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A Study on Greenwashing and Its Impact on Consumers' Purchase Decisions and Trust Towards Eco-Friendly Brand

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Abstract

Greenwashing has emerged as a major concern in contemporary marketing, particularly in the context of increasing consumer demand for environmentally responsible products. This study aims to examine consumers' awareness and understanding of greenwashing and to analyse its impact on purchase decisions and trust towards eco-friendly brands. A structured questionnaire survey was administered to 206 consumers across different demographic groups, capturing their perceptions of misleading environmental claims, influence of sustainability claims on buying behaviour, level of trust in eco-friendly brands, importance of third-party certifications, and support for regulatory control over environmental advertising. The study adopts a descriptive and analytical research design and employs statistical tools to assess the relationships between consumer awareness of greenwashing, trust in sustainability claims, and purchase intentions.

The findings are expected to reveal that while sustainability claims positively influence purchase decisions, the presence and perception of greenwashing significantly reduce consumer trust and increase scepticism towards eco-friendly brands.

Keywords: Greenwashing; Consumer Trust; Purchase Decision; Eco-friendly Brands; Sustainability Claims; Consumer Perception; Environmental Marketing

Introduction

In the era of corporate social responsibility (CSR), businesses understand that they can't focus just on shareholder value, investment return, and profit. Organizations are now required to have a strong social and environmental performance, sometimes known as the "triple-bottom line" or "people/planet/profit" performance review (Cronin, Smith, Gleim, Ramirez, & Martinez, 2011; Elkington, 1997). It is expected of organizations to minimize the negative aspects of their operations and to contribute positively to society.

The terms "green" and "wash" are combined to form the term "greenwash." The term "green" describes a process, service, or product that has a "environmentally friendly attribute." Conversely, the term "wash" refers to "brainwashing." Thus, the process of brainwashing a consumer with the term "green" is known as "greenwashing." In the past, green marketing was thought to be the best way to draw customers' attention to eco-friendly items. However, these days, corporations use the term "green" to cover up their environmental transgressions.

Greenwashing is evident in product copy or advertising campaigns. The business may also assert that it has implemented "sustainable" business practices without lessening its environmental effect. Everything from fashion and cuisine to home and beauty products can be greenwashed.

As more people are ready to purchase eco-friendly products, it is a normal practice to advertise products with eco-friendly qualities and attributes (French & Showers, 2008). Many marketers use the term "green" to differentiate their products. While some new firms are entering the market with eco-friendly products, established businesses are expanding their product lines with more eco-friendly and natural alternatives (Hartmann & Apaolaza-Ibanez, 2009, 2010; Iyer & Banerjee 1993; McEachern & Warnaby, 2004). Green marketing is a strategy that aims to lessen long-term environmental damage through businesses' attempts to fulfill customer demands and corporate goals. (Polonsky & Rosenberger, 2001).

Classic examples of greenwashing include the use of images or symbols of foliage, animals, eco-friendly packaging, etc. In actuality, eco-friendly items typically have simpler packaging and imagery. Many items are marketed as "certified," "100% organic," etc., yet there is no proof to back up these claims. It is likely that these designations are self-declared and self-made.

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Businesses can pretend to be sustainable and eco-friendly while making trade-offs that are far from eco-friendly. One instance is when clothing firms utilize "natural" or "recycled" materials, yet the products are actually produced under abusive conditions. Sincere businesses would undoubtedly give more details about their energy, water, greenhouse gas emissions, and other industrial processes. We may frequently see labels stating that they are chemical-free. The product may be legally prohibited and does not need to be promoted as environmentally friendly. Furthermore, we may have also seen labels that read, "not tested on animals."

To avoid jeopardizing the company's reputation, a business considering green activities must be accredited and supported by the relevant information.

Coca-Cola was named the world's top plastic polluter for the second year in a row in the Break Free From Plastic annual report. Then, in June 2021, the beverage giant was sued by the environmental group Earth Island Institute for deceptively claiming that it was eco-friendly and sustainable, even though it was the world's biggest plastic polluter.

This caused a stir in 2020 when it declared that it would not stop using plastic bottles, claiming that consumers liked them. The business maintains that it is making headway in addressing packaging waste in spite of this. "We have a commitment globally to get every bottle back by 2030, so that none of it ends up as litter or in the oceans, and the plastic can be recycled into new bottles," a spokesman at the time stated. There are already 18 markets worldwide where bottles made entirely of recycled plastic are sold, and this number is constantly rising.

OBJECTIVES	HYPOTHESES
To examine the relation between consumers' perception about the frequency of greenwashing practices and the influence of eco-friendly claims on their purchase decisions.	H0: There is no significant relationship between consumers' perception about the frequency of greenwashing practices and the influence of eco-friendly claims on their purchase decisions. H1: There is a significant relationship between consumers' perception about the frequency of greenwashing practices and the influence of eco-friendly claims on their purchase decisions.
To analyze the association between consumers' past experience of misleading eco-friendly products and their trust in brands that advertise themselves as eco-friendly.	H0: There is no significant association between consumers' past experience of misleading eco-friendly products and their trust in brands that advertise themselves as eco-friendly. H1: There is a significant association between consumers' past experience of misleading eco-friendly products and their trust in brands that advertise themselves as eco-friendly.

Literature Review

(Delmas, 2011) According to their research, consumers who do not fully trust natural products are less likely to buy them, which has a negative impact on the green market. Nevertheless, customers typically struggle to detect cases of greenwashing. It was shown that the average consumer considers particular terms like "biodegradable" while making purchasing decisions. Most buyers look for signs that a product is raw on packaging or in ads. Companies may inflate or exaggerate their environmental claims to attract customers and increase sales since some consumers may place an increasing value on a product's rawness. (Gergely Nyilasy, Harsha Gangadharbatla, Angela Paladino, 2012) in their research investigate the effects of green corporate advertising and corporate environmental performance. Findings indicate that there is a significant interaction effect between green advertising communication and Corporate Environmental Performance such that while under positive firm performance green advertising results in slightly higher attitudes toward the brand than general positive corporate messaging, under negative firm performance green advertising results in significantly lower brand attitudes than when a general corporate message is used.

(Hendy Mustiko Aji, Bayu Sutikno, 2015) In their study found that greenwashing has a positive

association with green consumer skepticism (GCC), perceived consumer skepticism (PCS), and green perceived risk (GPR). Their findings show how that Companies must stop all deceptive advertisements and claims with respect to environmental protection, specifically with regard to "green" products and services. This action will reduce consumer confusion, skepticism, and perceived risk regarding green products. Companies must also enhance green trust in order to retain customers and to prevent them from switching to non-green products.

(Anne, 2016) In their study aimed to gain an initial understanding of consumers' evaluation of different corporate green marketing messages both before and after disclosing greenwashing strategies used in the messages, as well as how this affects their perception towards the brands and their purchase intention. The findings indicate that eco-labels, brand perception have influence on the perceived credibility of the message. Also, consumers felt that being made aware of greenwashing was important to their overall decision-making process.

(Sayibu Ibrahim Nnindini, Justice Boateng Dankwah, 2024) through their study sought to examine the relationship between greenwashing and consumer negative emotive outcomes. The results of the analysis revealed a positive correlation between greenwashing and negative emotive outcomes examined. Furthermore, the findings demonstrated

that brand loyalty plays a positive moderating role in the relationship between greenwashing and negative emotive outcomes. The study thus, strongly recommends that brands engaged in greenwashing discontinue the practice. It could potentially inflict significant damage on the corporate brand image and reputation. Therefore, brands should prioritize genuine environmental responsibility to mitigate these adverse effects and maintain a positive brand image among consumers.

(Schmuck, D., Matthes, J., & Naderer, B., 2018) In their study, examine how misleading advertising about the environmental features of products, or greenwashing, affects how consumers perceive ads and brands. Results indicate that while vague claims do not enhance consumers' perceived greenwashing regardless of their environmental knowledge or concern, false claims do, which consequently harms consumers' attitudes toward those ads and brands.

Research Methodology

CHI-SQUARE TABLE

Perception of greenwashing	Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree
Always	0.328	0.863	0.013	0.011	11.521
Never	0.004	0.155	0.932	1.927	0.039
Often	1.858	0.020	3.131	0.022	0.932
Rarely	5.243	0.388	13.797	0.002	0.097
Sometimes	0.131	0.172	0.957	0.012	0.670

Chi-square Test Result

- χ^2 value = 43.2263
- Degrees of freedom (df) = 16
- p-value = 0.000258

Since p-value (0.000258) < 0.05, we Reject H0₁ & Accept H1₁. There is a statistically significant relationship between consumers' perception regarding the frequency of greenwashing practices and the influence of eco-friendly claims on their purchase decisions.

CHI-SQUARE TABLE

Past misleading purchase	Trust – Maybe	Trust – No	Trust – Yes
Maybe	1.350	1.843	0.035
No	1.705	4.322	0.875
Yes	0.013	0.335	0.360

Chi-square test result

- χ^2 = 10.838
- df = 4
- p-value = 0.0284

Since p-value < 0.05, we Reject H0₃ & Accept H1₃.

There is a statistically significant association between consumers' past experience of being misled by eco-friendly products and their trust in brands that advertise themselves as eco-friendly.

This indicates that previous exposure to greenwashing significantly affects consumer trust.

The primary data collection tool was an online questionnaire to examine the proposed hypotheses. A non-probability sampling method of Convenient sampling is adopted to collect 206 responses which were considered for the final study. The questionnaire consists of structured questions (Multiple choice, Likert scale) focusing on the research variables.

The respondent's participation was voluntary, and anonymity was assured. Informed consent was obtained prior to their responses. Collected responses were exported for analysis. Descriptive Statistics & Inferential Statistics (Chi square test) has been used to test the hypotheses.

Findings & Analysis

H0₁: There is **no significant relationship** between consumers' perception about the frequency of greenwashing practices and the influence of eco-friendly claims on their purchase decisions.

H1₁: There is a **significant relationship** between consumers' perception about the frequency of greenwashing practices and the influence of eco-friendly claims on their purchase decisions.

This indicates that how often consumers believe companies engage in greenwashing meaningfully affects how sustainability claims influence their buying behaviour.

H0₂: There is **no significant association** between consumers' past experience of misleading eco-friendly products and their trust in brands that advertise themselves as eco-friendly.

H1₂: There is a **significant association** between consumers' past experience of misleading eco-friendly products and their trust in brands that advertise themselves as eco-friendly.

Conclusion

This study concludes that majority of the respondents are aware of the term Greenwashing & define Greenwashing as "A brand claiming environmental benefits without real proof".

From the study conducted it can be inferred that consumers are environmentally conscious and prefer green products but are not much informed about the green claims made for the products which turns out to be greenwashing. For the consumers of today it is essential to have clear and verifiable

information about a product's environmental impact

According to the study, the majority of respondents will alter their purchasing habits from the Company if caught engaging in greenwashing. The study also infers that there is a need to impose stricter regulations and involvement of third party certification authorities who may validate the green claims of firms.

Suggestions

The suggestions and recommendations through the survey talk about-
Transparency in operations.

Companies should refrain from using these techniques to earn higher profit and wrongfully gain consumers' trust.

New and strict laws should be implemented for companies misleading the public.

Strict third party audits & industry-recognized frameworks to measure and disclose their environmental and social impact.

The government should conduct campaigns, training for companies to understand the importance of green marketing and contribute to the betterment of the society.

Limitations & Scope

The current data has been collected from the respondents located in Maharashtra. Deeper segmentation by geography, education, and culture is needed

Furthermore, future studies should specify which green product in which industry is to be scrutinized.

Future researchers may choose, for example, the food and beverage industry, or the automotive industry, or another industry of their choice.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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