Greenwashing in the context of sustainable development and sustainable consumer choices

Monika Wodnicza
University of Lodz

Abstract
The article aims to analyse the current debate in the literature regarding the occurrence of the so-called ‘greenwashing’ phenomenon and its significance in the context of sustainable development. The main focus is on presenting the definition as well as the features and forms of this phenomenon, and on showing examples of greenwashing in economic practice based on desk research. Data from the author’s own research were also used to illustrate consumers’ opinions on greenwashing and its consequences in the context of their purchasing choices.

Keywords:
sustainable development, green business, greenwashing, sustainable consumption.

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Introduction

Sustainable development is analysed and identified on many levels and in many spheres. It is a systemic approach, where coherence between economic growth, environmental protection and social inclusion is required. The idea is to maintain the balance between the economic and social aspects of growth as well as environmental constraints. Achieving economic growth by managing natural, produced and social capital for the benefit of entire societies and future generations has become a challenge. Interest in sustainable development has been constantly growing among the public as well as businesses and corporations. We have also seen a shift in the consumption and production models towards greater sustainability.

The rising importance of sustainability and environmental protection has created a new type of consumers: they display a higher environmentally friendly by paying increasing attention to environmental issues and making efforts to meet environmental and sustainability requirements (Guo et al., 2014; Guo et al., 2018). Unfortunately, not all corporate activities are considered to be genuinely ‘green’. Instead, they are referred to as ‘greenwashing’, i.e. the use of deception, for example, when a business wants to be perceived as environment-friendly to please ethically aware consumers.

Sustainability: A sustainable consumption and production model

When analysing the existing literature on sustainable development, it should be emphasised that the essence of this phenomenon is presented and defined by many authors, which may reflect the high importance of the problem. Various scientific disciplines emphasise different areas of sustainable development, leading to multiple interpretations of the phenomenon. For instance, the humanities focus on human activity in terms of environmental responsibility, the natural sciences study and define environmental issues while the technical sciences refer to environmental parameters and standards. In the economic sciences, sustainability is analysed from both a macro – and a microeconomic perspective. This is based on the idea that the macroeconomic objectives of sustainable economic growth translate into the goals pursued by economic actors in the micro scale (Wiśniewska-Paluszk, 2017, p. 320).

The United Nations has had an important role in addressing environmental issues and sustainable development: it started the discussion as early as 1968 to continue in subsequent years, as evidenced by the 2030 Agenda for Sustainable Development, which clarified sustainable development issues and goals (UN, 2015; Chasek, 2020). Another important document is the 1987 report of the World Commission on Environment and Development, chaired by G.H. Brundtland since its definition of sustainable development has been commonly accepted and adopted. According to this definition, development is sustainable when it “meets the needs of the present without compromising the ability of future generations to meet their own needs” (Report, 1987, p.37). The United Nations has not remained indifferent to the problem. It has focused its debate on this issue on extending the green economy in the context of sustainable development, the fight against poverty and the institutionalisation of cooperation in this area at the global, national and local levels while taking the economic, social and environmental spheres into account (United Nations, 2012).

The issue of sustainability was initially reserved for, and analysed by, specialists addressing environmental economics and natural resources seen as part of the ‘environmental economics’ strand of research. Its claims have been used as the foundation for sustainable economics (Costanza et al., 1998; Pearce, 2002), The attempts by H. Rogali (2009, p. 77; 2010, p. 578) to formulate the essential tenets of the economics of sustainable development can be seen as a contribution to this discourse. In his view, the core of this approach is an economics that “places the principle of intra – and intergenerational justice at the centre and teaches to respect the limits of environmental capacity”.

In economics, sustainable development is viewed in the perspective of equity rather than efficiency (Howarth & Norgaard, 1992), although it is worth emphasising that economic efficiency, understood as the inability to improve the situation of one party without affecting the costs of another party, fits with the idea of using resources, including environmental ones, in business activities. Hence, economic efficiency in sustainable development should be understood in relation to the use of scarce natural resources in a way that minimises the negative environmental impact. Keeping the equity of economic, social and environmental aspects will imply widespread changes towards a sustainable future (Costanza et al., 2016).

Sustainability can be defined from the perspective of trade-offs between the goals delineated by the three pillars: environmental, economic and social, with both positive and negative implications. In order to achieve sustainability, the framework of economic practices, models and policies should be changed at the level of countries, unions of countries and businesses/corporations while taking social and economic inequalities or environmental degradation into account (Megwai, Njie, Richards, 2017, p. 338). Therefore, when talking about policy-making aimed at sustainable development, the essence is not only about its pillars but, above all, the interactions and interdependencies emerging between them (Figure 1). These result in the emergence of an area referred to as the ‘green economy’ (GE) and areas identified as follows:

- Green environment – where more emphasis is placed on the interaction between the green economy and the environment, considering the local and global environmental issues;
- Socio-environmental area – with a reciprocal relationship between environmental and social aspects, defined and developed as part of green economy;
- Socio-economic area – setting out guidelines that ensure at least a basic and equal minimum of income, goods and services in society.

1 These include, among others, renewable energy sources, green transport, development of green technologies, green public procurement, green finance, or green manufacturing.
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Alongside economic, social and environmental development, a sustainable economy is one of the pillars of sustainability. Therefore, it can be defined as a sustainable economy which improves welfare, enhances social justice and mitigates environmental risks by constraining the consumption of natural resources. It should be stressed that this approach is analysed at many levels and covers a range of issues, including the improvement of energy efficiency, the development of new ‘clean’ technologies, green manufacturing/clean production, green jobs, renewable energy sources, green transport or green consumption model. Table 1 presents the key features of the green economy juxtaposed with those of the ‘brown economy’.

Table 1. Features of the brown and green economy

<table>
<thead>
<tr>
<th>Brown economy</th>
<th>Green economy</th>
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<tbody>
<tr>
<td>Unlimited economic growth</td>
<td>Decoupling economic growth from natural resource use</td>
</tr>
<tr>
<td>Infinite resources</td>
<td>Limited resources</td>
</tr>
<tr>
<td>Non-renewable energy sources, reliance on fossil fuels</td>
<td>Renewable energy sources</td>
</tr>
<tr>
<td>Intensive use of natural resources (energy – and material-intensive)</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td>Greenhouse gas emissions</td>
<td>Clean production</td>
</tr>
<tr>
<td>Destruction of biodiversity</td>
<td>Protection of biodiversity</td>
</tr>
<tr>
<td>Global social inequalities</td>
<td>Intergenerational and interregional justice</td>
</tr>
<tr>
<td>Unlimited consumption (overconsumption)</td>
<td>Sustainable consumption</td>
</tr>
<tr>
<td>Lack of responsibility</td>
<td>Corporate and investor social responsibility in the field of environment</td>
</tr>
<tr>
<td>Weakened public confidence</td>
<td>Growing public confidence</td>
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</table>

Source: Sulich, 2018.

The focus of this study will mainly be on changing the consumption and production model towards a more sustainable one. Sustainable consumption can be defined as an alternative lifestyle or eco-consumption, linked with the trend towards the greening of consumption (Dąbrowska et al., 2015).

The concept of sustainable consumption, defined as the optimal use of services and products to meet basic needs and enhance the quality of life while minimising the use of natural resources, controlling emissions and hazardous waste without jeopardising the needs of future generations, has attracted increased interest from both academics and practitioners given its important role in achieving sustainable development (Zaremohzzabieh et al., 2021).

Consumer choices have a significant impact on sustainability, much like the economic activity of businesses. Businesses are required to reduce pollution and waste, and their products and services should meet ethical, environmental, social and economic standards. With regard to consumer demand models, it should be noted that in the case of sustainable consumption, environmental and social aspects are crucial, in addition to maximising economic benefits. Therefore, consumer decisions should include products and services that are environmentally friendly (e.g. biodegradable), thus also supporting their green production. Sustainable consumption thus implies a supply of sustainable products and increasing importance of corporate social responsibility and sustainable production. Sustainable production is the development of products through economically viable processes that minimise negative environmental impacts, conserve energy and natural resources and ensure the safety of workers, communities and products. Sustainable production covers all issues that aim to improve the way products/materials are sourced, manufactured and sold (Zu, 2013).
The degradation of the environment, connected with issues such as, e.g., climate change, waste generation, air pollution or natural disasters, is increasingly changing consumer behaviour, shifting it towards purchasing green products as an alternative to more conventional products. This highlights the urgent need for manufacturers to change their attitude towards consumption behaviour that is more sustainable and environmentally friendly (Zaremohzzabieh et al., 2021).

Environmentally conscious consumers expect companies to provide information about the environmental impact of their products, the ingredients used (composition) and the flow of the manufacturing process. Many businesses/corporations have begun to see environmental issues as a competitive advantage on the market. By conducting business in a responsible and sustainable manner, they minimise their own negative environmental impact on the one hand and, on the other, they increase operational efficiency through cost cutting and waste reduction and long-term profitability, and also attract new customers and strengthen the brands of their products and businesses. In the real world, however, one also encounters practices that do not inspire public confidence, but are considered green and sustainable by companies. These are referred to as ‘greenwashing’.2

Greenwashing, as this phenomenon is referred to, is either deliberately undertaken by companies as a marketing approach and tactic, or unintentionally practiced due to poor communication and information flow. Sometimes this phenomenon may involve these two main behaviours simultaneously, namely withholding negative and disclosing positive information about environmental performance of a business (Delmas and Burbano, 2011, p. 65). This corporate behaviour can be labelled as ‘selective disclosure’ (de Freitas Netto et al., 2020). It is defined as a gap between the symbolic and substantive social involvement of companies (Walker and Wan, 2012). It is sometimes referred to more bluntly as ‘environmental money laundering’. This means that businesses try to disguise their nonsustainable behaviour as ‘green actions’, sometimes resorting to deception in order to present themselves as green and to broaden their customer base by attracting shoppers who look for green products and support environmental initiatives.

Greenwashing is not a new phenomenon and is not a response to customer needs related to environment protection. In fact, it was widely recognised as early as the mid-1980s (Dahl, 2010). In 2010, one of the global agencies, TerraChoice (2010, p. 10), identified and defined the misrepresentations and manipulations committed by businesses/corporations in promoting themselves as ‘green’. The following types of greenwashing have been identified (Kozińska and Szarkli, https):

▶ Covert operations – a product is advertised as being produced according to environmental principles, i.e. organic or sustainable, while in fact the product has only one or two environmentally friendly attributes, or only one of many production stages was environmentally friendly. Companies may suggest that the product is environmentally compliant, but they only present a part of the product lifecycle and do not take into account all environmental impacts resulting from its production, use or disposal;

▶ Lack of evidence – manufacturers promote their products as green without holding relevant certificates from recognised bodies. Sometimes they provide evidence in a way that is not supported by the available sources and the consumer has no way of verifying the information. These include:

▶ Lack of precision – it occurs when a product description contains claims such as ‘100% natural’ or ‘free from chemicals’, while the product cannot physically have these characteristics. This also involves claims and statements that may be perceived by consumers in an irrational way due to imprecise communication resulting from general or unclear terms specifically developed for this communication. This practice is considered to be misleading to the consumer;

▶ Irrelevance – this occurs when a characteristic is highlighted in the product description, such as ‘free from...’ while it should be omitted because all products of this type must have this characteristic in keeping with the law;

▶ Lying – this occurs when manufacturers make false environmental claims, provide false data on product composition or recyclability, false information on marks and certificates;

▶ The lesser evil – this occurs when a product is presented as less harmful compared to other products on the market while in reality the product is also harmful to the environment and consumer health (organic cigarettes are an example);

▶ False labelling – this refers to the use of misleading environmental labels on products, i.e. labels, stamps or colours that falsely suggest an eco-friendly aspect in a product or brand.

The essence of greenwashing

The terms ‘corporate pollution’ or ‘corporate greenwashing’ are used in the context of doing business. Greenwashing involves the exaggeration of a company’s financial performance related to environmental protection and sustainability in order for others to perceive the organisation as green (de Freitas Netto et al., 2020). Companies spend more money and time promoting themselves and their products as eco-friendly than what they spend on actually eliminating or minimising the environmental impact of their business. Therefore, their actions and efforts to protect the environment are negligible. This phenomenon also includes the businesses’ failure to identify and manage environmental aspects.2

Nowadays, environmental issues, sustainable development as well as environmentally conscious consumers imply changes in the operation of businesses, which increasingly see the advantages of being green. To this end, they undertake numerous activities that are not always 100% environmentally friendly. Greenwashing, as this phenomenon is referred to, is either deliberately undertaken by companies as a marketing approach and tactic, or unintentionally practiced due to poor communication and information flow. Sometimes this phenomenon may involve these two main behaviours simultaneously, namely withholding negative and disclosing positive information about environmental performance of a business (Delmas and Burbano, 2011, p. 65). This corporate behaviour can be labelled as ‘selective disclosure’ (de Freitas Netto et al., 2020). It is defined as a gap between the symbolic and substantive social involvement of companies (Walker and Wan, 2012). It is sometimes referred to more bluntly as ‘environmental money laundering’. This means that businesses try to disguise their nonsustainable behaviour as ‘green actions’, sometimes resorting to deception in order to present themselves as green and to broaden their customer base by attracting shoppers who look for green products and support environmental initiatives.

2 According to ISO 14001:2015, an environmental aspect is defined as an element of an organisation’s activities or choices or service that interacts or can interact with the environment. An aspect may involve any axis of an organisation’s interaction with the environment, regardless of whether the interaction results in a negative or positive impact on the environment (cf. ISO 14001:2015 Environmental Management Systems).

3 Based on its survey of big box stores, TerraChoice identified 1018 consumer products that had 1,753 environmental claims. It found that all but one products had claims that were demonstrably false or intentionally misleading to customers.
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Table 2. Examples of greenwashing in practice

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Examples</th>
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<tbody>
<tr>
<td>These are not purely organic or green products / production methods</td>
<td>BP (Beyond Petroleum) promoted the use of solar energy, but it relies on oil and gas for 96% of its energy. In this example, ClientEarth accused BP of misleading consumers through its advertising. AIDA has been trying to advertise through Green Cruising while only one of AIDA’s 13 ships being operated with LNG (liquefied natural gas). AIDA wants to build an image of green cruising among consumers. Although LNG emits less pollution, it is extracted through the fracking process, which is a highly questionable method.</td>
</tr>
<tr>
<td>No evidence of organic products / production processes</td>
<td>In 2020, Ryanair promoted itself as an airline with the lowest emissions, without any evidence or proof to support this claim.</td>
</tr>
<tr>
<td>Having a broader green image for products / production processes</td>
<td>Lipton Ice Tea used an advert entitled ‘Deliciously refreshing 100% recycled’. However, the product is not 100% recycled. Adidas, manufacturer of sports gear, uses the term ‘Ocean Plastic’ in its advertising, suggesting that the purchase of Adidas shoes will help to clean up oceans of litter. However, the sports shoes were not made from waste floating in the ocean, but Adidas used plastic waste collected on beaches and in nature to produce those shoes. In other words, this case does not involve cleaning the oceans of litter.</td>
</tr>
<tr>
<td>Misleading consumers about organic products / production processes</td>
<td>Coca-Cola’s PlantBottle is presented as an alternative to regular plastic bottles. However, bioplastics are not sustainable materials at all.</td>
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<tr>
<td>Making false environmental claims about products / production processes</td>
<td>In 2019, McDonald’s launched a new campaign where it suggested an eco-friendly production method based on recyclable paper substitutes to reduce plastic waste, even though the new alternatives to recyclable paper production have been criticised due to their sustainability issues.</td>
</tr>
<tr>
<td>Incorrect expansion of green product categories / production processes</td>
<td>Many fast fashion brands can mislead consumers. H&amp;M’s campaign about clothing recycling had a positive impact on many consumers. However, recycled clothing accounted for less than 35%. Consumers believe that clothes recycling is a fully sustainable process.</td>
</tr>
<tr>
<td>Use of false labels</td>
<td>Fiji Water was sued for inappropriately claiming to have an environmentally enhanced bottle (‘carbon-negative’).</td>
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Source: author’s compilation based on: Yildirim, (2023, p. 56); WDSF (2021); von Peter Carstens (2019).

Table 3. Classification of greenwashing types

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<thead>
<tr>
<th>Claim greenwashing</th>
<th>Executive greenwashing</th>
</tr>
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<tbody>
<tr>
<td>Textual arguments that list the environmental benefits of a product/service in order to create a deceptive green claim.</td>
<td>Elements that evoke nature, e.g. images that use colours, sounds or natural landscapes, which may lead to false perception by consumers.</td>
</tr>
<tr>
<td>Practices that are misleading to consumers generate a conflict in sustainability attitudes by generating mistrust towards sustainability models and goals.</td>
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</table>

Greenwashing as seen by consumers

Considering the nature of greenwashing, this can be seen as a negatively charged phenomenon. From the perspective of businesses, it should be emphasised that greenwashing is an apparent strategy that entails business risks and legal risks as well as risks to image. The following types are mentioned here (EY, http):

1. Loss of brand reputation and financial losses resulting from abuse of consumer confidence, leading to loss of revenue.
2. Market exclusion, which can result from deliberately misleading investors by publishing untrustworthy information, thereby undermining the company’s credibility and discouraging investors and business partners from cooperating; in consequence, companies may lose access to financing.
3. Legal consequences and fines that arise from making false statements regarding the environment, ESG standards, including non-financial reporting.
4. Increased scrutiny from regulators, as well as excessive media attention can hinder or restrict a company’s operations.
5. Lost opportunities for the company to introduce genuine, meaningful environmental improvements that could bring tangible business gains.

In addition to negative impacts on businesses, greenwashing also harms consumers. Misleading statements or false claims about the true environmental impact of products and services mean that consumers make choices that are harmful to the environment and sustainability. This is an unethical approach in the context of the assumption that consumers are held responsible or co-responsible for solving problems by adopting sustainable behaviours.

In order to verify consumers’ awareness and views on greenwashing, the author of this article conducted her own survey using a CAWI tool (Computer Assisted Web Interview). The survey was conducted in July and August 2023 and was addressed to Polish consumers aged 18 to 70. The main objective was to examine, firstly, the level of consumer awareness of greenwashing and the ability to recognise it; secondly, its impact on consumer choices; and thirdly, the economic determinants in sustainable consumer behaviour.

A total of forty-three people aged 20 to 55 responded to the questionnaire. Of this group, 72.09% held a university degree while the remainder had secondary education. All the respondents described themselves as environmentally conscious and taking care of the environment. Sixty-six respondents described themselves as environmentally conscious and taking care of the environment. They tend to make sustainable choices in their purchases, i.e. they are interested in eco-friendly products. Selected findings from the survey are presented below.

Given the small sample size, the findings cannot be generalised onto the total population.
When asked about greenwashing and related examples, 62.79% of the respondents indicated that they had heard of the phenomenon of greenwashing and knew what it meant in business practice, while 11.63% said they had not heard of such business practices. The remaining respondents, 25.58%, had heard of greenwashing but were unable to give real life examples.

Undoubtedly, gaining knowledge about greenwashing and its mechanisms is an important element for consumers and a way for them to avoid bad choices described as unsustainable.

Regarding the impact of greenwashing on consumer choices, 51.16% of the respondents believe that greenwashing practices implemented by corporations have a negative impact on consumer choices. The same share perceive those practices as having a negative impact on brand perception while 32.55%, on the other hand, believe that greenwashing does not have a negative impact and does not hinder purchasing decisions, with 16.29% having no opinion on the subject.

Consumer behaviours that support the environment are determined not only by their environmental awareness but also by economic factors. One of them is income, which, in combination with pricing, is the core aspect for consumer decisions. There is a certain dualism here since, on the one hand, sustainability and sustainable consumer choices are relevant but, on the other hand, the thriftiness and consumers’ financial capabilities play a more important role.

The survey respondents stated they were willing to pay 15–20% more for a sustainable product. In particular, consumers are willing to pay a premium for organic food. Growing consumer awareness of food quality and safety, and the impact of organic food on human health, are conducive to increased purchases of organically produced food. When choosing such products, 35 respondents said they were interested in organic food when making their choices while others did not show such interest. This is due to the impression that the market offers so-called ‘pseudo organic’ products.

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to greenwashing (the so-called Green Claims Directive). The draft implies the introduction of transparency requirements for environmental labelling, the creation of a register of recognised environmental labels used by companies, and the imposition of additional information obligations on manufacturers.

This will undoubtedly influence purchasing decisions, shifting them towards more sustainable choices. It is clear that consumer attitudes and behaviours are changing. This is influenced by many factors, such as individual consumer characteristics, their cognitive abilities, environmental awareness and knowledge, income or price sensitivity. When resorting to greenwashing practices, corporations must realise that this poses a threat to their competitiveness. Profit-driven unfair business practices may result in consumer disenchantment with products, loss of reputation and market position. Subsequent efforts to rebuild prestige and convince consumers to choose their products again may entail costs that are often disproportionate to the gains previously generated from the sale of pseudo-green products.

**Greenwashing w kontekście zrównoważonego rozwoju i zrównoważonych wyborów konsumenckich**

**Abstrakt**
Celem artykułu jest analiza dyskusji prowadzonej w literaturze w zakresie występowania w działalności gospodarczej przedsiębiorstw tzw. greenwashingu i jego znaczenia w kontekście idei zrównoważonego rozwoju. Główne skoncentrowano się na prezentacji definicji oraz cechach i formach zjawiska, a także korzystając z informacji zastanych wskazano przykłady stosowania greenwashingu w praktyce gospodarczej. Posłużono się również danymi z badania własnego w celu zobrazowania opinii konsumentów na temat greenwashingu i skutków jego występowania w kontekście dokonywanych wyborów zakupowych.

**Słowa kluczowe:**
zrównoważony rozwój, zielony biznes, greenwashing, konsumpcja zrównoważona.