

# Green marketing or greenwashing

[Business](#), [Marketing](#)



With this many companies saw an opportunity to exploit this using green marketing tactics to preferential themselves from other companies with a unique selling point creating a competitive advantage. Some companies truly believed that they should be more environmentally friendly so they set up sustainable practices throughout their businesses and have reaped rewards. However, other companies only looked to manipulate green marketing so that they too could gain this advantage over competitors and increase their brand image, by doing so the term greenmailing was created by marketing practitioners to describe these organizations.

With continuous problems from companies' greenmailing many practitioners issued commendations to consumers and organizations so that they could spot greenmailing and edit their green marketing methods so they could stop doing so. Alongside this governments released guidelines to help as well. BP and the Co-operative group are two companies that have heavily promoted their green initiatives and will be assessed and compared within this paper to see how viable they are. The object of this study is to help differentiate green marketing and greenmailing and raise awareness for consumers.

**Introduction Research Questions** The main title of this dissertation is Green Marketing or Greenmailing: a critical view of organizational attitudes towards promotion of their environmental initiatives. This research would critically contrast two UK-based organizations which have heavily promoted their green credentials, BP and the Co-operative Group, and will assess whether their green marketing proposition is viable or whether it is little more than

greenmailing. Alongside this the concepts and differences in green marketing and greenmailing will be explored.

**Background** Green marketing has been described as any activity in which an exchange is made to meet humans wants and needs with minimal negative impact on the environment (Polygons, 1994). Green marketing was first noted back to the sass (Monsoons, Unknown) but it wasn't until the sass when the Baby Boomers changed the concepts of marketing by creating a trend in the idea of sustainability (Ottoman, 2011). With this new concept in the market the idea of greenmailing was also created.

Greenmailing can be traced back to the sass (Nash, 2008) and is used to describe organizations that actively promote their green initiatives when the benefits of them where marginal. However this has not deterred many organizations from proactively promoting the " good" that they have done within their organizations. There is a fine line between green marketing and greenmailing (Kilojoules, 1998), and as consumers have become increasingly astute there is an increased need for organizations to quantify and demonstrate the green benefits which they market (Hager, 2008).

**Objectives/Aims** The main objective of this study is to fully examine the concepts of green marketing and greenmailing. By doing this we can analyse the companies BP and the Co- operative Group marketing methods and Judge whether they are greenmailing or not. From this research, consumer awareness will be raised on this ethic issue. **Statement of problem** From 2010 to 2011 it was found that in the UK alone the amount spent on

ethical products increased by 8.8% from EYE billion to EYE. 8 billion (Smith, 2011).

The Ethical Consumerism Report 2011, released by The Co-operative Group, showed that since 1999 ethical spending has increased from EYE. 5 billion to EYE. 8 billion (see figure 1 in appendix). With consumers having a more ethical stand on what they purchase sustainable and environmentally friendly. While this in itself is a positive outcome which could lead to sustainability, many companies have jumped upon the "green" bandwagon but have not been fully committed to the initiatives (Grant, 2007).

By doing so these companies have wrongly been taking the benefits of having: increased brand loyalty, increases in stock share prices, a unique selling point, a higher selling price, the appearance of being an innovated company (Avocado, 2009). These benefits give that company a competitive advantage which is undeserved. This is strongly unethical act to carry out and despite their being higher media coverage of this issue (such as articles in newspapers) many consumers remain unaware of the misconduct being carried out by these companies.

It is also becoming increasingly more dangerous as it gives a lot of power to corporations and creates feelings of mistrust between consumers, organizations and the government. Purpose/significance of study The purpose of this study is to inform consumers/investors of how they could be possibly manipulated by companies into thinking that they are supporting a sustainable/green friendly company.

Companies have promised to make improvements that are supposedly "green" and received great amounts of publicity and been able to charge extortionate prices but have failed to produce results and set consumer standards. Hopefully by going through the theories of green marketing/greenmailing and using the contrasting examples of BP and CO-POP people will become more aware of the situation and force it upon government to create legislations preventing greenmailing. Research Hypothesis This study should widen the gap between green marketing and greenmailing.

BP should be a good example of green washing and the CO-POP of green marketing and the contrast between the two should demonstrate to consumers where there may be deception. Structure This paper has been broken up into five sections. The first is the introduction, which sets up the background, states the problem and sets out the objectives and scope of the research. The second section is the literature review; this goes through the main theories around green marketing and green washing and differentiates them.

Next, the methodology goes through types of research used and what they have covered, as well as discussing limitations. Then, the findings and analysis section uses BP and the Co-operative Group to discuss aspects covered in the literature review and evaluate the use of green marketing in both organizations. The final section creates a conclusion and recommendations based upon research done in the literature review and the

findings and analysis section. This section will be broken into two parts so that each concept can be examined completely.

Green marketing Green marketing has been described as " an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment" (Pride and Farrell, 1993); this is a much more exact definition compared to Poltroons definition (use in background section) as it focuses much more around a product and states that there is to be no negative impact on the environment instead f a minimal amount.

Practitioners within the marketing industry first came across green marketing when they noted the rise in green consumerism - a rise in consumers' concern for the environment (Grove and Kilojoules, 1994).

This was due to a shift of people becoming green consumers in the sass.

Green consumers have been described as people " who avoids products that are likely to endanger the health of the consumer or others; cause significant damage to the environment during manufacture, use or disposal; consume a disproportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries" (Lexington, 1994, p. 3). A number of factors helped the growth of green marketing. A factor that is considered to a major help in the development of green marketing was the pressure within society to be green (Archie and McDougall, 1985), this has been demonstrated by many celebrities switching from their normal vehicles to cars with low emissions. Two other factors were the increase in the amount of environmentally safe substitutes to everyday products and

the increase in popularity among environmental/social charities (Strong, 1998).

The increase in worldwide communication and media coverage has been deemed to help; by people being able to see how companies have been damaging the environment and acting unethically to produce their products they have been able to complain about it and boycott using these products (Apatite, 1992). With all of this extra pressure from consumers, companies deemed that they would have a moral obligation to have corporate social responsibilities (Keller, 1987). From that many organizations turned these obligations into objectives and green marketing was seen as an opportunity to achieve them (Shearer, 1990).

Crisscross (1992, p. 177) went as far as to say that it was "perhaps the biggest opportunity for enterprise and invention the industrial world has ever seen". To establish whether or not what a company is doing is actually green marketing practitioners within the field established criteria that had to be met by the organizations. While there are many different sets of criteria the two that will be covered will be Parka's (2002) 3 ways and Grant (2007) Five Xi's. Alongside these two criteria the American and Australian guidelines to see what their trading offices use to judge whether or not a company is greenmailing.

Parka's (2002) criteria was the simplest approach. A company would have to look into three different areas of the business (the value added processes, the management systems and the products) redesigning or eliminating processes to make them greener such as updating machinery so that it uses

less energy to produce the product. The management systems would look to create procedures that would allow less of an environmental impact to be taken place within the working conditions, for example a care program may establish rules and commitment to health and safety.

Finally, the products side of it is looking to design processes/designs to make the product more environmentally friendly e. G. Making it recyclable. Once this was all done the company would be considered a green company and could market itself. Grant (2007) believed that to green market was far more complicated and that a company would have to follow the five Xi's: Intuitive, Integration, Innovation, Inviting and Informed. Intuitive meant that the product must be accessible - there would be no point of having a product that on few could use e. G. A car that runs on water but costs over

EYE million. Integration linked with sustainability, it must be linked to society, the economical environment and the technological environment. Innovation means that there should be creativity around it, whether it's creating new products or figuring out new ways to use the old ones. Inviting - it should be something that people will use. Informed states that people should understand why it is green friendly; whether that is through the company brand or CEO-symbols or gaining certain trading certificates. The American guidelines were set up by National Association of

Attorneys General (NAG) in 1992 that would help consumers' Judge companies green marketing methods. Also these guidelines were set out to help companies set up their green marketing in a manner that would stop it from becoming greenmailing. They broke the guidelines into four sections

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with each section having several sub-sections, which would cover the section in more detail and give what people have described as being a checklist, an example would be discussing of how products are disposed of and how they should be promoted e. G. Whether it should specify that it is bio-degradable (Polygons and Mint-Vainest, 1997). The four sections were: environmental claims should be as specific as possible, not general, vague, incomplete or overly broad - this section mostly referred to terminology used by companies for their services/products; claims should reflect current solid waste management options, this recommends that the claim a company makes should be realistic and should be something that the company is able to do; claims should be substantive, meaning that the organization should be doing fully what they are saying e. G. E recycle our products - a company should then be recycling most of heir products not just one out of a bunch; and finally claims should be supported, which means that the claim should have evidence to back it that is quantifiable. The Australian Trade Practices Commission (TAP) released their guidelines in 1992 under a document titled Environmental Claims for Marketing - a Guideline. This was document was in response to the green marketing issues they were having in Australia and entitled nine points with sub-sections that help everybody scrutinize green claims (Polygons and Mint-Vainest, 1997).

Many of these points link to the American guidelines as they built on top of them. The points were as followed: Use truly meaningful terms and pictures; clear and simply stated benefits; explain product characteristics that are beneficial; make provable claims; detail benefits that differences in product characteristics should be used; define composition of environmental

endorsement schemes; and address all other potential environmental questions, which is listed further within the document).

From these criteria methods and guidelines people and organizations can judge green marketing methods and if they are suitable. Thus attempting to limit the damage being done by false green claims. Greenmailing The invention of greenmailing goes hand in hand with green marketing, as green marketing increased due to the rise in demand for economically responsible products (Hart, 1997) so did the amount of greenmailing. The term greenmailing created by playing on the word whitewashing, which means to gloss over.

It was first used in the hotel industry as many owners tried to cut costs by mixing cleaning detergents with water to get more use. Since then the term has grown and been used to describe many corporations who attempt to make green claims without actually providing any proof. Greenness was described in the English Oxford Dictionary as "disinformation disseminated by an organization so as to present an environmentally responsible public image" (Oxford University Press, 1999).

This definition describes companies as purposely attempting to deceive consumers but Friend (2009) attempts to defend businesses by adapting the definition of greenmailing to include that the company may actually have good intention but are unaware that they greenmailing. While this is an optimistic view on greenmailing the increased amounts of publicity on this topic means that companies should have reviewed their claims and ensured

that they are committed to them and are reforming the benefits (lyre and Bannered, 1993).

The effect of greenmailing has been quite damaging to the real attempts of environmentally friendly companies. The credibility of green marketing has been significantly reduced (Kilojoules, 1995) and it has become harder for consumers to distinguish between greenmailing companies and more ethically aware companies (Patented, 2010). Other scholars also claimed that greenmailing may not just be black and white and that like Friend many businesses may be unconsciously greenmailing. Bannered et al. (1995) created the idea of depth of greenness around green claims.

They believed that a company could be classified into one of the three groups of greenness: shallow (which is what most greenmailing companies are), moderate (meaning that while the company is meeting some objectives and making good attempts they are over exaggerating their credentials) and deep (the company is doing exactly what they claim to be doing). However, Kilojoules (1995) ignores this as a concept claiming that you can only understand green distinctions by looking in deeper into ecologist and environmentalism. Many companies have now been set up in an attempt to find companies that greenness.

In 2007 thoracic, a North American company, carried out a survey of 1, 018 products and found 1, 753 environmental. After analyzing the claims they found only one product that hadn't used any misleading or false claims. From patterns established in the claims the six sins of greenness was created; this is a guide on the different forms of greenmailing and has been used all over

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the globe to help educate people on greenmailing as well as to help identify companies that have been doing so. The six sins included: the sin of the hidden trade-off, the sin of sin of fibbing (Thoracic, 2007).

The sin of hidden trade-offs was one that often mislead consumers; it would suggest that the product is a green product based only on a few attributes but without looking into actual environmental issues, a good example of this would be energy-efficient printers that would not work with recycled newspaper. The sin of hidden trade off was found the most used in the claims of the survey. The sin of no proof was when products had no substantial or easily assessable information to prove the claims a company was made and was most of the time false.

This was often made on "recyclable materials". The sin of vagueness as used to make the consumer misunderstand the product by giving out poorly defined claims, such as stating that a product was environmentally friendly without giving any elaborations. The sin of irrelevance is another misleading technique used by firms; they state that their products have environmental claims which while are true are unimportant. A common example is with CUFF (chlorofluorocarbons) which have been banned for around 30 years and still products say they are CUFF free.

The sin of the lesser of two evils is where products use on environmental claim to distract consumers from the real issue. A good example here would be organic cigarettes; while the product may be organic it is still a health risk. Finally, the sin of fibbing is when organizations make claims that are just false such as firms claiming to be recycling but are not. Other firms have

taken a different approach by empowering consumers to research and inform each other about greenmailing. One example of such a firm is Environments, who is an internet watch.

In 2008 they set up the greenmailing index so that people could post greenmailing stories onto the website and rate companies on a scale of 1 to 5 on how much greenmailing takes place in their advertising claims (Stern and Andre, 2008). Practitioners also stepped in and found categories in which to place the different types of greenmailing into. Apatite and Crane in 2005 came across five different types of greenmailing: Green spinning, Green selling, Green harvesting, Green harvesting, Environment marketing and Compliance marketing.

Green spinning is when a company attempts to change its image simply through PR without looking into its actual business and is known for being the most common. Green selling is when a company pushes existing products green credentials for higher sells despite many of them being unproven. Green harvesting is when a company cuts its costs by taking on green initiatives, such as reducing packaging, but the savings are not passed onto the customer.

While environment marketing is considered to be good green marketing it is said that without full commitment from the organization it could go wrong and exploit customers by not keeping up with environmental needs and not passing down enough of the savings to consumers. Compliance marketing is the simplest way of misleading consumers; it is where a company promotes

its environmental initiatives which are forced upon the company by governmental regulations e. . Cutting co emissions to meet regulations.

From the large amount of interest from marketing practitioners as well as the general public it is clear that greenmailing is a major issue and that more people should approach green claims with the concepts stated above. This study took an exploratory approach grounded in existing literature and evidence from reliable Journalistic, practitioner and government sources. An exploratory approach looks to generate new theories or build on old ones. Adopted Research Methodology Green marketing and greenmailing were the focus of the adopted research methodology.

Both concepts were analysed to specify the difference between the two and was then applied to real life examples in the form of BP and the CO-POP green initiatives. To do this a qualitative analytical approach was taken. The reason a qualitative approach was taken as the main objective of this goal was to describe and explain the relationship between green marketing and greenmailing. Another reason is that quantitative data allows the large amount of research that has already taken place in this topic to be used.

Also in this particular topic there is not a large amount of quantitative data, especially within the I-J. Secondary Sources Analysis Many different types of secondary sources have been used for this paper. The main source was practitioner knowledge such as Apatite, Bannered, Kilojoules, Nash and Polygons. Alongside this newspaper articles were used to find out public opinions on matters and official company websites were used to gain

information on different green initiatives. The sources used seemed to be the most reliable.

Limitations of research During this process many limitations were came upon. To gain an interview with practitioners within the industry or people working within BP and the CO-POP were extremely difficult despite the various methods used to gain contacts e. G. Linked, Emails, Notes left on official websites, etc. To carry out any questionnaires or surveys would have been difficult as to gain a true representative of the whole UK it would have taken an extremely large sample. Something that was restricted due to the time and cost elements.

Access to all reading materials was also varied. British Petroleum (BP) P. L. C originated when Anglo-Persian Oil found gas in Persia and then went on the London stock market in 1908 but it wasn't until 1954 that it became British Petroleum Company (BPI, 2012). BP specializes in finding oil and gas, extracting and developing it, moving it, making fuels and products, selling the fuels and products and recently claiming to invest in renewable energy sounds (BP, 2012). Since 1908 the company has grown immensely, it now operates in over 30 countries and in 2011 had a revenue fee, 044. 2 million (BP, 2012), which is more than a lot of countries - hence the importance in the example that BP gives to the world and the difference it would make on the environment if they were to have more environmentally friendly procedures. BP throughout the years has been a company hat has been heavily scrutinized when it comes to ethical matters, so it would be natural

that it has been associated with greenmailing and would be a good example on how organizations greenness.

In 2000 BP made its biggest green marketing move in an attempt to rebind itself as "Beyond Petroleum", it cost around £25 million and was organized by Googol & Matter Worldwide - a huge advertising firm (Ridgeway, 2010). It was a pledge towards using more renewable energy sources and to show their commitment they invested a further £50 million to buy Solar, which caused BP to be the largest solar energy producer.

However, while this seemed like good green marketing techniques with a business attempting to be "green" conscious, experts within the industry such as Kenny Bruno pointed out that in comparison to BP's other investments such as the £5 billion used to purchase ARCO, an oil company, the Solar investment was next to nothing. Using the six sins of greenmailing this act could be described as the sixth of the hidden trade-off, the act in itself is an environmentally friendly move but in the grand scheme of the organization it made little difference but was used to mislead consumers into believing that BP had changed its stance within the market.

It also seems like a case of green spinning, by investing large amounts of capital into advertising and PR firms they were making it well known that they are an environmentally conscious company without setting up any other initiatives. Using Parka's (2002) criteria, it is clear that while the organization has adapted its product it has only made small changes to their value-added systems and no changes to the management approach. In 2008 Greenback investigated into BP's claims of investing in renewable energy sources and



found that only 6. % of its investments went to them. It is clear that this attempt at green marketing was simply greenmailing. Another attempt to green market was taken by BP in 2006 when they claimed that they had reduced their CO emissions by 830 million tons. They did this by only claiming the hydrocarbons they have extracted from the earth and ignoring what they do within the world market (Leak, 2007). This could be described as the sin of vagueness as they did not elaborate when releasing the statement how they dropped their CO emissions.

Using Poltroons definition of green marketing it is clear that BP was greenmailing within this case as they only hanged the way they showed their data and had no impact on their effect on the environment. The general publics view on BSP green claims can be seen on the suspected to be greenmailing if not believed to be completely bogus (Greenmailing Index, 2012). Alongside this in 2002 the Greenness academy presented BP with the winners of the best greenness award and in 2008 Greenback awarded them with Emerald Paintbrush award for worst greenness.

CO-POP The Co-operative group began in 1844 with a small shop in Lancashire and the rules set by the Recordable Pioneers Society (CO-POP, 2012). Today the Co-pop has 4800 retail nits and turnovers more than Billion annually. It is the Auk's biggest food retailer and largest mutual business. It has also now diversified into many other sectors of business such as banking and farming (CO-POP, 2012). The Co-operative was established as being a sustainable and ethically aware business. It has been heavily praised for

their ethical plan and is deemed to be the perfect example of how to green market correctly.

The Co-operative has laid out carefully many different green initiatives in their Ethical Plan. One of these commitments was help develop renewable energy sources. It is clear that they are sticking to this commitment as not only does 98% of the electricity used by the Co-operative come from renewable energy sources but the Co-operative Bank has invested £1 billion towards small-scale community investments for renewable energy sources (CO-POP, 2012). Their next aim is for 2017 to produce 25% of electricity needs by use of renewable energy sources.

It would be extremely difficult to prove that any of this could be greenmailing and would be fair to say that it is good green marketing. The Co-operative clearly states their objectives using figures and regularly releases data to show if whether or not they are meeting their objectives. Also, the Co-operative does not rely on a big budget spent on advertising to inform consumers about their green initiatives but choose to go about them quietly. Another commitment the Co-operative has laid out for itself is to reduce all their greenhouse gas emissions from operations by 50% by 2020 (CO-POP, 2012).

In 2006, the company managed to reduce 35% of its total greenhouse gas emissions (Press Association, 2012) and plans to have no carbon emissions by 2014 (CO-POP, 2012). Once again looking at greenmailing criteria it is difficult to find any criteria that CO-POP meets. It would be fair to once again say that CO-POP has used good green marketing here; and that they would

easily meet the guidelines set out in America and Australia, as they have clear set out objectives with substantial and easily assessable data supporting the objectives and looking into the bigger environmental issues.

Using Banshee's depth of greenness it would be fair to say that most of the Co-operatives claims are in the deep greenness section. The only time the Co-operative had been accused of greenmailing was when they were linked to Chevron and deemed to be acting unethically by working with a company responsible for the 'Rainforest's Coherency'. However, this only happened as CO-POP took over Somerville and in return had to honor the contract with Chevron.