



University of Auckland Business School, 2018

# Getting rid of fake "greening"

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*NZ's small businesses could lead real global environmental change, ending "greenwashing".*

7. New Zealand is uniquely well-placed to lead the world in the much-needed process of genuinely trying to save the environment – by helping to end the damaging trend of "greenwashing", according to Dr Joya Kemper of the University of Auckland Business School.

Greenwashing is the misleading claim by companies that their products or services are environmentally friendly, a business ploy seeking short-term profits which often ultimately ends up damaging the very thing the product is claimed to protect.

Kemper, a lecturer in marketing, says the three-way environmental gridlock involving consumers, governments and corporations is preventing real behavioural change – and may only be solved by tackling the problem at community level.

New Zealand's economy is largely made up (97 per cent) of about 480,000 small-to-medium businesses (SMEs) which employ about a third of all workers and produce about a quarter of our GDP, but have fewer than 20 people on staff.

"Local communities may be the way to go," she says. "Local people, local businesses and local councils all working together; and New Zealand is quite a good example of how that might work from the bottom up, starting with SMEs.

"There's a lot to be said for local companies implementing real change – everything starts small – and bring that hope and drive to consumers to make the right choices as they find something they can believe in, month after month, and then see that message spread, almost virally."

Kemper says the problem of achieving that change is illustrated by the growth of greenwashing globally.

Ginger group TerraChoice said the huge increase in green products – up 75 per cent in 2009 to 2010 alone – was tempered by the fact that up to 95 percent of these products may not be as 'green' as claimed. Too many products claimed to be "green", "eco-friendly" and carried labels proclaiming environmental care not measured nor certified.

And it is not just consumer products capable of being carried in shopping carts that are claiming greenness. Volkswagen touted clean diesel cars but its engineers were instead finding ways to pass emissions tests. This May, Warren Buffet's MidAmerican Energy Co said it was about to become the US's first 100 per cent renewable energy utility – providing all the power it needed for its consumers through a big wind farm. Only problem was, that was true only when the wind blew. When it didn't, coal-fired power took over.

Such examples can cause real embarrassment and brand damage – but Kemper says the world remains locked in a capitalist tangle of competing interests. In fact, many businesses often spend more on marketing their green claims than they do in making the product green in the first place.



"It's a dilemma and we are at a real crossroads," she says. "Governments may want to pass punitive legislation requiring companies to clean up their act – but there is no way to do that which does not affect citizens who are also consumers...and voters.

"If they try to institute real change – let's take an extreme example of banning cars on Mondays and Wednesdays to reduce fuel use – they risk annoying the electorate and being voted out of power. Even minor changes in regulations can cause political and public upset."

Corporations had similar problems with boards, shareholders and the never-ceasing drive for more profits. So the finger of change had pointed to consumers.

"But the reality is that while consumers say they want to buy green, they often can't afford to – and that is shown in surveys where the number of people wanting green is way above those actually buying green.

"That's because most genuinely green products are more expensive than their conventional counterparts because they have to factor into their products the cost of looking after the environment – and most consumers have had real wages stagnating for years."

Real environmental and social change has to be a three-way collaboration between government, business and consumers, she says. But it is a question of who makes the first step: "We still have that tangle of conflicted interests and until the interests of those three groups are aligned, change will be difficult."

But that is where smaller communities and companies, like those in New Zealand, may be able to show the way and build an interdependent chain of policymakers, businesses and consumers who can show how planet-friendly commerce works and slowly begin to change perception and behaviour.

One such example was Eat My Lunch, the business making lunches for business people but, for every lunch sold, another was donated to a needy child in a school – an example, Kemper says, of basing a business on social enterprise and not just on profit – but which succeeds because of the recognition of the greater good.

Governments needed to take real action to force companies to take responsibility for the full life cycle of their product, including the impact of use and disposal: "We need products that are cradle-to-cradle, not cradle-to-grave, so all products can decompose into soil or be continually re-used."

Consumers needed education to know more about what was genuinely green and what wasn't but it also had to be acknowledged that social marketing around desirable goals like reducing greenhouse gases had not been as successful as hoped.

"The predominant thinking up until now has been that if people know more about something, they will act on it but the reality is there is still a huge attitude-behaviour gap where knowledge has not been translated into action. Consumers are constrained by contextual factors such as habitual (routine) buying, social norms, product price and availability.

"If we do not have a mentality which revolves around zero waste, then producing 'green' shampoo or 'green' clothing while generic, unsustainable products are still available hardly responds to the call for real action."



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