

## **CONSUMER PERCEPTIONS TOWARDS GREENWASHING AND ITS IMPACT ON PURCHASE BEHAVIOUR**

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### **ABSTRACT**

This study attempts to determine how consumers feel about companies that claim to be environmentally friendly. Many businesses make an effort to show their concern for the environment and draw in customers who want to do their part to make the world greener. Contrarily, this has increased the practice of "green washing," in which businesses come up with plans to draw customers in on the pretext of environmental sustainability and caring for Mother Nature. The study examined how greenwashing affects consumer purchasing decisions. The respondents' socioeconomic profiles were looked at, to gain a better understanding of the consumer base. A theoretical framework was designed by us to understand the bearing factors namely, Beliefs, Loyalty, Reputation, Perceived Quality and Awareness have on Green Washing. This study will help students and professionals alike in gaining knowledge about how customers today perceive the landscape of eco-friendly initiatives undertaken by companies, and their understanding about the subject of greenwashing.

*Keywords - environmentally friendly, green washing, factors, consumer purchasing decisions*

### **INTRODUCTION**

The phrase "greenwashing" has been more popular over the past few years as a result of businesses' hasty attempts to match the growing demand for environmentally friendly products. Businesses may sacrifice a product's environmental benefits for its marketability or cost effectiveness of production when the goal of its "greenness" is to boost sales. Businesses spend less on ecologically sustainable initiatives the more money they spend on marketing their "greenness." In practice, this results in companies feigning eco-friendliness while continuing to engage in harmful environmental actions. Companies engage in greenwashing for the following four reasons:

(1) Customers and rivals have high expectations for your efforts to enhance the environment. (2) Employees within a corporation might be less ethical and more driven by financial considerations, therefore they might simply be interested in enhancing their environmental reputation in order to boost revenues.

(3) The marketing teams could set environmental goals and promote the business as green before the standards are satisfied.

(4) A green marketing strategy might occasionally be created, but it might not be desired by all areas of the firm.

Never before has it been more difficult for brands to connect with consumers. There is a severe lack of unanimity among the general public that cuts through typical categories like age, social class, and even the region of the country where one resides. It appears that while pricing remains a primary concern for some, problems like the climate emergency are very much front and center for others. The COVID - 19 pandemic has also caused a huge shift in consumer mindsets. In response to the epidemic, people are more dedicated than ever to addressing environmental concerns and changing their own behavior to improve sustainability, according to a recent BCG survey of more than 3,000 people in eight countries.

Thus, the way that customers today approach and perceive greenwashing is something that is different, and must be studied to gain a better understanding about the image the consumers have in their mind regarding the subject.

### **LITERATURE REVIEW**

<b>Sr No</b>	<b>Name of Paper and Author(s) and Year of Publishing</b>	<b>Gap Identified</b>	<b>Corrective Measure in our paper</b>
1)	User's Perspective On Green Washing And Its Ethical Implication On Cosmetic Products In Tamilnadu By Dr. S. C. B. Samuel, Anbu Selvan, Ms. K. Deepthi Nivasini (2021)	The research is too specific with respect to the industry and the location, it only focused on the cosmetic products in Madurai District of Tamil Nadu, which does not give us a complete picture of consumer's	We ensured that we had a good spread of responses, by ensuring that our survey had respondents from different areas of India, thus providing us with a holistic understanding of customer's

		greenwashing perceptions.	perceptions.
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	perceptions by Cagri Bulut, Murat Nazli,	
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2)	The Impact of Greenwashing on Green Brand Trust from an Indian Perspective by Praful Vijay More (2019)
3)	The Influence of Consumption Values on Green Purchase Intention: A Moderated Mediation of Greenwash Perceptions and Green Trust by Syed Muhammad Minhal Raza Zaidi, Lai Yifei, Muhammad Yaseen Bhutto, Rizwan Ali, Fahad Alam (2019)
4)	Seeking For Sustainable Electronic Brands' Performance: Role Of Perceived Greenwashing And Perception Dimensions By Abdul Rivai (2020)
5)	The effect of environmental concern on conscious green consumption of post-millennials: the moderating role of greenwashing

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	Erhan Aydin, Adnan Ul Haque (2021)		
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6)	A psychological approach to regaining consumer trust after greenwashing: the case of Chinese green consumers by Dandan Wang, Thomas Walker, Sergey Barabanov (2020)	The research is more focused on how to build trust after the consumer has experienced negative effects of greenwashing, and does not speak much about customer perception of greenwashing	Our research paper helps us understand what consumers perceive about the phenomenon of greenwashing
7)	Are You Environmentally Conscious Enough to Differentiate between Greenwashed and Sustainable Items? A Global Consumers Perspective by Mariusz Urbanski, Adnan ul Haque (2020)	The research is primarily focused on environmentalists, and their ability to differentiate between sustainability and greenwashing	Our research is aimed at understanding the perception of customers across varied fields of work, so that we get a better understanding of what the customer thinks.

## **RESEARCH METHODOLOGY**

Based on our literature review, common themes and factors contributing to greenwashing and consumer behaviour were observed. A questionnaire was created surrounding these common themes in the context of greenwashed brands and consumer purchase behaviour. A survey was performed surrounding greenwashing, and various facets surrounding it, namely: Awareness on the subject, opinions on sustainability and related concepts, perception of brands that put forth an eco-friendly image compared to other brands that refrain from doing so, factors affecting a consumer's decision making process when purchasing a product, and finally the purchase action that serves as a culmination of all the factors listed above. The questionnaire is listed below:

1.	Greenwashing is false information spread by an organization so as to present a more “environmentally responsible” public image. Have you as a consumer experienced it before?
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2.	Do you think the brands you buy should s
3.	Sustainability and product quality have a c

4.	I believe that if a brand is partaking in Eco F attitude towards its customers by providing t
5.	I feel like human traits (e.g. sincerity, genero for one to connect with a brand at a deeper l
6.	Do you believe that a brand's participation in competitive advantage?

7.	I perceive eco-friendly brands as superior
8.	Brands that practice sustainability have be
9.	Brands partaking in sustainability would h
10.	Brands practicing sustainability are compl
11.	If I am aware of a brand taking part in env image in my mind.
12.	I perceive a brand as more caring and sinc
13.	Eco-friendly activities impact my beliefs a
14.	I believe that a brand that contributes to en position.
15.	It makes me feel good when I make a purc
16.	Have you ever gravitated to a brand just b
17.	Environment-friendly is one of the primar
18.	My purchasing decisions are more influen its usefulness.
19.	If a product is not involved in eco-friendly

20.	I continue to support and purchase brands that take an active role in environmental initiatives.
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21.	I practice sustainability in other areas of my life besides my purchases.
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**Primary Research:** A total of 220 responses were obtained which were then collated, cleaned and prepared for further data analysis. The tools used in this process were MS Excel for data cleaning and organization, and SPSS for data analysis and interpretation.

The specific questions we aimed to address through the responses were the following:

- Is there a strong correlation between certain variables of the study? What inferences can be drawn from them?

- Is there implied congruence or conflict in consumer beliefs, perception and behaviour?

### 1. Factor Analysis with SPSS to observe correlations between survey variables

The KMO test for data adequacy shows a value of **.713**, indicating that the data is adequate for analysis. A significance value of **.000** indicates the variables are closely correlated and the data can be clubbed. 21 variables can thus be reduced to 7 main factors with highly correlated variables, that explain **72.19%** of the data's variance. After performing dimension reduction along with a varimax rotation for better clubbing of variables, we observe the following correlations between variables:

#### Correlation between survey variables (Factor Analysis)

	Component						
	1	2	3	4	5	6	7
It makes me feel good when I make a purchase from an eco friendly brand	<b>.790</b>						

I practice sustainability in other areas of my life besides my purchases. I continue to support and purchase brands that take an active role in environmental initiatives. I perceive a brand as more caring and sincere if it is

eco-friendly  
Brands practicing sustainability are completely honest about their product benefits. Environment-friendly is one of the primary factors I consider when buying a product. If a product is not involved in eco-friendly projects, would you still purchase it? Eco-friendly activities impact my beliefs about the brand positively.

I believe that if a brand is partaking in Eco Friendly activities, it will be reflected in its attitude towards its customers by providing the best possible product. If I am aware of a brand taking part in environmental causes, it enhances that brand's image in my mind. Do you think the brands you buy should support environmental

sustainability?  
I perceive eco-friendly brands as superior to regular brands. Brands partaking in sustainability would have products of inferior quality.

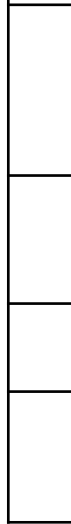
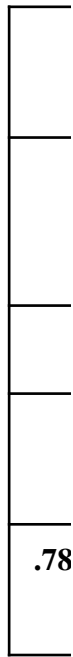
.76

.52

.44

.733 .698

.678 .519



Brands that practise sustainability have better quality products

I believe that a brand that contributes to environmental causes has a good financial position

Sustainability and product quality have a connection for a brand

My purchasing decisions are more influenced by a product's "eco-friendliness" than by its usefulness.

Greenwashing is false information spread by an organization so as to present a more "environmentally



responsible” public image. Have you as a consumer experienced it before?

Have you ever gravitated to a brand just because of its eco friendly initiatives?

Do you believe that a brand's participation in eco-friendly activities gives it a competitive advantage?

I feel like human traits (e.g. sincerity, generosity, trustworthiness, etc.) are important for one to connect with a brand at a deeper level.

		<b>.623</b>		
			<b>.809</b>	
			<b>.663</b>	
			<b>.582</b>	
				<b>.782</b>
				<b>.613</b>
				<b>.496</b>

## **2. ANOVA testing with SPSS to observe belief and behavioural consistency among respondents**

This test is carried out on four survey questions mentioned below, in order to observe if there exists a disconnect between practitioners of sustainability and whether eco-friendly products are preferred over products that do not participate in sustainability driven initiatives. This gives a clearer picture of why greenwashing affects consumers, if there is an observed conflict between beliefs, perceptions and behaviour. The questions are:

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brands

2. Environment-friendly is one of the primary factors I consider when buying a product

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1. I perceive eco-friendly brands as superior to regular

3. My purchasing decisions are more influenced by a product's "eco-friendliness" than by its usefulness

4. I practice sustainability in other areas of my life besides my purchases

**H<sub>0</sub>:** Average acceptance scale is the same across all 4 questions: Implies congruence in consumer beliefs, perception and behaviour

**H<sub>1</sub>:** Average acceptance scale differs across all 4 questions: Implies conflict in consumer beliefs, perception and behaviour

#### **Cognitive Dissonance in Purchase Behaviour (ANOVA)**

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	158.109	3	52.703	46.134	<b>.000</b>
Within Groups	1000.727	876	1.142		
Total	1158.836	879			

## **RESULTS**

### **1. Factor Analysis with SPSS to observe correlations between survey variables**

From the matrix, we conclude that consumer's willingness to support eco-friendly brands is a reflection of their own personal beliefs and attitudes towards sustainability. A general positive attitude towards caring for the environment and advocating for sustainability affects purchase behaviour, wherein these consumers view green purchases as one of the routes to leading a sustainable lifestyle.

We also conclude that while picking a sustainable option is preferable for respondents who support sustainability, their inclination towards the same does not equal an absolute rejection of products that do not support sustainability. Sustainability is seen as more of a "side benefit" to a required product that eco-friendly respondents mentioned they would pick if given a choice, but they still concede to the use of non-green products as they give more weightage to the utility of a product and its ability to meet consumer needs, rather than its sustainability.

## **2. ANOVA testing with SPSS to observe belief and behavioural consistency among respondents**

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Since the p-value of null hypothesis  $H_0$  being true is less than 5% level of significance, we reject  $H_0$  and conclude that the average acceptance scale differs across all 4 questions, implying conflict in consumer beliefs, perception and behaviour. This also implies that consumers who practice sustainability do not see eco-friendliness as the main deciding factor for purchases but rather look at utility, hence making them more prone to greenwashing. They perceive eco friendly brands as superior to competitors, hence a greenwashed brand that also boasts of good utility and quality, even though not actually environmentally friendly, may be preferred by consumers.

### **CONCLUSION**

Having analyzed the survey responses, we can conclude that greenwashing does significantly influence purchase behaviour among an audience that is growing increasingly aware of the importance of environmental issues and sustainable practices. Consumers are willing to purchase so-called “green” products for the “feel-good” factor of supporting the environment and due to general awareness of the importance of being environment friendly, without verifying the realities of brands’ claimed sustainability. Additionally, while most respondents were not aware of the term greenwashing itself, their responses to the questionnaire determined that they had either unwillingly yielded to it or were influenced by greenwashing marketing to some degree to alter their perceptions of the brands in question. This is ultimately due to a lack of transparency from these intentionally misleading brands, and a lack of information conveyed to the general public on the matter. This study gives an insight that there is a resonance between greenwashing perception and consumer ethics which indicates the ethical standards which are involved in the situation of assessing greenwashing.

### **Practical Implications**

This consumer research regarding greenwashing provides comprehensive overview of how consumers perceive greenwashing with reflection their ethical standards. Understanding the consumer ethical perception of greenwashing leads to encouraging consumer ethical and green behaviour. Companies that aspire to emphasise its truly environmentally sustainable products to consumers could assist them to make their decision making process simple with clear information and approach. Policy makers need to come up with robust plan on avoiding

misleading advertisement and information to be felicitating the consumers in right decision making. Companies also need to widen the category and range of products in their green offering and also the cost of green production and sustainability should be mutually absorbed by companies and consumers.

### **recommendations**

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Bulletin For Technology And History Journal **Future**

Given the limitation regarding the sample size, the recommendation for future research is to expand the size of groups and participants to gain more various perspectives and conduct over time to be able to take an interactive approach to enhance the credibility of findings. Furthermore, future studies could have more specification in the selection of industry in order to explore the specification could also applied to the marketing approach as well. As consumers perceive green washing through a different type of marketing approach such as advertising or green labels, future research could specify the means of marketing communication and explore green washing from a consumer ethics perspective in depth. The extant literature contributes mostly based on quantitative manner. Although this study has a small contribution from a qualitative stance, this study triggers to continue the research further with a qualitative manner and there will be more studies done to maintain this topic as a top of agenda in the field of green consumer research.

### **Limitation of the study**

The sample size of 220 respondent is relatively small to study the awareness or perception of consumers in a diverse market like India. Pricing, socio-economic class, education, social awareness and other demographic factors are not emphasised or classified in the research. Green washing is not fully understood among the consumers who are still under the marketing myopia and misnomer of ethical consumption. The branding sometimes supersedes the efforts of green marketing and ends up creating a distortion in the minds of the consumer. The authenticity of the replies of the respondent is also debatable and more of interaction is required for better understanding of the consumers. The comparison of variables like quality, brand image, financial position between regular brands and eco-friendly brand is also from the consumers perspective

and is not measurable.

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