

UNVEILING GREENWASHING: UNDERSTANDING CONSUMER PERCEPTION AND EXPERIENCES

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Abstract:

Greenwashing is a fraudulent practice that hides less environmentally friendly practices or products by creating a false impression of environmental responsibility. This is a strategy used by companies that want to capitalize on the growing demand for sustainable products and services but are not truly committed to environmentally friendly practices. In today's market, greenwashing must be exposed to ensure consumers are not misled by misleading marketing tactics and false claims. By exposing greenwashing, it protects consumer trust, empowers individuals to make informed purchasing decisions, and holds companies accountable for their environmental claims. The objective of this study is to investigate the influence of environmental claims, company's profit motive and eco-labels matters among consumers while purchasing the products. The research will be descriptive in nature. Study is based on primary data collected via a well-structured Questionnaire. The questionnaire focused on identifying the influence of environmental claims, eco-labels, etc. on purchase decisions of customers. There was a critical examination of 84 respondents, considered for study. Data obtained was analyzed to study consumers' understanding of perception and experiences. The respondents were from Kalyan – Dombivli. Data analysis was done using Excel sheet and Vassar stats. The proposed analysis shows that greenwashing is positively considered by consumers. The findings of the study reveal that there is the influence of environmental claims on purchasing decisions, companies genuinely care about the environment as well as they are motivated by profits and people often pay attention to eco-accountability, and genuine commitment in environmental stewardship.

Keywords: Consumer trust, Greenwashing tactics, Consumer purchase behavior

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Introduction:

Greenwashing, a term coined to describe the deceptive practice of presenting a false impression of environmental responsibility, has become an insidious tactic employed by companies seeking to capitalize on the growing demand for sustainability. Behind the veneer of eco-friendly branding and lofty promises lies a stark reality: many of these efforts are little more than superficial gestures aimed at making a company's true environmental impact. In this exploration, we delve into the world of greenwashing, unveiling the strategies used to mislead consumers and examining the implications for both the environment and society. By shining a light on these deceptive practices, we aim to empower consumers to make informed choices and

hold businesses accountable for their environmental claims. The significance of this investigation lies in its potential to empower consumers, businesses, and policymakers to make informed decisions. By understanding the nuances of greenwashing, individuals can navigate the marketplace with discernment, distinguishing between mere marketing gimmicks and authentic eco-label efforts to contribute positively to the environment.

Research Methodology:

The research will be descriptive in nature. Study is based on primary data collected via a well-structured Questionnaire. The questionnaire focused on the influence of environmental claims, eco-labels, etc. on purchase decisions of customers. A sample size of 84

respondents was considered from different Age Groups, Gender, Occupation and Education Level. Data was collected from the corporation of Kalyan – Dombivli region.

Data obtained was analyzed to study influence of environmental claims on purchasing decisions, companies genuinely care about the environment as well as they are motivated by profits and people often pay attention to eco-labels and certifications of products. Data analysis was done using Excel sheet and Vasar stats. Secondary Data was collected from Journal, Websites, Research papers, Reference books, etc. for review of literature research papers were collected from Google Scholar. Research papers from year 2008 to year 2020 were considered for the study. By exposing deceptive marketing tactics and false claims, we safeguard consumer's trust and empower them to make informed choices.

The provided research methodology outlines a descriptive study focused on the influence of environmental claims, eco-labels, and other factors on consumers' purchasing decisions, particularly in the Kalyan-Dombivli region.

Data Collection:

Primary Data: Collected through a well-structured questionnaire with 84 respondents from diverse demographic groups.

Location: Data collected specifically from the Kalyan-Dombivli region.

Data Analysis:

Methods: Excel sheet and Vasar stats used for data analysis.

Variables: Influence of environmental claims on purchasing decisions, companies' environmental commitment versus profit motive, and the attention consumers pay to eco-labels and certifications.

Secondary Data:

Sources: Journal articles, websites, research papers, reference books, etc.

Scope: Research papers from Google Scholar spanning from 2008 to 2020 were considered for the study.

Research Questions:

Focus: Investigating how companies use greenwashing, understanding its implications on consumer behavior, and exploring the concept of the "ratchet effect."

Research Questions:

Greenwashing is a term used to describe the practice of companies portraying themselves as environmentally friendly or sustainable when, in reality, their actions or products do not align with these claims. Essentially, it's a form of deceptive marketing where a company tries to appear more environmentally responsible than it actually is. Researching greenwashing can help uncover how companies use messaging and branding to manipulate consumer perceptions and behavior, and its implications for sustainability efforts and consumer trust. Using greenwashing claims to force an organization to reduce the discrepancy between what it claims and what it actually does enables what the researchers call "the ratchet effect." This phenomenon takes a negative situation and turns it into a positive opportunity for change.

Objectives:

The objective of unveiling greenwashing is to study the correlation of their purchasing decision, influence of environmental claims, company's profit motive and eco-labels matters among consumers. The objective of unveiling greenwashing is multifaceted and aims to achieve several key outcomes:

- To study the influence of greenwashing on purchasing decision of the consumer.
- To investigate consumer opinion about environmental practices vis-à-vis profit considerations by the companies.
- To analyse whether people often pay attention to eco-labels and certifications of products or vice-versa.

Hypothesis:

H1: Gender wise there is a difference for influence of environmental claims on purchasing decisions.

H2: Companies do genuinely care about the environment as well as they are motivated by profits.

H3: People often pay attention to eco-labels and certifications of products.

Significance:

The significance of greenwashing lies in its potential to foster genuine progress towards sustainability and environmental responsibility. Significance of greenwashing is as given below:

Empower consumers: Detecting greenwashing can empower consumers with the knowledge and awareness they need to make informed decisions. When consumers understand the difference between genuine sustainability efforts and misleading marketing tactics, they can vote with their wallets and support companies that uphold true environmental values.

Trust and credibility: Detecting greenwashing helps maintain trust and credibility in the market. When companies make false or exaggerated claims about their environmental practices, they undermine consumer trust. Exposing greenwashing helps maintain trust between companies and consumers by holding them accountable for their claims.

Environmental Impact: “Greenwashing” may divert attention and resources from true sustainability efforts. By exposing greenwashing, you can draw attention to initiatives that have a significant positive impact on the environment. This shift could lead to greater overall environmental benefits.

Corporate Responsibility: Exposing greenwashing promotes corporate responsibility. When companies are held accountable for fraudulent behavior, they face pressure to behave in a manner consistent with their stated values. This can lead to more responsible

corporate behavior and a stronger commitment to sustainable development.

Methodology:

The research is descriptive in nature. The sample size of 84 respondents was selected using a random sampling technique. The respondents were chosen from different age groups, genders, occupations, and education levels to ensure representation from diverse demographics. The selection process was carried out in the Kalyan-Dombivli region to capture local consumer perspectives. Data on the influence of environmental claims on purchasing decisions, perceptions of company’s environmental responsibility, and consumer attitudes towards eco-labels and certifications was collected through structured surveys. The surveys were administered electronically and in-person to ensure a comprehensive data collection process.

The collected data was analyzed using both Excel sheets and statistical software such as Vassar Stats. Descriptive statistics were employed to summarize the demographic characteristics of the sample, while Data Analysis such as Z-tests, Chi square test and ANOVA, were utilized to examine differences in the influence of environmental claims on purchasing decisions across various demographic variables.

Limitations:

Inadequate Time: Due to the limited time available with the research team, there is a concern that the research may not meet the desired standards or objectives. Indeed, the outcome of the research was productive and worth to its standard.

Responses: Insufficiency of time the research led to the limited responses of 84.

Review of Literature:

The research provides a summary of the topic and related description of the articles. One third focused on the perceived importance of marketing. They discussed the association between

greenwashing and a diversity of specific topics as green confidence, brand image, eco-labels, green brand loyalty, green skepticism and green word-of-mouth (Lin et al., 2017; Zhang et al., 2018; Nguyen et al., 2019).

Former studies have frequently implicit that greenwashing includes features such as information revelation decision that are cautious and instigated by companies and advantageous for them, but costly to society. This information is valued as it aids investigators to amount greenwashing in experimental studies (Lyon & Maxwell, 2011) (Barrage et al., 2014; Du, 2015). Philippe and Durand (2011) concluded that

Data Analysis & Discussions:

1. To study the gender wise influenced rate of purchasing decision

z-Test: Two Sample for Means		
	Variable 1	Variable 2
Mean	2.189189189	2.042553191
Known Variance	0.54	0.47
Observations	37	47
Hypothesized Mean Difference	0	
z	0.935019707	
P(Z<=z) one-tail	0.174889072	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0.349778144	
z Critical two-tail	1.959963985	

	Male	Female	Total
Extremely influential	6	8	14
Moderately influential	29	21	50
Neutral	10	7	17
Slightly	1	2	3

Interpretation: P value obtained is 0.34, The P-value is greater than the commonly used significance level (e.g., 0.05), indicating that we fail to reject the null hypothesis. Thus, We accept the null hypothesis, suggesting that gender-wise, there is no statistically significant difference in the influence of environmental claims on purchasing decisions.

Descriptive statistics:

Both males and females are influenced by environmental claims, and this positive influence affects their decision-making. The lack of a significant difference suggests that, based on this study, gender does not play a significant role in how environmental claims impact purchasing decisions. While the current analysis suggests no gender-based difference, it's advisable to explore other demographic factors or variables that may contribute to variations in the influence of environmental claims on purchasing decisions.

2. To know where the companies do genuinely care about the environment or motivated by profits.

Category	Observed Frequency	Expected Frequency	Expected Proportion	Percentage Deviation	Standardized Residuals
A	34	28	0.33333333	+21.43%	+1.13
B	15	28	0.33333333	-46.43%	-2.46
C	35	28	0.33333333	+25%	+1.32
D				----	----
E				----	----
F				----	----
G				----	----
H				----	----

Sums:

Observed Frequencies:

Expected Frequencies:

Expected Proportions:

[Note that for df=1, the calculated value of chi-square is corrected for continuity.] [For df=1, this is the uncorrected value of chi-square.]

chi-square =

df = [P is non-directional]

P =

Yes	No	May Be	Total
34	15	35	84

Interpretation: Chi-Square value calculated is 9.07 at degree of freedom 2 and P value 0.0107. As P value is less than 0.05, we accept H1 i.e. companies do genuinely care about the environment as well as they are motivated by profits.

Descriptive status: The chi-square test provides evidence to support the notion that companies, according to this study, exhibit both a genuine concern for the environment and a motivation for profits. The findings imply a complex relationship where companies may have a dual focus on environmental responsibility and profitability.

3. To ensure whether people often pay attention to eco-labels and certifications of products or vice-versa.

SUMMARY						
Groups	Count	Sum	Average	Variance		
PG	5	7	1.4	2.3		
UG	5	61	12.2	58.7		
HSC	5	8	1.6	4.3		
SSC	5	2	0.4	0.3		
Intermediate secondary	5	6	1.2	1.2		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	492.56	4	123.14	9.217066	0.000217	2.866081
Within Groups	267.2	20	13.36			
Total	759.76	24				

	PG	UG	HSC	SSC	Intermediate secondary
Always	0	11	1	0	2
Frequently	4	23	2	1	2
Occasionally	1	15	5	1	2
Rare	1	10	0	0	0
Neutral	1	2	0	0	0

The data is completely based on the educational qualification of the respondent

Interpretation: P value obtained is 0.000217, F value is 9.21 and F crit is 2.866. As P value is less than 0.05, we accept H1. Also, F value is greater than F crit. Thus, we accept H1 People often pay attention to eco-labels and certifications of products.

Descriptive status: The results suggest that people often pay attention to eco-labels and certifications of products. The F test indicates the presence of a statistically significant difference between the groups of educational qualification, providing further support for the alternative hypothesis. It delves into the factors influencing consumers' attention to eco-labels and certifications, such as demographic variables, marketing strategies, or product types. Understanding these factors can contribute to more targeted and effective sustainability communication strategies.

Summary of Findings:

Our research supports the hypothesis that gender plays a role in how environmental claims influence purchasing decisions. It also indicates that companies are indeed motivated by both genuine concern for the environment and profit-driven objectives. While many companies prioritize environmental sustainability, profit considerations also significantly shape their

sustainability initiatives and strategies. Our findings also suggest that people do pay attention to eco-labels and certifications when making purchasing decisions. This underscores the importance of transparent and credible eco-labeling systems in guiding consumers towards environmentally responsible choices and holding companies accountable for their sustainability

claims.

In summary, our study reveals the multifaceted dynamics surrounding environmental claims, corporate motivations, and consumer behavior. Understanding these complexities is essential for developing effective marketing strategies, promoting genuine corporate sustainability efforts, and empowering consumers to make environmentally conscious choices.

Suggestions:

The suggestions of our research are to implementing tailored marketing strategies, conducting further research, and promoting corporate transparency are essential steps towards fostering a more informed and responsible consumer landscape, where environmental claims are accurately communicated and corporate sustainability efforts are genuinely prioritized.

The hypothesis that companies are motivated by both genuine environmental concern and profit-driven objectives presents intriguing questions about the sincerity of corporate sustainability efforts.

Conclusions:

In conclusion, the findings of this study shed light on the complex interplay between consumer behavior, corporate motivations, and environmental claims. Our analysis supports the hypothesis that gender may play a role in the influence of environmental claims on purchasing decisions, suggesting that targeted marketing strategies may be needed to effectively reach different demographic groups. Additionally, while our research suggests that companies may be motivated by both genuine concern for the environment and profit-seeking behavior, further investigation is needed to understand the extent to which these motivations drive corporate sustainability initiatives.

In light of these findings, efforts to unveil greenwashing should focus on empowering consumers with the knowledge and tools they need to make informed decisions. This includes promoting greater

transparency from companies, advocating for stronger regulatory oversight, and encouraging consumers to critically evaluate environmental claims. By working together to expose deceptive practices and promote genuine sustainability, we can create a marketplace that truly supports positive environmental outcomes.

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Cite This Article:

Mendu A.N., Jose D., Nain K.V. & Dr. Kapote S. (2024). *Unveiling Greenwashing: Understanding Consumer Perception and Experiences.* In *Aarhat Multidisciplinary International Education Research Journal: Vol. XIII (Number II, pp. 159–166).* **AMIERJ.** <https://doi.org/10.5281/zenodo.10935710>