

SECTION: MARKETING AND ADVERTISING

GREENWASHING AND STRATEGIES OF COUNTERACTION

Stamat Viktoriia

PhD (Economics), Associate Professor

Department of Management, Business and Administration

Gardus Maksym

higher education applicant

Speciality 073 Management

Mykolayiv National Agrarian University, Mykolaiv, Ukraine

The current stage of global economic development is characterised by intensive transformation under the influence of climate challenges, transition to a low-carbon development model and integration of sustainability principles into financial and production processes. At the centre of this transformation is the ESG (Environmental, Social, Governance) concept, which is shaping new standards of corporate governance and investment decisions. The European Union is systematically developing the regulatory framework for environmental transparency of business, in particular through initiatives aimed at counteracting misleading green claims [1].

However, along with real changes, the phenomenon of greenwashing is spreading - the practice of creating an impression of a company's environmental performance without actually transforming its business model. The United Nations stresses that greenwashing not only misleads consumers but also diverts resources from real climate solutions [2]. In turn, European institutions point out that unfair environmental claims violate the principles of fair competition and create market distortions [1].

From an economic point of view, greenwashing is a form of information asymmetry in which a consumer or investor does not have sufficient information to assess the real environmental impact of a company. This results in a situation where market mechanisms do not ensure proper selection between truly sustainable business models and their imitations. This reduces the credibility of green transformation instruments and undermines the effectiveness of climate policy.

The purpose of the study is to provide a comprehensive analysis of the essence of greenwashing, its economic preconditions and forms of manifestation, as well as to identify effective counteraction strategies at the level of public policy, corporate governance and market mechanisms.

The concept of greenwashing is defined as a marketing or communication practice that creates a false or exaggerated impression of the environmental friendliness of a company's products, services or policies [3]. In the international discourse, this definition is complemented by an emphasis on the lack of evidence and the discrepancy between statements and actual actions [2].

It is important to distinguish between greenwashing and green marketing. Whereas green marketing involves the integration of environmental principles into production processes, logistics, resource management and the full product life cycle, greenwashing is limited to the communication dimension - changing packaging, advertising messages or visual markers without structural changes in the company's operations [4].

In EU regulations, greenwashing is defined as the practice of gaining a competitive advantage through misleading or unsubstantiated sustainability claims [5]. This approach emphasises the economic aspect of the problem: greenwashing disturbs market equilibrium, as it allows companies to benefit without actually investing in decarbonisation.

Theoretically, greenwashing can be viewed through the prism of the theory of information asymmetry (J. Akerlof), where the consumer is unable to distinguish a "high-quality" green product from its imitation. In such circumstances, the market may lose confidence in the entire category of goods. Thus, greenwashing creates a risk of discrediting the concept of sustainable development in general.

There are certain economic prerequisites for the spread of greenwashing. The key reasons for the spread of greenwashing include the following:

- Growing demand for environmentally friendly products: consumers are increasingly focused on the environmental characteristics of goods, which encourages companies to position themselves as "green" [6].
- ESG investment pressure: financial markets are actively integrating sustainability criteria, which creates an incentive for companies to demonstrate compliance with environmental standards even without real changes.
- Insufficient standardisation of environmental claims: the lack of unified methods for assessing the life cycle of products and verifying green claims opens up space for manipulation [1].
- Reputational competition: the conditions of the globalised information environment force companies to actively work with their image, sometimes to the detriment of the real content of environmental policy.

Thus, greenwashing is the result of a combination of market incentives, regulatory gaps and information asymmetry.

Practical manifestations of greenwashing can take many forms. The most common are:

- use of vague wording ("ecological", "sustainable", "natural") without specific indicators;
- focusing on one positive aspect while ignoring the overall environmental impact;
- creation of own "eco-labels" that are not independently certified;
- exaggerating the role of individual emissions offset projects.

Ukrainian legal experts emphasise that a significant part of environmental statements may not correspond to the real state of affairs [7]. In turn, NGOs emphasise the need to raise transparency standards [8].

In our opinion, it is necessary to analyse certain practical situations on this issue. The case of the German company DWS, a subsidiary of Deutsche Bank, is particularly illustrative. In 2025, the company was fined €25 million for misleading statements about the compliance of its investment products with ESG principles [9]. The investigation revealed a gap between marketing messages and actual investment practices [10].

This case demonstrated that greenwashing is a problem not only for the consumer sector, but also for the financial industry, where trust and transparency are key elements of capital market functioning.

At the same time, the European Parliament initiated reforms to the rules on green claims, making it mandatory for environmental claims to be supported by evidence [1]. This indicates a gradual transition from a declarative to a legal mechanism for combating greenwashing.

Effective counteraction to greenwashing requires a systematic approach.

Firstly, it is necessary to harmonise environmental reporting standards and independently verify data [1].

Secondly, it is important to strengthen the role of regulators and introduce sanctions for misleading advertising [9,11].

Third, international organisations emphasise the need for transparent climate reporting and clear emission reduction targets [2].

Fourth, it is important to develop tools for comparative assessment of products based on life cycle analysis, which will reduce the possibility of manipulation.

In the long term, the key factor is the transition to real decarbonisation, the introduction of circular economy principles and the integration of environmental criteria into strategic planning of enterprises.

Greenwashing is therefore a complex multidimensional phenomenon that combines marketing strategies, institutional gaps and economic incentives. Its spread undermines the credibility of the concept of sustainable development and creates a risk of discrediting environmental policy. Recent cases demonstrate the growing role of regulators and court practice in combating misleading green claims. At the same time, a long-term solution to the problem is only possible through a comprehensive combination of legal regulation, corporate responsibility and raising environmental awareness among consumers.

Thus, the development of an effective system to combat greenwashing is a prerequisite for a successful green economic transformation and achievement of climate goals.

References

1. European Parliament (2024). Stopping greenwashing: how the EU regulates green claims.
URL: <https://www.europarl.europa.eu/topics/en/article/20240111STO16722/stopping-greenwashing-how-the-eu-regulates-green-claims>

2. United Nations. What is greenwashing? // United Nations Climate Action. URL : <https://www.un.org/en/climatechange/science/climate-issues/greenwashing>
3. Greenwashing: the free encyclopedia. URL : <https://en.wikipedia.org/wiki/Greenwashing>
4. Makarova, Yu. & Zaverbnyi, A. (2022). Problems and prospects of greenwashing in the context of globalization and the development of the circular economy. Management and entrepreneurship in Ukraine: stages of formation and development problems. №1 (7). URL : <https://science.lpnu.ua/sites/default/files/journal-paper/2022/jun/28244/220373menedzhment-127-139.pdf>
5. Mahalts, Frank (2024). Greenwashing – recognizing and avoiding risks. URL : <https://www.dqsglobal.com/uk/doslidzhujte/blog/zelene-vidmivannya-rozpiznavannya-ta-uniknennya-rizikiv>
6. Savednipro (2023). Greenwashing: How companies manipulate «greenness»? URL : <https://www.savednipro.org/greenwashing/>
7. Borkevych, Mateush (2025). Green lies – real consequences: greenwashing in light of the law. LBP Legal. URL : <https://lbplegal.com/uk/зелені-брехні-реальні-наслідки-гр/>
8. 7 main deceptive greenwashing tactics. The EU is developing a new law. URL : <https://epl.org.ua/announces/greenwashing/>
9. Reuters (2025). Deutsche Bank-owned asset manager DWS fined \$27 million for greenwashing. URL : <https://www.reuters.com/sustainability/german-asset-manager-dws-fined-25-mln-eur-greenwashing-case-2025-04-02/>
10. Calatayud, Adrià & Goldschmidt, Matthias (2025) Deutsche Bank's DWS fined \$27 Million in German greenwashing probe. The Wall Street Journal. URL : <https://www.wsj.com/finance/banking/deutsche-banks-dws-fined-27-million-in-german-greenwashing-probe-cdc77338>
11. Stamat, V., & Nekhachyk, E. (2023). The Main Trends of Marketing Activity: the World View. Modern Economics, 38(2023), 152-157. DOI: [https://doi.org/10.31521/modecon.V38\(2023\)-23](https://doi.org/10.31521/modecon.V38(2023)-23).