

# Greenwashing and its Impact on Slovak Consumers

Margaréta Nadányiová

University of Zilina

## Abstract

Greenwashing represents a barrier to economic development because people become more sceptical of environmental initiatives. It uses time and resources that could be better spent with a greater regard for the environment. The principle of greenwashing involves companies trying to give the impression that they do more for the environment than they actually do. This paper deals with the characteristics of greenwashing, defines different types of greenwashing, looks at the sins of greenwashing and introduces the Greenwashing Index. An integral part of this paper is an evaluation of a market survey into the impact of greenwashing on Slovak consumers. On the basis of the results of the survey, measures are put forward to eliminate the negative effects of greenwashing on (not only) Slovak consumers.

**Keywords:** greenwashing, environment, company, Greenwashing Index, consumer, advertisement.

## Introduction

The environment and the protection thereof is a highly discussed topic. As the standard of living is gradually increasing there is an increasing awareness for the need to maintain and improve the environment people live in. Many companies use this growing awareness and the importance that is attached to the environment to their advantage; they create a false picture and image of their company and its products (Krizanova, Majerova and Zvarikova 2013; Rypakova and Rebetak 2015). Whilst the issue of greenwashing is now only just coming to the attention of the world's media, the phenomenon is not new at all. Large numbers of companies have a history of promoting their green credentials through green PR and promotion. This strategy is used to divert consumer's attention away from the real impact of its activities and products.

## Theoretical Basis of Greenwashing

Greenwashing took root in the 1970s when the growth of the environmental movement brought awareness of ecological damage to the general public (Greenpeace 2016). The very concept of greenwashing was derived from word "whitewashing" which can be defined as a coordinated attempt to hide unpleasant facts, especially in a political context (EnviroMedia Social Marketing 2016). Greenwashing means and also assumes the same as whitewashing, but from an environmental point of view, namely misleading consumers and public opinion. Companies have a tendency to promote themselves and their products as representing responsible consumer choices which are friendly to the environment. At the same time, they focus on informing customers of the lower impact they have on the environment, although this is not entirely true (Hernik 2014; Rahman, Park and Chi 2015; Willness, Zerr and Jones 2012).

The independent organization Greenpeace defines greenwashing as a cynical use of environmental themes for the purification of the inappropriate behaviour of companies (Greenpeace 2016). For many years the organization has tried to protect the environment not only against greenwashing. They point to the improper and fraudulent practices of companies that lead to the deception of consumers.

According to Grant (2007), greenwashing means "*doing something normal and making it look greener.*" He develops and maintains the concept and suggests that greenwashing relates to particular companies, in particular those that have a tendency to promote their products as natural, whilst their products are only genetically modified or contain added antibiotics.

In the past, greenwashing was limited to the use of advertising as the instrument with which companies sought to manipulate public opinion (Bowen and Aragon-Correa 2014; Marquis, Toffel and Zhou 2016; Nyilasy, Gangadharbatla and Paladino 2014). Over time the instruments have developed to include a wide range of business activities such as the publication of various environmental reports, educational programmes, and the organization and sponsorship of events. Regardless of where and in what form greenwashing occurs, its aim is to mislead consumers and public opinion into believing that a company has given due consideration to the environment for all the activities it undertakes, with the aim to continuously improve (Elving and Steenhuis 2014; Masarova, Stefanikova and Rypakova 2015).

The global non-profit organization BSR defines four types of greenwashing (Horiuchi 2009):

1. **Misguided greenwashing** - this category includes companies that are making significant efforts to be more environmentally friendly. Their efforts are not very effective and they often use claims such as "environmentally friendly" in their communications.
2. **Unsubstantiated greenwashing** - this category includes companies that at first glance seems to be doing their job commendably, providing their arguments based on substantiated data. However, closer examination reveals that the

companies have not done it to protect the environment, but purely for their own benefit.

3. **Greenwash noise** – this category includes companies who say they are "green" without having sufficiently substantiated their arguments for saying so. The corporate statements are not convincing, not even to consumers.
4. **Effective environmental communications** - this group is the goal for all companies. They do everything to improve the environmental and social performance over the different functions of the company and they are able to communicate this effectively.

In recent years, there has been a large increase in the number of cases of greenwashing. The Canadian company, Terra Choice, on the basis of research it conducted, categorized false and misleading claims about the environment to develop a list of sins, entitled "**The seven sins of greenwashing**" (Terra Choice 2007; Terra Choice 2009; Horiuchi 2009):

1. **Sin of the hidden trade-off.** A claim suggesting that a product is 'green' based on a narrow set of attributes without attention being paid to other important environmental issues. Paper made from sustainably grown and harvested forests, for example, is not necessarily better for the environment. Other important environmental issues in the paper-making process, such as greenhouse gas emissions, or chlorine use in bleaching may be equally important.
2. **Sin of no proof.** An environmental claim that cannot be substantiated by easily accessible supporting information or by reliable third party certification. Common examples are facial tissues or toilet tissue products that claim various percentages of post-consumer recycled content without providing evidence thereof.
3. **Sin of vagueness.** A claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer. 'All-natural' is an example. Arsenic, uranium, mercury, and formaldehyde are all naturally occurring, and poisonous. 'All natural' isn't necessarily 'green'.
4. **Sin of worshipping false labels.** A product that, through either words or images, gives the impression of having a third party endorsement where no such endorsement exists; fake labels, in other words.
5. **Sin of irrelevance.** An environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products. 'CFC-free' is a common example; it is a frequent claim despite the fact that CFCs are banned by law.
6. **Sin of the lesser of two evils.** A claim that may be true within the product category, but that risks distracting the consumer from the greater environmental impacts of the category as a whole. Organic cigarettes are an example of this, as are fuel-efficient sport-utility vehicles.

7. **Sin of fibbing.** Environmental claims that are simply false. The most common examples are products that falsely claim to be Energy Star certified or registered.

The Greenwashing Index is an online portal that allows consumers to publish advertisements that may contain elements of greenwashing. Other consumers can then read the advertisement, subjectively evaluate the claims and write their comments. The site, which asks consumers to raise awareness about misleading green advertising, is gradually helping to eliminate the negative impact of greenwashing and is preventing the misleading of public opinion. The Greenwashing Index is an automated tool that records the responses to five statements on the relevance of the marketing claims in the advertisements (EnviroMedia Social Marketing 2016):

1. The advertisement misleads with words.
2. The advertisement misleads with visuals or graphics - usage of green or natural images in a way to make the consumer think that the product or company is more environmentally friendly.
3. The advertisement makes a green claim that is vague or seemingly unprovable.
4. The advertisement overstates or exaggerates how green the product, company or service actually is.
5. The advertisement leaves out or masks important information, making the green claim sound better than it is.

Companies are constantly trying to acquire new customers for their "organic" and "green" products and arouse interest through their efforts to be seen as environmentally friendly. Some companies really do it, and not only for greater profits and consumer interest. In contrast, there are businesses that mislead consumers and public opinion whilst promoting their green credentials, i.e. they are greenwashing. The main goal of the Greenwashing Index is to educate consumers about how to "read" an advertisement and encourage them to decide for themselves if what they're seeing is greenwashing. It also seeks to generate a better-informed public and forces manufacturers to be accountable for the sustainable practices they claim to follow (EnviroMedia Social Marketing 2016).

## **Materials and Methods**

Over time, greenwashing has become a widespread phenomenon, not only abroad, but also gradually in Slovakia too, although for the majority of Slovaks it is still a big unknown. Research conducted by Terra Choice revealed that up to 95% of the products presented to the public as "green" were just cases of greenwashing. The research involved 5,296 products, of which only 265 were truly "green" as claimed by the producers (Terra Choice 2010). This number is very small compared to the total number of investigated products, which proves how often manufacturers use greenwashing.

The research referred to above focuses on the examination of greenwashing on a global scale. What is the situation in Slovakia? How do Slovak consumers perceive

greenwashing and do they possess enough information about it? To find the answers to these questions, a market survey was conducted.

The aim of the market survey was to determine: consumer awareness of greenwashing and its impact on Slovak consumers; the impact on consumers' personal experience with the phenomenon; whether consumers are interested in "organic" products and why; whether consumers are influenced by advertising and the claims of manufacturers.

The survey was conducted in February 2016 on a sample of 130 respondents aged 15 years and upwards. The respondents were selected at random, whereby the size of the sample group was influenced by the lack of willingness of the interviewed people to complete the questionnaire. The reason may be the fact that the addressed respondents did not have enough information on the issue.

The survey was conducted on the basis of the personal and electronic questioning of consumers from all over Slovakia. The questionnaire consisted of two identification questions and an additional twelve questions on greenwashing and green consumer behaviour.

The answers provided an insight into consumers' awareness of the concept of greenwashing and its impact on consumers. It also helped to establish whether consumers trust the advertising claims of producers and the extent to which they are interested in and purchase "organic" products and products friendly to the environment despite the negative impact of greenwashing.

## **Results**

Of the 130 respondents that participated in the survey, 85 respondents were female (65%) and 45 respondents were male (35%). The majority of respondents (110 i.e. 85%) were aged 19-25 years. The reason for this may be the fact that this age group possesses the most information about greenwashing, so they are more willing to complete a questionnaire on the topic. On this basis, it must be concluded that it is not possible to accurately apply the results of the survey to other age groups.

The results of the survey indicate that the concept of greenwashing is still unknown among consumers. They have not come across it yet. Only a small percentage of respondents (27%) knew what greenwashing was, whereby the majority knew about it from print media and television (60%). Only 11% of the respondents had personal experience of greenwashing. After an explanation of what greenwashing is, consumers subsequently came to the conclusion that they had come across it personally (32%) or through family and friends (4%). However, the largest percentage of respondents (42%) could not acknowledge it because they did not know that it was a case of greenwashing. Some of the respondents who had personally experienced or heard about greenwashing from friends, stopped buying such products (48%) or became more interested in the topic (31%). None of the respondents But neither of them did not warn manufacturers that they are committing greenwashing and some of them absolutely did not deal with it. Consumers are of the opinion that manufacturers are only environmentally friendly and

"green" to a certain extent and only as much as they present themselves externally. It is sad that the majority of respondents (78%) agreed with this response, but it is true. Advertisements do not affect consumers to a great extent because they purchase advertised products only after recommendations from family or friends. This may be due to the fact that in their opinion, companies only want to attract consumers to purchase their products through misleading advertising (82%). They do not consider "organic" and "light" products as healthier or of higher quality (75%). They think that these arguments are used by manufacturers only for effect and therefore for deliberately misleading consumers (39%). On the other hand, approximately the same number of consumers are not influenced by the descriptions on products and buy products without looking at the manufacturer or whether the product is "light" or "organic" (36%). The prices of products are the main criterion for consumers when it comes to deciding which product to buy (85%). In total, 59% of respondents said that "organic" products are unnecessarily overpriced and are not willing to pay more for them. The price is not only criterion that determines whether a consumer purchases a product. The second most important factor is the composition of the product and the manufacturer (71%). Consumers notice "organic" and "light" products (12%) and recyclability (7%) the least. The main reasons consumers buy "organic" products is that do not contain artificial additives (65%), are only made from natural ingredients (52%) and taste healthier and better (55%). On the other hand, the main reason for not buying these products is their high price (80%), which discourages most consumers from buying them. In addition, there is distrust of "organic" products and their manufacturers (51%), as well as a lack of awareness about the benefits of these products (43%).

## **Discussion**

Although greenwashing is a relatively unknown issue in Slovakia, that does not mean it absent there. It is therefore important to avoid it. Consumers currently have the disadvantage that they are not well informed about greenwashing and they cannot recognize it in the advertisements and campaigns of companies. They know that something in the advertisement is not appropriate, but they do not associate it with greenwashing. Unfortunately, they also do not report advertising by manufacturers that contains misleading information or hold the Council for Advertising to account.

Based on the survey results, the following measures are suggested to eliminate the negative effects of greenwashing on consumers (not only) in Slovakia. These measures are focused on the age group (19 – 25 years), but a significant part of them can also be used to target other age groups too.

### **Increase awareness of greenwashing through the media**

According to the market survey, most consumers who have come into contact with greenwashing, heard and read about it through the media.

One option is to make TV stations take an interest in the issue and get them, through a variety of reports, programmes and discussions, to tackle specific examples of

greenwashing in conjunction with experts who are knowledgeable in the field. They can give consumers advice over the phone or by e-mail on what, and what does not, constitute greenwashing. Consumers may be interested because it concerns products which they may (have) come into contact with, and as a result they may gain information on greenwashing.

Reports on greenwashing are rare and on the whole are only published in professional journals and newspapers which are read by specific groups of people. It would therefore be appropriate to ensure that similar articles are published in the daily press or other newspapers that are more likely to be read by consumers. This should include the publication of those products and companies that mislead consumers, a consumer oriented questions and answers section, as well as analyses of specific products to determine whether they are really green or there is the suggestion of greenwashing.

The Internet also provides a huge array of options for increasing awareness of greenwashing, especially through social networks, blogs or discussion forums. Using the links that exist between people through social networks would be a captivating way to provide basic information on greenwashing. Raising consumer awareness in this way would almost be guaranteed; the publication of posts and articles about specific companies and products almost automatically garner reactions from people, who then give their opinion, share it, and thereby notify other people in their surroundings. After all, all of us pay attention when it is made public that a manufacturer has been caught misleading consumers because we do not like to be deceived and buy products that do not correspond to the promoted parameters.

### **Increase awareness of greenwashing through education**

Children and young people are a vulnerable group susceptible to the influences of advertising. It is therefore important to start informing them about such issues in schools. Students are already being taught about environmental pollution and its negative impacts; the inclusion of the issue of greenwashing would therefore be appropriate. Interestingly, a number of respondents in the survey indicated that they had been informed about greenwashing in school and thought that it had been useful. It is therefore important to educate young people about this phenomenon because it affects them even if they are not fully aware of it. Lectures given by experts could form part of the educational process. The experts could provide information on greenwashing, present concrete examples of misleading products and have open discussions with students. Through the students, even parents can learn about the issues and seek further information. They can then make informed decisions about the products they purchase and reduce their consumption of those products that are known to be misleading or that are the subject of greenwashing.

### **Elimination of greenwashing by companies**

It may seem that eliminating greenwashing by companies is the simplest measure, but it is very difficult to force them to do so. Even if they are warned and pull their

advertisements, they tend to come back to the market with new products, new advertising and greenwashing. For the most part, companies are purely interested in winning consumers over to buy their products, in gaining the largest market share and building a reputation. However, utilising greenwashing to gain status and reputation can have quite the opposite effect. When it is brought to consumers' attention on social networks or through other media that they are the subject of greenwashing, it can do a company great harm and cost them customers. Companies should therefore eliminate their "green" claims in the marketing and sales practices for their products and use it only when it is supported by relevant evidence.

### **Legislate against greenwashing**

The reason why companies increasingly use greenwashing is that they can knowingly mislead consumers with impunity. In order to prevent this practice and to protect consumers, it would therefore be appropriate to legislate against it by incorporating it into Slovak law. This could be done by extending current Consumer Protection Law. Companies that are subsequently found guilty of greenwashing would be punishable with a fine.

### **Black list companies engaged in greenwashing**

It would be possible to draw up a so-called "black list" of companies, from both at home and abroad, that use greenwashing tactics. Large companies, for example Coca Cola, Pepsi Cola, Shell, Mattoni, Toyota and Citroën, commonly use greenwashing to market their products. It would be appropriate to publish the black list in the media so that consumers can see which companies are misleading them most often. Consumers can then verify which company is, or is not, on the black list and make an informed decision as to whether, or not, to continue buying their products. Consumers could also be given the opportunity to contribute their findings on other companies and products that they feel are misleading. These findings could be obtained through consumer surveys or discussions in which they are involved.

### **Conclusion**

If a business wants to be successful and maintain its good name, it needs to offer products that do not mislead consumers. Quite the contrary, it should provide accurate information at all times and avoid greenwashing. As the results of our survey show, it is necessary to provide more information on this issue to consumers (not only) in Slovakia. Doing so would increase overall awareness of what constitutes greenwashing and how to subsequently avoid it. It is also important to speak more about greenwashing in the media. This could help to expose those companies which resort to greenwashing to market and sell their products.



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**Contact address of the author:**

Ing. Margaréta Nadányiová, PhD., Department of Economics, Faculty of Operation and Economics of Transport and Communications, University of Zilina, Univerzitná 1, 010 26 Žilina, Slovak Republic, e-mail: margareta.nadanyiova@fpedas.uniza.sk

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