Future Watch: Greenwashing - How are Consumers and Brands Showing their Commitment to Sustainability?

"Greenwashing", the act of showing off environmental credentials while neglecting issues of sustainability, is a practice that companies have been known to be guilty of. Consumers are increasingly aware of environmental problems and sceptical of empty claims. How can brands that are committed to an ecological strategy convince consumers of their seriousness? And how are consumers proving their own engagement beyond being critical?

Sales of Fresh Food, World and North America: Volume in tons: 2009-2014

Source: Euromonitor International from trade sources/national statistics

Future directions

- What does "greenwashing" look like?
- Sustainability imposed from above;
- How do brands communicate their ecological credentials?
- Sustainability - child's play;
- Social media and consumer groups are watching.

New business openings

- Euromonitor International research shows that health consciousness has millions of consumers wanting to eat greener, healthier and more local food. Fast food chains and food retailers are responding, and there is vast scope for growth in this sector;
- Ethical consumers are becoming more vocal and numerous, demanding green and
traceable products across all sectors and fighting food waste. Even religious leaders such as Pope Francis have called for an "ecological conversion" for the faithful.

There is nothing wrong with blowing your green trumpet when you have achieved real ecological progress: Do Good and talk about it! Honesty and transparency are the way to green consumers' hearts and wallets. It is important to remember that information, both positive and negative, travels fast on social media.

**The new context**

The number of ethical and green consumers is growing. Expressing a commitment to sustainability and the environment has become one of the cornerstones of global brand credibility, national and local government programmes. Statements similar to the credo of German chemical giant BASF: "Growing demand is putting an increasing strain on our planet. We already consume more than the Earth can regenerate. Sustainability is therefore crucial for our future" are published on most industry and government websites. The recent scandal around German car manufacturer VW's exhaust data shows the devastating consequences brands face if they are found untrustworthy. "In extreme cases Greenwashing could lead to a general loss of trust in the responsible actions of a company", warns Dieter Horst, sustainability expert at consultants PricewaterhouseCoopers (PwC).

**What does "greenwashing" look like?**

According to wikipedia.org, "Greenwashing, or 'green sheen', is a form of spin in which green PR or green marketing is deceptively used to promote the perception that an organisation's products, aims or policies are environmentally friendly".

The most disastrous examples of this practice include BP's 'Deepwater Horizon" oil-spill disaster, which temporarily damaged the brand, or McDonald's ill-advised "Going green" campaign which proved that simply changing the colour of a logo is not enough. Friends of the Earth on foeurope.org bestow the annual "Pinocchio Climate Awards" on companies whose image does not compute with their commercial reality. In 2015 the award, based on 43,000 votes, went to Chevron (for lobbying), EDF (for greenwashing as the "official partner of a carbon-fuelled future") and for local impacts to BNP-Paribas, as "bankrolling coal, its destruction of lives and of the climate".

But brands are not the only ones who indulge in the eco-illusion. There are many consumers who would not conceive of eating cute lambs or wearing fur coats, but think nothing of flying to Thailand for a holiday, wasting tons of food and using energy-intensive electronic devices, all of which they know contribute to global warming. Every CO² footprint counts.

**Sustainability imposed from above**

Governments are now showing how serious they are about implementing green strategies, examples being the banning of plastic bags in many countries and laws introduced for greater transparency in the food industry. In the UK, the Office for Civil Society has made £20 million in funding available for the Local Sustainability Fund, which aims to help medium sized Voluntary, Community and Social Enterprises (VCSE) organisations organise more sustainable ways of operating. The French Parliament, in December 2015, finally passed a law to put an end to food waste by forcing large grocery stores to donate unsold food and to stop the practice of
pouring bleach over unsold food before throwing it out.

**How do brands communicate their ecological credentials?**

The website smallbiztrends.com has good advice for SMEs who want to become greener. Routes include incorporating recycled goods into their manufacturing supply chains, reducing energy consumption in the company fleet, using green and recycled packaging, or demanding sustainable practices from their suppliers and providers. Last not least, they can strive to embrace and support local suppliers. Ten years ago, German retail chain Feneberg was among the first to launch a specifically local range. Today, its ecological brand 'VonHier' (from here) incorporates 600 local producers who supply everything "from apples to goat cheese". In 2015, the PwC Building Public Trust Award for 'Sustainability reporting in the FTSE 100' went to the BT Group, who claimed to have "Generated £3.4bn in revenue through products and services that helped our customers avoid emissions. and reduced worldwide energy use by 4.5% compared to 2013/14".

**Sustainability - child's play**

The website wolfnowl.com considers the possibility of "playing games" with sustainability. As an example, it quotes the National Geographic Games' "Plan It Green" and "Build It Green", in which the player is the newly-elected mayor of a town that is in dire straits, and generates revenue, builds new environmentally-friendly buildings, and shares ideas for building, upgrading and developing new industries and strategies. WWF and Allianz have teamed up to provide the CO² Climate Game, offering an opportunity to learn more about various industries while answering the question "Can you successfully run a company while reducing your company’s CO² emissions?" Finally, IBM’s INNOV8 'CityOne' game asks: "Think you know what it takes to make the energy systems that serve a city more efficient? Given the opportunity, could you make the city's water cleaner and more plentiful, its banks more robust and customer-centric and its retail stores more innovative?"

**Beauty and Personal Care Sales, World and Selected Regions in US$ billion: 2010-2015**

![Graph showing Beauty and Personal Care Sales](image)

Source: Euromonitor International from trade sources/national statistics
Social media and consumer groups are watching

Transparencyly dishonest marketing strategies don't sit well with consumers, and social media are a merciless forum for denouncing incidents of greenwashing. On Facebook, the 3,445 members of "Le Greenwashing et les cosmétiques faussement naturels" take umbrage at cosmetics falsely labelled as "natural", and even a small country like Sri Lanka has a Facebook link to a greenmarketing.lk website, with 1,280 likes. German website greenality-movement.de uses H&M's "Conscious Collection", which is manufactured in a sustainable and ethical way, as an example for double standards, since the rest of the company's clothes are not subject to this ethical scrutiny. Dutch Clean Clothes Campaign cleanclothes.org, a campaigning group for improving textile workers conditions globally, focuses on companies in the fashion industry that fail to meet union standards, but also highlights companies like British retailer Primark who made a US$7m contribution in the wake of the 2013 Rana Plaza disaster.

The Sustainable Brand Index, Scandinavia's largest brand study focusing on sustainability is based on 30,000 consumer interviews and evaluates and ranks some 700 brands for sustainability. The 2015 Danish winner was the supermarket chain Irma A/S, part of the Coop group that has performed well in the index for many years. "It is great to see how Coop's vision of a sustainable company runs through the entire enterprise", Erik Hedén, Managing Director at Sustainable Brand Insight, the company behind the study, was quoted as saying.

Future scenarios

Corporate social responsibility (CSR), defined by the European Commission as "the responsibility of enterprises for their impacts on society", underpins the Europe 2020 objectives for "smart, sustainable and inclusive growth", according to a 2013 Flash Eurobarometer survey. While the more critical consumer will always "look behind the green façade", as an article on Greenwashing on the German website of PwC puts it, advertising is a powerful language, and brands will be tempted to promise more than they deliver. A study in the Harvard Business Review from 2014 came to the conclusion that "Consumers' value of environmental stewardship may give firms incentives to greenwash" because "green advertising plays more of a persuasive role than an informative role, shifting beliefs rather than providing information about and commitment to environmental quality".

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