Green claims offered by the companies should come under strict cross-examination when they are endorsed by popular celebrities.

It is a matter of trust which the consumers place on the celebrity and the company, and neither of them should be allowed to fiddle with the trust of the consumers. Once the trust of the consumers is diluted it leads to confusion and it becomes difficult for the consumer to distinguish between fake green companies and genuine green companies. If such situation arises it is highly demotivating for the genuine green companies who neither can afford nor believe in endorsing their products by popular celebrities. Strict laws should be formulated by the concerned authorities to penalize both the companies engaged in green washing as well as the celebrity endorser who has influenced the buying behavior of the consumers in favor of the product which they advertise.

Responses

Some studies have pointed as to how some informed consumers try to expose these misleading green washed advertisements through the use of social media. But very little is known about the response of the companies to such pressures as these companies to use social media platform to advertise their green claims. The current environmental data shows that the global CO2 emission and pollution levels are at an alarming level. This shows that majority of the companies use green washing as a tool to enhance their brand image and sales, while staying far away from actually implementing the green norms.

They put forward overstated and unmerited claims of producing environmentally friendly products and services with an intention to grab a larger share of the market .In the wake of these false claims a company named Enviromedia created Green washing index to keep a watch on environmental claims made by companies. Currently many companies are able to dodge marketing laws and sell their products with the help of green washed advertisement.

Terrachoice has conducted a survey in 2010 which shows different ways in which a company can mislead its customers. For the awareness of the consumers they have formulated seven such ways which has been named as seven sins of green washing. They mention about sin of hidden trade-off where the companies promote their products as green products by concentrating on a few environmental attributes thereby neglecting other broad areas that concern the environment. Then, they talk about the sin of no proof where the companies' claim of being green is not validated either by complementary information or by any outside certification. Another point they talk about is sin of vagueness which indicates their claims to be too unclear for the consumer to understand and interpret.

Next, they talk about a claim to be true but irrelevant in the present context of environmental practices, which they have called as sin of irrelevance. Then, they mention the sin of lesser of two

evils which explains that a company's claim may hold true only within that particular product category but not within the ambit of overall impact of the category on the environment per se. Next, they mention about the claim being totally untrue which they have called the sin of fibbing. Finally, they talk about the sin of worshipping false labels where the companies depend upon false labels and authorizations by third parties. Some of these immoralities should definitely be considered as criminal actions as they violate the environmental and safety laws.

The Way Ahead

Authorities should define clearly the scope and components of green marketing by companies. In its absence the companies will be able to indulge in green washing activities even without directly breaking the present laws. The government authorities should also conduct regular green audits to assess the degree of deviation from green advertisement benchmarks and corporate codes of conduct. Stringent yet effective policies should be made at every level starting from village, tehsil, district, state and central level with proper mechanism to check green washing. The general awareness level has to be raised among consumers so that they can clearly distinguish between green washed and genuine green products.

This will also deter the companies to involve in green washing practices in the fear of losing revenue due to increased awareness of the consumers regarding green washed products. Awareness of consumers should also be increased so that they can distinguish between green advertisements and green washed advertisements. A major role in this direction should be played by government authorities as well as media.

Now the time has come when the consumer needs to have enough information regarding green washing. If green washing continues unchecked then real and credible green companies will lose their importance in the business arena. Authorities should also focus on making stringent laws to check this practice. The consumers should by themselves check for the credibility of the green claims made by the companies by cross checking these claims with supporting proofs on Google and the company's websites.

The companies should state their green claims in a clear and logical manner displaying not only the positive effects but also the negative effects of their products. They should also support all their green claims with relevant data and certifications done by credible third. Public Private Partnership (PPP) model can be implemented where the government and private bodies can together frame policies and guidelines to streamline and implement effective environmental guidelines. Environment protection and consumer protection bodies should be entrusted greater responsibility towards increasing the awareness among all the stakeholders.

Conclusion

The green washing activities are growing due to weak existing regulatory framework and also due to the absence of any universal applicable standards and guidelines on environmental communications. The consumer is ready to pay a premium price for green products but the companies should also be responsible enough to produce quality product by refraining from green washing activities. It is time that the companies integrate sustainable development into their marketing mix thereby making sustainable growth possible for future generations.

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