



## Automotive Industry: Not Easy Being Green

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### KEYWORDS

Greenwash  
Automotive  
Demarketing

### ABSTRACT

This paper investigates the concept of greenwashing and its application in automotive industry. To date, little information has been presented by automakers to gain market attention. This issue has relevant consequences toward automotive industry and the entire society. Some actions had been taken to create awareness among consumers about greenwashing.

### 1. Definition of Greenwashing

Due to current resource scarcity, environmentally sensitive consumer groups have grown over the years [1]. Declining environment situation such as greenhouse gas emission had put automotive industry under pressure [2]. United States Environmental Protection Agency (EPA) Report 2016 claimed transportation is responsible for the second highest greenhouse gas emission with light duty vehicle as the highest contributor [3]. It provides an idea for automaker to produce environmentally related products.

However, it does not prove that the world had been offered a variety range of green products and has become more environmentally friendly [2]. 2010 TerraChoice Report revealed over four consecutive years, from 2007 to 2010, that 95 percent of products that claimed to be environmentally committed to greenwashing portrayed incorrect information or claim that products are green when in fact they are not. This unethical action can be categorized as greenwash [4]. Theoretically, greenwashing derives from the words green and brainwashing, which mean:

*“Disinformation disseminated by an organization so as to present an environmentally responsible public image; a public image of environmental responsibility promulgated by or for an organization etc. but perceived as being unfounded or intentionally misleading.”* [5]

Previous definitions provided by researcher conclude that greenwashing is an act of misleading consumers into buying unverified environmental claim products or services [2][4][6]. In addition, greenwashing practitioners usually create guilt so that consumer purchase their unverified claim product, hence providing self-validation for environmental concern consumer [7].

Tremendous effort had been done by current researchers and social marketers in defining and classifying greenwashing. It will help to be aware of this practice, thereby avoiding being deceived and discouraging greenwashing among automakers. One such effort is categorizing greenwashing into a few categories, which helps consumers to easily identify and differentiate true green practice from the greenwashing practice.

### 2. Greenwashing Typologies

There is still a lack of a review of greenwashing typologies. Review has been done only by practitioners, social marketers and a few non-governmental environmental organizations [8] [9] [10]. 2010 TerraChoice Report has come out with seven greenwashing typologies as shown below [4]:

#### a) Hidden Trade off

A claim suggesting that a product is environmental related based on a narrow set of attributes without attention to other important environmental issues [4]. Figure 1 below showed the polar bear image as the guilt trigger to manipulate consumers to believe that purchasing the product helps to save the environment [11]. It is

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not sufficient to claim as green vehicle based on electrical engine. However, the vehicle still used fossil fuel to combust most of electrical engine [12].



Figure 1 Nissan Leaf Advertisement

b) Irrelevance Claim

An environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products [4]. Proton claimed their model Proton Preve used smart driving by using new technology, continuous variable transmission (CVT) [1]. However, while CVT is one of the new technologies used to enhance engine performance, it does not qualify as EEV as the engine consumes more fuel [3].

c) No Proof Claim

An environmental claim that cannot be substantiated by easily accessible supporting information or by a reliable third-party certification [4].



Figure 2 Hyundai Eco Advertisement

Figure 2 had showed automaker claimed their product as 100 percent CO<sub>2</sub> emission free while not providing solid

proof. However, a few automotive brands failed to comply with EEV or environmental friendly vehicle standard [13].

d) Fibbing

Environmental claims that are simply false [4]. BMW claimed their BMW Active Hybrid X6 model as the world's most powerful hybrid which is a part of EEV, but it produces 20 percent less carbon emission than regular X6 model [14]. However, this model had failed European Union's carbon emission standard for EEV or environmental friendly car. It produces 231 grams CO<sub>2</sub> emission per kilometer while EU standard is 120 CO<sub>2</sub> emission per kilometer [14].

e) Claim Vagueness

A claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer [4].



Figure 3 Toyota Prius Advertisement

Figure 3 showed an advertisement that claimed to be 100 percent environmentally friendly. The advertisement does not provide proper and accurate information about the product [13]. Green vehicles are defined by its carbon emission per kilometer and fuel consumption per 100 kilometers [15].

f) 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 [4]. Audi claimed their model A3 as a green car in compliance with EU standard. The model produces in average of 147 grams CO<sub>2</sub> emission per kilometer, which is higher than 130 grams per kilogram for EU standard [16].

g) Worshipping False Label

A product that, through either words or images, gives the impression of a third-party endorsement where no such endorsement exists or fake labels [4]. Figure 4 had shown the symbols that been used in lobbying consumer to think their product range is environmental friendly. However, these symbols are used without United States Environmental Protection Agency (EPA) endorsement or environmental friendly vehicle standard [17].



**Figure 4** Symbol Enhancement used in Chevrolet “Gas Friendly to Gas-Free” Campaign’s Advertisement.

**3. De-marketing Approach**

One of the biggest greenwashing scandals was Volkswagen (VW) range. In 2015, the VW group of companies was sued for violating the Clean Air Act (CAA). They were fined by US EPA because 499,000 unit of diesel vehicles sold from 2009 to 2015 were defective. The model was run by sophisticated computerized software. The defected model contained defective software. Different software was used when the diesel engine underwent environmental impact testing. This defective software performed differently by emitting 40 times higher than legal limit by EPA during normal operation [1].

As a result, aggressive action has been taken by a few non-governmental environmental organizations to fight this scandal directly [2]. One of them is Brandalism, a green movement that based in London. This movement used creative advertisement to de-market companies that committed greenwashing [18].

De-marketing traditionally has been defined as the use of advertising to decrease demand for a product that is in short supply [19]. This movement used the similar concept to create awareness and discourage demand for companies committed to greenwashing [20].

During the United Nations 21st ‘Conference of Parties’ (COP) meeting held in Paris on December 2015, Brandalism created a fake advertisement to create awareness and discourage greenwashing practices among corporate companies.



**Figure 5** Fake Advertisement of VW

Figure 5 showed the fake advertisement that had been used by Brandalism. The advertisement is placed on bus shelters in Paris. This advertisement had mocked the company's response to revelations it fitted vehicles with software designed to defeat emission tests. By using outdoor advertisement, the advertisement had high exposure [18].

**6. Conclusion**

Empirical studies had reviewed several impacts, suggesting that exposure to greenwash may lead to increasing consumer cynicism and mistrust [21]. Exposure to greenwash also leaves consumers feeling both overwhelmed and confused by company environmental claims and motives in making such claims [9]. Several actions have been taken by policy makers and green movement to create awareness and discourage greenwashing among consumers.

**Acknowledgement**

I am grateful for advice and guidance from my supervisor, Dr Zuraidah Sulaiman from Universiti Teknologi Malaysia, Skudai, Johor.

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