

**A STUDY ON CONSUMER PERCEPTION OF GREENWASHING IN
ERNAKULAM**

Project Report

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In partial fulfillment of requirements for award of the degree of

Bachelor of Commerce



ST.TERESA'S COLLEGE, ERNAKULAM (AUTONOMOUS)

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited At 'A ++' Level

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CERTIFICATE

This is to certify that the project report titled “**A STUDY ON CONSUMER PERCEPTION OF GREENWASHING IN ERNAKULAM**” submitted by **Amju Dallus, Anjana P, and Anjana PS** towards partial fulfillment of the requirements for the award of the degree of **Bachelor of Commerce** is a record of bonafide work carried out by them during the academic year 2022-2023.

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DECLARATION

We, **AMJU DALLUS, ANJANA P, and ANJANA PS** do hereby declare that this dissertation entitled, “**A STUDY ON CONSUMER PERCEPTION OF GREENWASHING IN ERNAKULAM**” has been prepared by us under the guidance of **MS. ANN THOMAS KIRIYANTHAN**, Assistant Professor, Department of Commerce, St Teresa’s College, Ernakulam.

We also declare that this dissertation has not been submitted by us fully or partly for the award of any Degree, Diploma, Title or Recognition before.

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CHAPTER 1
INTRODUCTION

1.1 INTRODUCTION

Since the aggravation of environmental problems, awareness of environmental issues among people has increased considerably. In the early 1990s, there was a significant increase in the number of products that made environmental claims. Though this trend quickly faded. However, in recent years, as a way to appeal to a growing number of environmentally conscious consumers, many manufacturers are once again using ambiguous, deceitful, or even false environmental claims to market their products or companies. This practice, known as greenwashing, is becoming increasingly prevalent.

“Green” and more sustainable alternatives are advertised to consumers at nearly every purchasing decision. What consumers aren’t always aware of is that these products may not be as environmentally friendly as they state. Greenwashing is a phenomenon in which companies exaggerate or even lie about their claims to mislead and encourage consumers to purchase their products.

Greenwashing is the act of outwardly promoting sustainable ideas to draw attention away from the waste produced or lack of benefits. Greenwashing is a growing concern in today's marketplace. Companies are increasingly using social media platforms to reach consumers with environmental claims, but this also amplifies the impact of greenwashing claims and can make it more difficult for consumers to distinguish between accurate and misleading information.

1.2 SIGNIFICANCE OF THE STUDY

As the wellbeing of the environment becomes more critical, an increasing magnitude of consumers around the world are more conscious of environmental issues and therefore, claim they’re willing to consume more sustainable products. In fact, consumer attitudes toward green brands, green products, and green companies are reaching an all-time high. For many consumers, they care whether a company has a socially-responsible business model. Several national standards have been developed to try to eliminate greenwashing by only providing their seal of approval if certain requirements are met. The prevalence of greenwashing is decreasing slowly, but it is still a serious issue.

This study aims to investigate the consumer perception of greenwashing, and to explore the impact of various factors on their perceptions as well as purchasing decisions. With an ever-growing

interest in sustainability and environmental issues, this study will help to promote more transparent and trustworthy communication on environmental issues.

The significance of this research would be that it would provide insights into how various factors tend to affect consumer perception of greenwashing. This information would be useful for companies and policymakers in developing targeted marketing strategies and regulations to promote sustainable consumption. Furthermore, this will contribute to increasing the understanding of consumer behavior in relation to greenwashing.

1.3 STATEMENT OF THE PROBLEM

In this day and age, it seems as if a company won't survive if it doesn't take necessary steps to protect the environment. As a result, everywhere you look, another company is going "green." If you walk down the aisles of stores like Target you can find cleaning products, paper towels, makeup, light bulbs, and appliances all with "green" alternatives. Some products have eco-labels, some make claims like "environmentally friendly" or "recyclable," and some only go as far as making their packaging physically greener and leafier in appearance. It has become a successful and popular strategy to make these sorts of environmental claims and changes to attract consumers. The problem is, while the environmental benefits of some companies' products and claims are authentic, others aren't and are intended to mislead consumers. The ones that aren't, are guilty of a phenomenon known as 'greenwashing.' Greenwashing is divided into several types called "sins." The different "sins" a company or product can commit depend on how the claim is being manipulated. For instance, the claim may just be very vague and hard for the consumer to understand, or it may be completely false: each sin is different; I will go into more detail on this later on.

Greenwashing is becoming more prevalent in today's marketplace as companies strive to appeal to environmentally conscious consumers. Social media platforms are increasingly being used as a means to spread such claims, and this can make it challenging for consumers to distinguish between genuine and false claims. Not only have some researchers found that greenwashing can create consumer confusion and skepticism, but that it could potentially eliminate the need to innovate greener products. Despite the growing importance of sustainability and environmental issues, there is a lack of research that examines how various factors relating to consumers beliefs and consumer perception of greenwashing are interconnected. The problem this research aims to

address is the gap in understanding consumer perception of greenwashing and all the factors related to it in arriving at a purchase decision.

1.4 OBJECTIVES

- To explore how consumer beliefs and values influence consumer perception of greenwashing.
- To assess consumer awareness and understanding of greenwashing, as well as the sources of information that contribute to their awareness.
- To examine consumer attitudes towards environmentally friendly products and their perception of the credibility of environmental claims made by companies.

1.5 SCOPE OF THE STUDY

The study involves data collection on consumer demographics, their values (such as level of environmental concern, skepticism, etc.), and consumer perception of greenwashing. The scope of data collection will be online surveys from persons of all ages and occupations such as government sector employee, private sector employee, public sector employee, business owners, professionals, housewives, students etc. The study aims to evaluate the consumer understanding of greenwashing and their perception and attitude towards environmental claims made by companies. The sample size of the population is 104 and the survey is done in Ernakulam district in Kerala.

1.6 RESEARCH METHODOLOGY

The present study is both descriptive and analytical in nature. It is descriptive in the sense that it tries to identify various characteristics of research problems. It is analytical in the sense that it analyzes and interprets data in order to arrive at a conclusion. Also, the data is analyzed to examine consumer perception of environmental claims by companies. Both primary and secondary data were used for data collection.

- Primary: Primary data was collected by using questionnaires.
- Secondary: Secondary data were collected from books, websites, articles, magazines.

An online questionnaire was prepared and convenience sampling was used. Google form and Google sheets were used to administer the responses. The survey was conducted with consent of respondents and confidentiality is maintained throughout the research. The population is restricted

to Ernakulam residents and the sample size is 104. The data is presented through tabular and graphical tools.

1.7 LIMITATIONS

- The study is restricted to consumers from Ernakulam.
- The respondents may be affected by social desirability bias, where they might answer in a way that they think is socially acceptable.
- This research only studies one aspect of greenwashing, which is from the consumers' perspective.
- The findings related to purchasing decisions are only based on consumer responses and are not actually measured.
- Most of the responses are from students, so we don't know the opinion of older consumers, which can be different from this.

1.8 KEYWORDS

1. Greenwashing

Greenwashing is the act of making false or misleading statements about the environmental benefits of a product or practice. This can include use of terminology such as “eco-friendly” or “sustainable,” which are vague and not verifiable.

2. Consumer perception

Customer perception is the opinions, feelings, and beliefs customers have about your brand. It plays an important role in building customer loyalty and retention as well as brand reputation and awareness. Customer perception can be positive or negative. The customer perception process occurs when customers interact with your brand, products or services.

3. Green consumer

A type of consumer who buys green products such as ecological, organic or energy-saving products and therefore consumes fewer natural resources. Green consumerism is not just about buying eco-friendly products; it can be practicing recycling, conserving, or using public transportation instead of driving.

4. Green marketing

Green marketing (or environmental marketing) is the promotion of environmentally friendly products, services, and initiatives. More specifically, green marketing refers to a broad range of environmentally friendly practices and strategies. Some green marketing examples include:
Creating eco-friendly products.

5. Green consumer skepticism

The present study adopts the latter perspective and defines green skepticism as a state, i.e. the tendency to doubt the environmental claims or environmental performance of green products.(e.g. facts, inferences, or claims).

6. Third party certification for green products

Third-party certification promotes responsible forest management, protects against deforestation and supports biodiversity. Companies and landowners must meet rigorous standards created by independent organizations to achieve certification. An independent organization has reviewed the manufacturing process of a product and has independently determined that the final product complies with specific standards for safety, quality or performance.

7. Green advertising

Green advertising in general aims to promote products produced in an environmentally-friendly manner, or to promote advertiser's corporate responsibility toward an environment. Examples of green marketing include advertising the reduced emissions associated with a product's manufacturing process, or the use of post-consumer recycled materials for a product's packaging. Some companies also may market themselves as being environmentally-conscious companies by donating a portion of their sales proceeds to environmental initiatives, such as tree planting.

1.9 CHAPTERISATION

Chapter 1 - Introduction:

This chapter contains a brief introduction about the topic, significance of the study, scope of the study, statement of problem, objectives of the study, research methodology, limitations, keyword and chapterisation.

Chapter 2 - Literature Review:

This chapter deals with review of literature which includes previous studies conducted on the topic "consumer perception of greenwashing".

Chapter 3 - Theoretical framework:

This chapter deals with the theoretical framework. It collects and composes information relating to the topic.

Chapter 4 - Data analysis and interpretation:

This chapter comprises the analysis of the data collected from 104 participants, their results and interpretation. Data has been presented in the form of tables, figures and graphs.

Chapter 5 - Findings, suggestions and conclusion:

This chapter focuses on summary, findings, recommendations and conclusions from the study.

CHAPTER 2

REVIEW OF LITERATURE

This chapter deals with review of literature which includes previous studies conducted on the topic "consumer perception of greenwashing". The various research papers are summarized and the gaps in this area of study are found through these reviews.

LITERATURE REVIEW

Delmas, M. A., & Burbano, V. C. (2011) proposed that occurrence of greenwashing has risen steeply in recent years firms have been increasingly combining poor environmental performance and practices with positive communication about their environmental performance. More and more firms are engaging in greenwashing, misleading consumers about their environmental performance or the environmental benefits of a product or service. The skyrocketing incidence of greenwashing can have profound negative effects on consumer and investor confidence in green products. Mitigating greenwashing is particularly challenging in a context of limited and uncertain regulation. This article examines the external (both institutional and market), organizational and individual drivers of greenwashing and offers recommendations for managers, policymakers, and NGOs to decrease its prevalence.

TD Gallicano, (2011) demonstrates how easy it is for a company to be criticized for promoting its environmental efforts according to the framework for analyzing greenwashing. Companies could show improvement with their environmental efforts, but they could still be accused of greenwashing if there is a perception that this green promotion distracts from their overall environmental impact. Starbucks is considered by many as a leader in corporate social responsibility and has provided an immense amount of information about its sustainable business practices on its website; however, there were still some legitimate criticisms about its environmental communication. Starbucks opens itself to such criticism because it has chosen to brand itself as environmentally friendly. This study examines the fairness of Starbucks' CSR practices, and verbatim comments and details of Starbucks' practices are included to help readers decide if they agree or disagree.

Nyilasy, G., Gangadharbatla, H., & Paladino, A. (2012) aims to investigate the effects of green corporate advertising and corporate environmental performance. It uses attribution theory to explain factors of effectiveness in green advertising and links greenwashing to consumer

responses. The BP oil spill and the company's preceding "Beyond Petroleum" campaign illustrate that unfulfilled promises in the green marketing realm can be oil on fire. This paper aims to help answer questions such as whether BP would have been better off not touting its green credentials if management was not committed to it, or if the green communication efforts helped prevent a larger negative brand attitude drop after the accident.

Kumar, S., Garg, R., & Makkar, A. (2012) investigates consumer perception and purchase intention towards green products among youngsters in India. It reveals that consumers are becoming more ecologically conscious and desirous of purchasing environmentally friendly products, but are not aware of what constitutes environmentally friendly products. Marketers need to consider efforts to convert environmental concern into environmental consumption behavior. Green marketing is the marketing of products that are presumed to be environmentally safe. Green products are used to protect or enhance the natural environment by conserving energy and resources and reducing or eliminating use of toxic agents, pollution, and waste. However, the present study found that most respondents did not understand that buying green products also contributes to environment protection. Therefore, marketers and governments must create awareness about green products as a way to save the environment.

Kumar, R., & Kumar, R. (2013) explores the concept of green marketing and examines if it represents a true commitment to sustainability or if it is really a type of greenwashing. The authors look at several definitions and types of green marketing, stressing the possibility for companies to make inaccurate or overstated claims about their sustainability efforts or environmental performance. They argue that while green marketing can be an effective strategy for encouraging sustainability and environmentally friendly behavior, it is crucial for businesses to make sure their promises are genuine and trustworthy. The authors also cover the necessity of greater awareness and regulation of green marketing techniques as well as the role that consumers play in supporting sustainable consumption. Overall, the article offers an interesting overview of the possible advantages and pitfalls of green marketing and calls for greater accountability and transparency in corporate sustainability practices.

Lyon, T. P., & Montgomery, A. W. (2015) "The Means and End of Greenwashing" states that Corporate claims about environmental performance have increased rapidly in recent years, as has

the incidence of greenwashing, that is, communication that misleads people into forming overly positive beliefs about an organization's environmental practices or products. References to greenwashing in the literature have grown rapidly since the term was introduced more than 2 decades ago, with a sharp increase in articles since 2011. The article reviews and synthesizes this fragmented and multidisciplinary literature, showing that greenwashing is a broad umbrella term that encompasses a variety of specific forms of misleading environmental communication. More research is needed that identifies and catalogs the varieties of greenwashing, theories and models their mechanisms drawing on existing social science research, and measures their impacts on corporate performance and social welfare.

Agyekum, C. K., Haifeng, H., Agyeiwaa, A. (2015) studies consumers' perceptions of product quality and what variables influence their ability to gauge product quality and make purchase decisions. The choice to buy a particular product depends on the perception of the consumer about the product's quality and its ability to satisfy their needs. Most consumers use price and brand name to determine the quality of a product.

Aji, H. M., & Sutikno, B. (2015) examined the construct of perceived consumer skepticism as the extended consequence of greenwashing. It found that greenwashing has a positive association with green consumer skepticism(GCC), perceived consumer skepticism(PCS), and green perceived risk(GPR), as well as a surprising link between GCC-PCS-GPR and green trust. The study also discussed the practical implication of these findings and offers suggestions for future research. This study aims to extend the study by Chen and Chang [2013] by proposing perceived consumer skepticism (PCS) and switching intention as the extended consequences of greenwashing. It examines the direct relationship connecting greenwashing to green trust and the indirect relationship between greenwashing and green trust, with green consumer confusion and green perceived risk as mediating variables. Consumers tend to be skeptical of ads, especially green ads, and may switch if they are ethically injured.

Rahman, A. S. (2017) investigates the impact of green marketing on consumer behavior in Bangladesh. A survey questionnaire is used in the study to gather information from a sample of customers from Bangladesh, and descriptive statistics and regression analysis are used to analyze

the results. The study reveals that green marketing has a significant impact on consumer behavior in Bangladesh and that consumers are becoming increasingly environmentally conscious and concerned about the impact of their purchase decisions on the environment. The study also found that consumers in Bangladesh are more likely to purchase a green product when it is perceived as high quality, affordable, and easily available.

Lopez-Quezada, G. (2018) “Greenwashing in the age of social media” states that, Greenwashing is the act of outwardly promoting sustainable ideas to draw attention away from the waste produced or lack of benefits. Companies have adapted greenwashing tactics to sidestep federal regulations and provide a counter argument for the part of your brain telling you it isn't worth the potential costs. To gain and maintain "environmental legitimacy", companies have begun separating their public activities from their essential and internal activities. This typically entails a lack of data collection on byproducts like pollution produced in foreign countries to prevent accusations of negligence by providing a defense in the form of feigned ignorance.

Zhang, L., Li, D., Cao, C., & Huang, S. (2018) explored whether and how consumers' greenwashing perceptions influence their green purchasing intentions in pollution-intensive and highly visible industries. The results showed that greenwashing perceptions not only have a direct negative impact on green purchasing intentions, but also have indirect negative effects via green WOM(Word-Of-Mouth). This suggests that firms should promote substantive environmental initiatives rather than greenwashing to ensure consumers and increase sales. This study was conducted to make a contribution to the literature on greenwashing. This paper addresses the recent call for research into green marketing and studies the consequences of greenwashing from the perspective of consumers. It examines the mediating role of green WOM and green concern in the relationship between greenwashing and consumers' purchasing intentions, and provides contributions to other fields such as sustainability and communication. It also examines greenwashing in an emerging economy, in China, whose environment is deteriorating with rapid economic development and lacking sound rules or regulations.

Khandelwal, M., Sharma, A., & Jain, V. (2019) proposed that greenwashing is most prevalent in the automobile sector, industrial manufacturing sector, and beauty products/cosmetics sector.

Consumers perceive fluffy words such as “natural”, “eco-friendly,” “organic,” etc. as a common tactic for greenwashing. The lack of a proper regulatory system and compliance from companies results in poorly researched products and facilitates “greenwashing. However, once consumers become aware of such deception, they lose trust in the brand that has been built over the years.

L Gatti, P Seele, L Rademacher (2019) discusses the phenomenon of greenwashing and suggests that it could be better prevented with a combination of voluntary and mandatory aspects designed to promote CSR and its application and communication. It also links to and advances the debate about the voluntary versus mandatory nature of CSR. Also, it provides a quantitative analysis of the current flourishing of greenwashing research and the centrality of the theme within the CSR debate.

De Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., & Soares, G. R. D. L. (2020) provides an in-depth review of the concepts and forms of greenwashing. The authors provide a thorough analysis of the literature on greenwashing, identifying and classifying different terminologies, typologies, and tactics that have been employed. They also discuss the effects of greenwashing on both society and the environment, emphasizing how detrimental it is to consumer trust and how it can hinder initiatives to advance sustainability. They separated greenwashing into four categories: product-level executional, product-level claim, firm-level executional, and firm-level claim.

T Pimonenko, Y Bilan, J Horák, L Starchenko, W Gajda (2020) shows that, green brands of companies prioritize sustainability and environmental consciousness, but some companies engage in greenwashing, which undermines the Sustainable Development Goals. Companies must move beyond greenwashing and adopt genuine sustainability practices to contribute to a more sustainable future and make a positive impact on the world. They found that one of the key factors for attracting green investments is transparency, which can be increased by publishing financial and non-financial reports of a company’s green policy and achievements.

R Rotman - Rotman, R., Gossett, C., and Goldman, H. (2020) argues that existing laws and regulations do not fully prevent deceptive environmental claims in marketing, and recommends

increased FTC oversight and improved coordination with the USDA, inclusion of guidelines for "organic" claims in the next revision of the Green Guides, and formalizing the Green Guides as mandatory legislative rules.

MDT de Jong , G Huluba , (2020) proposes that corporate greenwashing is a widespread phenomenon, but few studies have investigated its effects on consumers. This article investigates the effects of various degrees of greenwashing in the cruise industry, finding that true green behavior has the desired positive effects on reputation. This study suggests that only honest and transparent communication about environmentally friendly behavior pays off, and that organizations' reputation will not benefit from their environmentally friendly behaviors when they are merely taking credit for complying with legal obligations. Additionally, objective accounts of difference between the environmental walk and talk of organizations, despite the size of these discrepancies, will not suffice to raise public awareness and outcry about such malpractices. Accusations of greenwashing should address the organization's intent, and only if consumers are convinced that an organization deliberately lied about its environmental performance can the discovered greenwashing have serious reputational repercussions.

Singhal, H., & Agrawal, A. (2021) examines deceptive marketing techniques used to strengthen the growth of a product and business from the consumer's perspective. It has been found that the absence of proper regulations and policies is one of the vital causes of increasing greenwashing. Furthermore, the awareness of greenwashing seems superficial and has a low impact on the purchasing decisions of new-age consumers.

Ruiz-Blanco, S., Romero, S., & Fernandez-Feijoo, B. (2021) investigates the elements that influence a company's inclination towards greenwashing. After conducting a thorough study of the literature on greenwashing, the authors have identified a number of firm traits that are linked to this type of behavior, such as larger size, lower environmental performance, and a greater emphasis on marketing and communication. They also discuss the potential impact of greenwashing on consumer behavior and the importance of transparency and credibility in environmental claims. In their conclusion, the authors urge more investigation into the causes and motivations of greenwashing behavior, as well as the efficiency of various regulatory strategies for preventing it.

J Adamkiewicz, E Kočańska , Adamkiewicz, (2022) provides guides for fashion brands about risks and gains related to greenwashing, as well as opportunities in a more sustainable holistic approach. To prevent the harmful effects of substances used by the fashion industry, it is first necessary to redefine the consumer decision-making process from passive or emotional model to cognitive model based on the rational judgment of the consumer's needs. The fashion industry needs urgent changes to adapt to a more sustainable circular economy, such as renouncing greenwashing practices and using strategy focused on regaining consumer trust .The fashion industry has adopted changes to address environmental damages, such as technical solutions and regulations, leading to a change in mentality and culture.

D Kolcava , (2023) examines whether citizens' attitudes and policy preferences constitute a societal checks and balances mechanism of voluntary environmental action by firms. It assesses changes in public opinion in response to greenwashing allegations, and suggests that short-run responses in mass public policy preferences could be a relevant force in expanding top-down accountability. Cooperative self-regulation equilibria within specific industries are likely to be challenged in the political arena due to their modest environmental output.

While the above-mentioned research provides valuable insights into consumer perception of greenwashing, there appears to be a gap in understanding the specific factors affecting consumer perception of greenwashing and how consumers view the credibility of environmental claims proposed by companies and their attitude towards it. Additionally, there is a lack of research on how demographic factors, such as age, gender, and education level, may influence consumer perceptions of greenwashing. Further research in these areas could provide more targeted insights for companies seeking to improve their sustainability and environmental messaging while avoiding the negative effects of greenwashing.

CHAPTER 3

**THEORETICAL FRAMEWORK AND
CONTEXTUALISATION**

This chapter deals with the theoretical framework. It collects and composes information relating to the topic of consumer perception and greenwashing.

DEFINITION OF GREENWASHING

Greenwashing is when a management team makes false, unsubstantiated, or outright misleading statements or claims about the sustainability of a product or service, or even about business operations. It can be unintentional, but can also be intentional through marketing efforts. Greenwashing is a deceptive marketing tactic intended to mislead consumers into buying environmentally conscious brands.

HISTORY OF GREENWASHING

The term greenwashing was coined by environmentalist Jay Westerveld in 1986, when most consumers received their news from television, radio and print media. This combination of limited public access to information and seemingly unlimited advertising enabled companies to present themselves as caring environmental stewards, even as they were engaging in environmentally unsustainable practices. However, greenwashing dates back even earlier, when American electrical behemoth Westinghouse's nuclear power division fought back against the 1960's anti-nuclear movement with a series of ads proclaiming the cleanliness and safety of nuclear power plants. These ads included a photograph of a nuclear plant nestled by a pristine lake, proclaimed that "We're building nuclear power plants to give you more electricity," and went on to say that nuclear plants were "odorless, neat, clean, and safe". However, given that the ads appeared after nuclear meltdowns had already occurred in Michigan and Idaho, the word "safe" was arguable. Westinghouse also ignored concerns about the environmental impact of nuclear waste, which has continued to be a problem.

In 1983, Jay Westerveld was an undergraduate student on a research trip to Samoa when he saw a note asking customers to pick up their towels. He was struck by the note's irony: while it claimed to be protecting the island's ecosystem, the Beachcomber Resort was expanding. Three years later in 1986, when he was writing a term paper on multiculturalism, he remembered the note. "I finally wrote something like, 'It all comes out in the greenwash.' A guy in the class with me worked for a literary magazine and had me write an essay about it." And, as the magazine had a large

readership in nearby New York City, it wasn't long before the term caught on in the wider media. Westerveld's essay came out a year after the launch of Chevron's People Do campaign, which promoted environmental programs that were mandated by law. However, critics pointed out that these programs were relatively inexpensive compared to the cost of Chevron's ad budget.

The People Do campaign also ignored Chevron's spotty environmental record, which included violating the clean air act, the clean water act and spilling oil into wildlife refuges. Other corporate claims were equally outrageous, such as DuPont's ads featuring marine animals clapping their flippers and wings in chorus to Beethoven's Ode to Joy, and Weyerhaeuser's claims that it was "serious" about caring for fish.

In the early 1990s, consumers began to become more aware of sustainability concerns, leading to an increased awareness of greenwashing. A 2015 Nielsen poll showed that 66% of global consumers are willing to pay more for environmentally sustainable products, with 72% among millennials. Jason Ballard, CEO of sustainable home improvement retailer TreeHouse, notes that greenwashing has become more complex and that companies are now working to engage customers in their sustainability efforts, even as their core business model remains environmentally unsustainable. The Home Depot and Lowes, for example, both encourage customers to do their part by offering onsite recycling, but still sell billions of dollars per year worth of environmentally damaging products. This misdirection is intended to shift the customer's focus from a company's appalling behaviors to something that's peripheral.

TYPES OF GREENWASHING

1. Green by Association

A company slathers itself and its marketing thoroughly in environmental terms and images so that even if its products have no environmental benefits, consumers associate them with positive environmental attributes. Example: Gas-guzzling cars and trucks are often named after natural features.

2. Lack of Definition

Marketing for a product makes an environmental claim that sounds good to the consumer but is too vague or general. Example: Non-toxic or hazardous chemicals are only meaningful in specific contexts, such as when applied to NASA spacecraft.

3. Unproven Claims

Environmental claims are made by a company, but the company cannot or will not provide evidence to back them up. Example: Manufacturers claim to have eliminated hazardous ingredients, but can't disclose details due to trade secrets.

4. The Non Sequitur

A company uses a valid claim about a product as the basis for a further claim that is not warranted, but may on its surface appear to be reasonable. Example: Manufacturers often claim their products are resistant to mold growth, but this is not always the case.

5. Forgetting the Life Cycle aka The Red Herring

A company chooses one easily understood aspect of a product's environmental profile to improve and highlight, while ignoring other significant impacts--sometimes out of ignorance; sometimes as an intentional effort to divert attention. Example: Recycled countertops use energy, carbon, and binders with human health impacts.

6. Bait and Switch

A company heavily promotes the environmental attributes of a single product, while selling and manufacturing a bulk of otherwise similar products that lack the same environmental attributes. Example: Cedar shingles are not sustainably harvested, leading to increased sales for non-certified products.

7. Rallying Behind a Lower Standard

A product earns an apparently valid, third-party certification--but the product's manufacturer or trade association has influenced the development of the relevant standard in a way that makes the

certification less meaningful than it appears. Example: The forest products industry creates its own green standard to cover environmental damages caused by logging.

8. Reluctant Enthusiast

Company hedges its bets by publicly embracing environmental measures while resisting them behind the scenes. Example : "Beyond Petroleum."

9. Outright Lying

Either intentionally or inadvertently, a company bends the truth, or simply ignores it. Example: Recycled products are beneficial to the environment, but not necessarily recycled.

NEGATIVE EFFECTS OF GREENWASHING

1. Undermining brand image

Let's take the example of a consumer who wants to make an eco-friendly choice, and so chooses a product that makes an environmental claim. However, it later turns out that the product was not as environmentally friendly as was advertised. In this case, the consumer will feel like she has been lied to by the company. Consumers are likely to leave negative reviews and share their experiences online and through social media. Whenever a company is outed as overreaching its environmental claims, a backlash happens. The brand's image takes a hit. This can have a negative effect on a brand's image, leading to boycotts and a drop in sales. This effect should be serious enough for every business to carefully consider the content and quality of their marketing.

2. Adverse environmental impacts

People looking to make environmentally-conscious consumption choices have a tendency of preferring products that claim to have a small footprint. However, low impact is still not the same as no impact. Additionally, we can only imagine the extent of the negative environmental impact of a product marketed as low impact. So, Greenwashing can lead to unintentional environmental impacts.

3. Losing consumer trust

It has been studied that the loss of consumer trust caused by greenwashing is not only limited to the brand caught greenwashing, but it also impacts other brands engaging in similar businesses. This type of generic loss of consumer trust results in sustainable brands needing to put in even more effort in their communications when it comes to accuracy, precision, and positive environmental initiatives in order to differentiate their brand from their greenwashing competitors.

4. Investigation resulting from misleading marketing claims

If an environmental claim made by your company seems noticeably misleading, and the public starts questioning it, it's possible that someone might report your advertisement or communications to the local consumer protection authority. Meanwhile, the local consumer protection authority can investigate marketing claims. In such cases even if the authorities investigate the claims and find that the brand has everything in order when it comes to the precision and accuracy of the claims, therefore giving a clean bill of performance during an investigation can lead to increased stress for the organization. A company should not have an official investigation opened into their marketing claims, as it can damage their reputation.

5. Risk of being sued

In the worst-case scenario, misleading environmental claims can end up getting your company sued for the damages caused by them. Litigation is expensive. It has the potential of taking a significant amount of time and resources and the process is often public enough to give grounds for plenty of adverse media coverage. Some companies succeed in handling these types of matters through closed doors arbitration. However, it is not always an option. Even if the court's judgment leads to acquittal, being sued in the first place communicates that the company does not hesitate to take legal risks. Although being sued is one of the more unlikely negative effects of greenwashing, it is seemingly becoming more common in a growing number of countries.

6. Losing B2B partners

Before signing significant partnership contracts, before investing in a company, before receiving a quote for insurance or business financing, companies, investors, insurance companies and banks

will conduct their own due effort into the history of your company. If it looks like a company comes with a reputational risk because of a lot of adverse media associated with it, or it is facing legal risks due to loosely formatted and liberally used marketing claims, oftentimes it will result in increased costs of financing and business insurances, deterring investors and limiting the number of companies willing to work with the company due to the risk of being associated with making misleading claims themselves. When it comes to making hard business decisions, banks, insurers, investors, and other companies your company could partner with, cannot afford to differentiate whether the greenwashing that happened in your company happened due to a lack of understanding the gravity of the matter, or due to ill intentions. Both of those options are risky from the point of view of a potential partner.

7. Financial losses as a result of greenwashing

If you need to pull a marketing campaign or an advertisement due to greenwashing, you will lose the money you spent on the creation of the campaign or advertisement. If the legal risks end up materializing, that will cause financial losses in litigation costs and potential penalty or damages payments. Additionally, in the case that consumers start boycotting a product or a brand due to greenwashing, the result will be loss of revenue.

8. Greenhushing

Due to the risks associated with greenwashing, even companies that have legitimate positive impact on green initiatives are hesitant to speak up about them, because they are worried that their actions will be labeled as greenwashing. This phenomenon known as greenhushing is extremely problematic because spreading awareness and educating consumers on environmentally friendly business conduct and production practices has the potential to lead to positive real-world outcomes. So one of the negative effects of greenwashing is that it also silences companies that are actively making an effort to be sustainable in their operations.

9. Greenwashing has a negative effect on innovation and healthy competition

Resources spent on making something look environmentally friendly can be in turn used for innovating to achieve real and lasting results in terms of environmental impact. However, it is also

a reality that in an industry where all your competitors advertise about how eco-friendly they are, you are pulled into the race and need to make at least the same level of marketing effort to stay competitive. Thankfully this seems to be already changing, as more and more companies are making real efforts in improving their ESG impacts, instead of merely talking about the positive impacts they have.

GREENWASHING AND GREEN MARKETING

Green marketing is honest, transparent, and the products or services of brands that do green marketing follow these standards:

- Free of toxic materials or ozone-depleting substances;
- Made from recycled materials or recyclable;
- Made from sustainable resources;
- Manufactured in a sustainable fashion;
- Avoid using excessive packaging;
- Designed to be reusable, and repairable rather than being thrown away.

Companies committed to sustainable development and corporate social responsibility (CSR) are more likely to engage in green marketing. More businesses are attempting to adopt sustainable business methods. They recognize that they can make their products more attractive to consumers, while also reducing expenses in packaging, transportation, energy, water usage, and more.

Greenwashing is a barrier to sustainable development. Intentionally (or unintentionally) spending more time and resources on advertising sustainability rather than actually implementing environmentally friendly practices. Simply put, it's talking the talk without walking the walk. Unfortunately, about 98% of green-label products are greenwashed.

In an age where sustainability sells, it's more important than ever to distinguish between green marketing and greenwashing. As environmental concerns grow and priorities change, so do our shopping habits. According to a recent Good Housekeeping survey, only 2% of respondents aren't concerned with making 'green' shopping choices. However, making these decisions has become an increasingly murky guessing game as a result of greenwashing.

Greenwashing is a phenomenon that has been around since the 80s but has rapidly become more commonplace over recent years. In essence, greenwashing is when a company, or even an

individual, spends more time promoting their ‘green’ credentials than actually taking steps to be green. It can be unintentional, a result of lack of knowledge on sustainability, but more often than not it is intentionally done to mislead consumers. In either scenario, greenwashing has detrimental effects on the planet.

Some commonplace claims that are red flags for greenwashing include things like “clean”, “chemical-free” and “biodegradable”. The beauty industry is rife with these phrases and stocked with brands touting claims such as “natural”, when in reality phrases like this are incredibly hard to substantiate.

REAL LIFE EXAMPLES OF GREENWASHING IN DIFFERENT INDUSTRIES

Greenwashing can be as subtle as a misleading packaging choice all the way to fossil fuel companies touting themselves as being eco-champions. Either way, greenwashing is a harmful and deceitful way of advertising that a company is more sustainable than it actually is. Companies that make false claims should be held accountable. Here are 10 companies that have been caught greenwashing in various ways.

1. Volkswagen

A classic example of greenwashing is when Volkswagen admitted to cheating emissions tests by fitting various vehicles with a “defect” device, with software that could detect when it was undergoing an emissions test and altering the performance to reduce the emissions level. This was going on while to the public the company was touting the low-emissions and eco-friendly features of its vehicles in marketing campaigns. In actuality, these engines were emitting up to 40 times the allowed limit for nitrogen oxide pollutants.

2. BP

Fossil fuel giant BP changed their name to Beyond Petroleum and publicly added solar panels on their gas stations. In December 2019, an environmental group called ClientEarth lodged a complaint against BP for misleading the public with its advertisements that focused on BP’s low-carbon energy products, when more than 96% of its annual spend is on oil and gas.

3. ExxonMobil

Oil giant ExxonMobil has a long history of damaging the environment. In 1989, an Exxon oil tanker spilled 11 million gallons of crude oil into Alaska's Prince William Sound, in what was the worst oil spill in US history until the Deepwater Horizon oil spill in 2010. The Exxon oil spill covered 1,300 miles of coastline and killed hundreds of thousands of seabirds, otters, seals and whales. More than 30 years later, pockets of crude oil remain in some locations.

Recently, ExxonMobil came under fire for advertising that suggested that its experimental algae biofuels could one day reduce transport emissions, while it has no company-wide net zero target and its 2025 emission reduction targets do not include the vast majority of emissions resulting from its products.

4. Nestlé

In 2018, Nestlé released a statement saying that it had "ambitions" for its packaging to be 100% recyclable or reusable by 2025. However, environmental groups and other critics pointed out that the company hadn't released clear targets, a timeline to accompany its ambitions or additional efforts to help facilitate recycling by consumers. Greenpeace reacted to this by releasing its own statement, in which it said, "Nestlé's statement on plastic packaging includes more of the same greenwashing baby steps to tackle a crisis it helped to create. It will not actually move the needle toward the reduction of single-use plastics in a meaningful way, and sets an incredibly low standard as the largest food and beverage company in the world." In Break Free From Plastic's 2020 annual report, Nestlé, along with Coca-Cola and PepsiCo, were named the world's top plastic polluters for the third.

5. Coca-Cola

In the annual report mentioned above by Break Free From Plastic, Coca-Cola was ranked as the world's number 1 plastic polluter, its second consecutive year at the top. In 2020, the company came under fire when it announced that it would not abandon plastic bottles, saying that they were popular with customers. Despite this, the company is adamant that it is making progress in tackling packaging waste. At the time, a spokesperson said, "Globally, we have a commitment 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. Bottles with 100% recycled plastic are now available in 18 markets

around the world, and this is continually growing.” Then, in June 2021, environmental organization Earth Island Institute filed a lawsuit against the beverage giant for falsely advertising that it is sustainable and eco-friendly despite being the largest plastic polluter in the world.

6. Starbucks

In 2018, Starbucks released a “straw-less lid,” as part of its sustainability drive. However, this lid contained more plastic than the old lid and straw combination. The company didn’t dispute this, but claimed that it is made from polypropylene, a commonly-accepted recyclable plastic that “can be captured in recycling infrastructure.” Critics were quick to point out that only 9% of the world’s plastic is recycled, so the company shouldn’t assume all the lids would be recycled. Further, the US exports about one-third of its recycling to developing countries, so it is simply passing its responsibility to poorer countries.

7. IKEA

IKEA was considered a beacon of a major corporation being sustainable before June 2020 when the furniture retailer was linked with illegal logging in Ukraine. In a report by NGO Earthsight, the wood certification scheme IKEA uses, Forest Stewardship Council, was described as an organization that greenwashes the timber industry. It was accused of failing to catch IKEA’s sourcing of conflict wood, and act on it. Further, when IKEA built its “most sustainable store” yet in London in 2019, it did so on top of another sustainable store that was demolished after just 17 years of use.

8. Plastic Bottle Water Companies

A more subtle form of greenwashing can be seen in plastic water bottle companies like Poland Spring, Evian and Deer Park, that all have nature on their labels. This is laughably ironic considering that plastic water bottles are designed to be single-use and are contributing to the massive plastic waste crisis around the world.

9. Major Banks

The past several years have seen major financial institutions talking a big game about combating climate change yet these are more examples of companies exercising greenwashing strategies. JP Morgan, Citibank and Bank of America have issued new “green investment” opportunities. However, a report released last year by the Rainforest Action Network showed that big banks – the ones mentioned above, but also including Wells Fargo, Barclays, Bank of China, HSBC, Goldman Sachs and Deutsche Bank – were still lending enormous sums to the industries that contribute the most to global warming, like fossil fuels and deforestations, while boasting that they’re the leaders of the green transition.

10. Fast Fashion Brands

H&M, Zara and Uniqlo are among the companies that were caught greenwashing over the years. These fashion brands contribute to the massive amounts of textile waste caused by the clothing industry. According to the fashion nonprofit ReMake, 80% of discarded textiles globally are incinerated or landfill-bound, with just 20% being reused or recycled. Fast fashion brands also have a habit of advertising its green initiatives widely, despite it being a tiny part of its operations. For example, in 2019, H&M launched its own line of “green” clothing titled “Conscious.” The company claims to use “organic” cotton and recycled polyester. However, the line is nothing but a marketing tactic used to make themselves appear more environmentally friendly. When looking at H&M’s “Conscious” line, its mission states: “Shop our selection of sustainable fashion pieces that make you both look and feel good.” However, there is no single legal definition for marketing-friendly words such as “sustainable,” “green,” or “environmentally-friendly.” H&M was then criticized by the Norwegian Customer Authority for “misleading” marketing of their Conscious Collection because “the information given regarding sustainability was not sufficient, especially given that the Conscious Collection is advertised as a collection with environmental benefits.”

GREENWASHING IN RELATION TO CSR

Environmental sustainability is a major concern for governments, corporates and individuals due to the rapid globalization and industrialization in the past few decades. Brundtland (1987) defined sustainable development as "development that meets the needs of the present generation without compromising the ability of future generations". Consumers, investors and other stakeholders are

increasingly becoming conscious about the environment and society, and companies are under a constant pressure to perform well on these grounds and think beyond profits. Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. Corporate Social Responsibility (CSR) is the voluntary commitment of companies to protect society and the environment, creating strategies in which there is compatibility between social and economic responsibility and improving their opportunities for growth and competitiveness. It can have beneficial effects in terms of image, reputation and trust, as well as investments in technological innovation to make processes and products less impactful. To benefit from a better image, visibility and reputation among customers, companies must be able to operate in an ethical and moral way, communicate it in the best possible way, and ensure their full trust and a competitive advantage compared to those accused of excessive pollution.

Greenwashing is the act of misleading consumers about the environmental practices of a company or the environmental benefits of a product or service. It involves using deceptive and manipulative sustainable claims to portray a superficial eco-friendly image, rather than minimizing its environmental impact.

There are two forms of greenwashing; Hard greenwashing and light greenwashing. Hard greenwashing refers to environmental communication without CSR, while light greenwashing occurs when the company reduces its CSR efforts and focuses more on advertising green claims. There is a negative relationship between the level of CSR and its green communication, and higher the investment done by companies towards CSR activities, the lower the probability of greenwashing practiced by it. Marketers should be environment-oriented and think beyond profits, and firms should intensify their CSR and green marketing initiatives in order to enhance their public image.

Companies' CSR practices can play a key role in promoting sustainable development, but when they are greenwashed, it can counteract much-needed sustainability improvements. Supporting a company engaged in greenwashing takes a slice of the pie from sustainable brands trying to do the right thing.

In recent decades, corporate communication has undergone significant changes in terms of channel, content and receivers. To be accountable, companies are required to satisfy a plurality of stakeholders who are increasingly interested in non-financial information. Companies are also required to engage in corporate social responsibility (CSR) initiatives to give response to the call for action from their stakeholders and society. However, some companies engage in CSR initiatives with the aim of only achieving or increasing their level of legitimacy. This work aims to analyze the phenomenon of greenwashing, tracing its evolution in the extant literature and using Habermas's communication theory to define and broaden the relationships between disclosure, credibility, legitimacy, perception and greenwashing.

GREENWASHING AND ESG INVESTING

ESG investing is a strategy that helps people put their money behind companies that score highly on independent measures of their environmental, social and governance practices. It is popular for investment portfolios spanning the generations, with the number of investment managers reporting at least one ESG fund in their holdings growing 300% since 2016. However, it has attracted less conscientious actors aiming to profit from the trend, as well as dilution of the metrics and principles that help keep the underlying investments aligned with the goals of sustainability. Greenwashing has become a big problem for ESG funds, with some holding investments in fossil-fuel producers, while others held stakes in oil producers, coal-mining, gambling, alcohol and tobacco.

ESG was introduced nearly two decades ago to prioritize environmental, social, and governance standards when making investments. Environmental criteria refer to business practices and initiatives that are environmentally friendly, social refers to how the organization values its employees, and governance refers to the amount of transparency the company has in its management. However, greenwashing is becoming a big problem globally.

ESG is becoming increasingly adopted and practiced by organizations around the globe, with ESG integration being the most common method for investment decisions. For example, whenever a company invests today, ESG will be part of the decision-making process. If an investment opportunity is fruitful but may not be sustainable for the environment, chances are it will not attract high investment opportunities.

According to ESG Global Study 2022 by Harvard Law School Forum on Corporate Governance, Europe continues to lead the ESG charge, with more European investors saying ESG is central to their investment approach and the highest percentage of ESG users. However, increased ESG practices have led to concerns about greenwashing, which is when the management team makes false, unsubstantiated, or outright misleading statements or claims about the sustainability of a product or a service. Over the years, many large and small enterprises have been guilty of greenwashing when it comes to ESG, such as a European carmaker admitting to cheating emissions tests and a popular drink company saying it would not abandon plastic bottles.

In Southeast Asia, greenwashing is a problem, but the practice of ESG by organizations is still in its early stages. In Malaysia, large enterprises like Petronas and Maxis have made ESG announcements, but many businesses still have a limited understanding of the positive impact of embracing sustainability on corporate performance. Regulators in Indonesia, Vietnam, and Thailand have also voiced concerns about greenwashing. In Singapore, the Monetary Authority of Singapore issued guidelines for funds that are sold to retail investors under the label of meeting ESG standards, which will help to reduce greenwashing risks and enable retail investors to better understand the ESG funds they invest in. However, enterprises should ensure they are not taking everyone for a ride with false claims and greenwashing, as consumers are willing to spend more and support brands that practice more ESG.

THIRD PARTY CERTIFICATION

Third party certification means a certification approved by a national non-profit organization whose programs are accredited by ANSI (American National Standards Institute), CESB (Council of Engineering and Scientific Specialty Boards), NCCA (National Commission for Certifying Agencies), or any other accrediting body that operates in compliance with the ISO (International Organization for Standardization) standard for accrediting organizations. Certifications are credentials of industry knowledge granted to individuals by a certification body for a limited time. The individual shall not own the designation; the designation shall be owned by the certifying body. Certification holders shall meet certain requirements set by third party certification organizations in order to be recertified.

Of all conformity assessment procedures that give assurance that a product, process or service conforms to specified requirements (safety, health and the environment), third party certification provides the greatest value. Third party certification:

- Is independent,
- Is cost effective,
- Results in safer and more reliable products,
- Has immediate acceptance in the marketplace,
- Instills consumer confidence,
- Distinguishes manufacturers making compliant products, and
- Can aid in defense of a product liability action.

Each of these benefits is discussed in more detail below. One of the key distinctions between third party certification and other forms of conformity assessment is independence. Third party certifiers provide an objective review of product safety and performance free from both the economic demands of the marketplace and internal company pressures because they have no financial interest in the sale of products. This ensures that products meet the specified requirements (relating to safety, health and the environment) to which they are being evaluated. Third party certification is more cost effective than, for example, manufacturer's self-declaration of conformity (see ACIL position statement *infra*) or testing and evaluation by the purchaser. This is because manufacturers and purchasers need not buy the testing equipment or hire staff competent to perform the evaluation of the products. In addition, third parties can test and certify products more efficiently than manufacturers because they have the expertise and experience in providing this service. Additionally, competition among certifiers increases effectiveness and efficiency adding to the value of their certification programs. Finally, many governments recognize that private third party certification programs can save scarce resources and can help them meet their legislative and regulatory mandates. Third party certification assures safer and more reliable products. Manufacturers generally use design engineers rather than safety engineers to design products. This can result in a product that performs well but may not comply with the safety, health or environmental standards or requirements. However, initial testing, coupled with audits of a manufacturer's facilities prior to certification by a third party ensure that the manufacturer is capable of meeting the specified requirements.

Products that are third party certified are accepted immediately in the marketplace. This is because consumers, retailers and distributors recognize, and have confidence in the third party certification mark on the product as an assurance of safety and performance. Consumers are confident purchasing products that are third party tested and certified because of the surveillance and verification of continued compliance that third party certifiers provide once the product is placed on the market. Consumers also know that if there is a problem with the product there is a complaint handling system to ensure that unsafe products are identified and quickly removed from the marketplace. Third party certification also distinguishes the manufacturers that make products that comply with specified requirements from those that do not. A consumer, looking at a product that is self-declared to be compliant by the manufacturer and one that is third party certified, will not know what components have been used to build the product. The third-party certification process ensures that correct components are used.

Third party certification also can be an aid in defense of a product liability action against the manufacturer. One of the standards that the courts use in determining liability is whether the manufacturer exercised the appropriate level of care in producing the product. Third party certification of a product demonstrates that the manufacturer took advantage of the highest degree of care available in the conformity assessment process to ensure safe and effective products are placed on the marketplace. Independence, cost, safety and reliability, confidence, superior manufacturing and liability protection make third party certification the most valuable route to placing safe and effective products in the world marketplace.

GREENHUSHING AND GREENWASHING

Greenhushing is when organizations deliberately choose to under-report or hide their green or ESG credentials from public view to evade scrutiny. It is the opposite of greenwashing, which is when businesses falsely appear more environmentally conscious and progressive than they really are in order to win customers and gain profit. It was first coined by Treehugger, who met with many businesses who felt hesitant to celebrate their sustainable initiatives.

Green hushing is the opposite of greenwashing, where businesses try to appear more eco-friendly to profit from increased interest in conscious clothing. It is a fear of being accused of not doing enough by customers and facing backlash from their consumers.

Greenwashing is difficult to identify due to its lack of transparency and ambiguity. It is hard for consumers to evaluate the commitment of the company's communication, but as the trend grows, distrust among the consumer also grows. Consumer awareness of the greenwashing shapes a skepticism and confusion to the green product itself, but an individual with a high concern for the environment can still be manipulated by the greenwashing. Delmas & Burbanos (2011) explained that the encouragement of greenwashing can come from internal or external factors, such as pressure from investors, public, consumers, and competitors. Internal factors such as characteristics, life cycles, ethics, and transfer knowledge can trigger a business to use the greenwashing strategy.

Greenhushing is a passive communication strategy that has an actualization to the environment. It is used to give accurate information to the consumer and maintain their relationship with them. Font et al (2017) found that the management of Peak District national park (UK) used the greenhushing approach to manipulate consumers for their business. This was due to the pressure from the management, who thought it would be better to tell the consumers what they had done rather than making false claims. Additionally, the management thought that the consumers did not share the same value about the environment.

The key difference between the two practices is intent. Greenwashing is a deliberate attempt to deceive consumers, while greenhushing is often, or at least can be, unintentional. However, both are harmful because they can mislead consumers into purchasing decisions not aligned with their values or into supporting products or companies that are not sustainable.

PERCEPTION

According to B. Von Haller Gilmer — “Perception is the process of becoming aware of situations, of adding meaningful associations to sensations.” It is the way in which something is regarded, understood or interpreted. People's perception determines how they behave. There are various processes involved in perception, all of which are influenced by the environment and the person experiencing it. In the words of H. Joseph Reitz perception includes, “all those processes by which an individual receives information about his environment — seeing, hearing, feeling, tasting and

smelling. The study of these perceptual processes shows that their functioning is affected by three classes of variables — the objects or events being perceived, the environment in which perception occurs, and the individual doing the perceiving.”

Perception is relative to person, context, and time, meaning it differs from person to person, situation to situation, and time to time. Several people listening to the same thing may have various interpretations of it. In the same way, different people may have various perceptions of the same thing when they are looking at it.

CONSUMER PERCEPTION

Consumer perception refers to the thoughts, emotions, and assumptions that consumers have about a brand. It is crucial for increasing consumer retention and loyalty as well as brand recognition and reputation.

Both direct and indirect interactions with a company have an impact on how customers perceive them. Consumer perception is influenced by a variety of factors, including social media, online reviews, pricing, quality and influencers. The quality of a good or service, the price, and the experience of the consumer are all factors that can be controlled. Yet, other things, such as reviews and social media posts, are beyond control.

A satisfied customer is one who is pleased with his or her interaction with a product or service. The way consumers perceive a brand may make or break it. When customers receive their orders on time and have a positive experience, they develop a perception. Receiving products that match the product description also enhances customers' perceptions of the company. Customers will also have a positive perception of the brand when they receive excellent after sale services. Yet, when customers have a bad experience—such as defective products, unacceptable returns, a lack of after sale service, etc.—they develop a bad opinion of the brand.

FACTORS INFLUENCING CONSUMER PERCEPTION

Customer perception can be influenced by external factors, some of which are the following:

1. Personal experience

The individual experience a customer gets when purchasing and using a certain product has a significant impact on how that customer perceives that product. Customers would form a positive opinion of the brand if the quality, customer service, price, logo, color, discounts, etc., could leave a great first impression on them. But if they have a bad experience with the brand, it will stay with them forever.

2. Advertising

With commercials, consumers are exposed to things for the first time, making it one of the most important aspects in shaping their opinions. A company's marketing initiatives and advertisements will contribute to fostering a favorable image among its target audience.

3. Influencers

When something has been used and tested by another individual, people are more likely to buy it. Influencers are those who tried the product and bought it first. People will be persuaded to buy and test out a great product that an influencer has tried out because the advice comes from a well-known and reliable source.

4. Customer reviews

A lot of consumers read customer reviews before making a purchase. This demonstrates the significance of customer reviews in determining customer perception. Customers will know that a product has poor customer ratings if they notice that it has fewer stars. That leaves a bad impression in the minds of customers.

5. Social Media

The most effective tool for managing customer perception is social media. Users of social media develop an opinion about a product when there is regular discussion about it. Social media can be used to post content, photographs, videos, etc., helping to create the impression the firm wants to create.

CONSUMER PERCEPTION AND PURCHASING DECISIONS

Consumer perception plays an important role in their purchase decisions. The way that consumers perceive a product, brand, or company can influence their attitudes and behaviors toward it. Following are some ways that consumer perception can impact purchase decisions:

1. Product Attributes

Consumers usually develop opinions about products based on product attributes like quality, pricing, and features. Their purchasing decisions may then be affected by these perceptions. Customers may be more likely to buy a product, for instance, if they believe it to be of excellent quality.

2. Brand Image

Customer perceptions of brands can also be influenced by their reputation, advertising, and other marketing initiatives. Good brand views can boost consumer loyalty and trust, increasing the likelihood that they will buy things bearing the brand.

3. Environmental Factors

Social standards, cultural beliefs, and personal experiences are some examples of environmental factors that might affect how consumers perceive products. Consumers who care about the environment, for instance, are more likely to buy things that are promoted as being environmental friendly.

4. Cognitive Biases

Consumer perceptions can also be affected by cognitive biases including confirmation bias, where people look for information to support their own opinions or attitudes, and anchoring bias, where people place an excessive amount of weight on the first piece of information they are given. These biases may affect how consumers perceive products and make future purchases.

ELABORATION LIKELIHOOD MODEL

Cacioppo and Petty's theory of elaboration likelihood (ELM) is a theory of persuasion that explains how individuals process information and make decisions based on that information. According to the model, there are two main routes to persuasion: the central route and the

peripheral route. The peripheral route involves more superficial processing of information, such as relying on heuristics or surface-level clues, while the central route involves careful consideration and evaluation of information. The route they take depends on their level of involvement with the information, having high motivation can lead them to choose the central route whereas a low motivated individual would likely choose the peripheral route.

This suggests that consumers who are not highly involved or motivated, like when they are shopping for a product that is not directly related to the environment, may be more susceptible to greenwashing, because they are more likely to rely on superficial cues such as the presence of environmental labels or logos, the brand reputation or price, when evaluating environmental claims. On the other hand, consumers who are highly involved or motivated, such as when they have a personal connection to the environment, may use the central route and carefully evaluate environmental claims before making a decision. They are likely to consider factors like the environmental impact of the product, the credibility of environmental claims, and the long-term benefits of using environmentally-friendly products. They may be more skeptical of greenwashing and more likely to look for evidence that a company's environmental claims are valid.

Companies that practice greenwashing may exploit this by using superficial cues to suggest that their products are environmentally friendly, even if they do not truly comply with environmental regulations or have a major positive influence on the environment.

THEORY OF PLANNED BEHAVIOR

The Theory of Planned Behavior (TPB) is a social psychology theory that describes how people's attitudes, subjective norms, and perceived behavioral control affect their intentions to engage in a behavior and, ultimately, their actual behavior. According to the theory, a person's intention to engage in a behavior is the primary determinant of that behavior. These intentions are influenced by three elements:

1. Attitudes

This refers to an individual's overall evaluation of a behavior. Beliefs about the outcomes of behavior and evaluations of those outcomes influence attitudes.

2. Subjective norms

A person's perception of social pressure to participate in a behavior is referred to as a subjective norm. Subjective norms are influenced by an individual's motivation to stick to their beliefs as well as their perceptions of what others think of their behavior.

3. Perceived behavioral control

This refers to an individual's perception of the ease or difficulty of performing the behavior. Beliefs on the presence of factors that either support or obstruct the behavior, as well as the person's perceived ability to overcome those factors, determine perceived behavioral control.

TPB can help to understand how environmental claims made by companies can influence consumers' intentions to engage in environmentally-friendly behaviors, and how attitudes, subjective norms, and perceived behavioral control may all play a role in this process. This theory suggests that consumers' attitudes, subjective norms, and perceived behavioral control may all be influenced by environmental claims made by companies. For instance, consumers' perceptions of a company and its products may change if it makes misleading or exaggerated environmental claims about its methods or products. Similarly, if significant others in a consumer's social network (e.g., friends, family, or celebrities) promote environmentally-friendly products or practices, this may influence subjective norms and increase the likelihood that a consumer will engage in environmentally-friendly behaviors

A company's environmental claims may also have an impact on perceived behavioral control. Companies may improve consumers' perceived behavioral control and raise their likelihood to engage in environmentally friendly behaviors if they offer information or resources that make it easier for customers to engage in those behaviors, like recycling or consuming less energy.

ATTRIBUTION THEORY IN CONSUMER BEHAVIOR

Attribution theory is concerned with how individuals interpret events and how this relates to their thinking and behavior. Attribution theory assumes that people try to determine why people do what they do, i.e., attribute causes to behavior. A person seeking to understand why another person did something may attribute one or more causes to that behavior. According to the theory of

attribution, three types of information can be used to infer conclusions about the reasons behind behavior:

1.Consistency

Whether the behavior is consistent or inconsistent with the person's past behavior or with what is expected in the situation.

2.Distinctiveness

Whether the behavior is unique to the situation or whether the person would behave similarly in other situations.

3.Consensus

Whether other individuals in a similar circumstance would act in the same manner.

The attribution theory can help us understand how consumers draw conclusions about a company's environmental responsibility from its environmental claims and actions. It implies that consumers may make judgments about the motivations behind a company's actions and deduce their level of environmental responsibility using information regarding consistency, distinctiveness, and consensus. If companies that engage in greenwashing make inconsistent, unimpressive, or outdated environmental statements, their environmental commitment may be viewed as less sincere.

If a company consistently makes false or exaggerated environmental claims, consumers may attribute this behavior to the company's lack of genuine commitment to the environment, rather than to situational factors (such as lack of knowledge or resources). Similarly, if a company's environmental claims are distinct from its competitors or from the industry standard, consumers may infer that the company is genuinely committed to environmental responsibility. On the other hand, if a company's environmental claims are consistent with what is expected or common in the industry, consumers may not see the company as particularly environmentally responsible.

SOCIAL IDENTITY THEORY

Social identity theory is a theory in social psychology that explains how people develop their sense of identity and self-esteem based on the social groups they belong to. It suggests that people define themselves in terms of their membership in social groups and that they have a natural tendency to favor their in-group members over members of out-groups. This bias is called in-group favoritism. This theory can explain how consumers' social identity and group membership can influence their perception of environmental claims made by companies and their likelihood to engage in environmentally-friendly behaviors.

Consumers may be more inclined to believe companies making environmental claims to be sincere and reliable if they strongly identify with environmental groups or movements. This is due to the possibility that consumers may view companies that share their group's views and ideas as more credible and deserving of their support.

On the other hand, a consumer may be more likely to view companies that make environmental claims as dishonest or insincere if they identify with a group that is critical of environmental claims or skeptical of corporate responsibility. This is due to the possibility that consumers may view businesses that do not share their group's values and beliefs as being less credible and trustworthy.

According to this theory, people who identify with a social group that prioritizes environmental responsibility may be more likely to engage in environmentally friendly behaviors. For instance, a consumer may be more inclined to recycle, use less energy, or buy environmentally friendly products if they identify as a member of an environmental organization or community.

MORAL LICENSING

Moral licensing is a tendency to justify our current poor actions using previous good behavior. It is a psychological phenomenon in which individuals allow themselves to engage in immoral behavior because they feel that they have already performed a moral act.

Sometimes, consumers may feel that they have fulfilled their environmental responsibility by purchasing a product with a green claim, even if the claim is not genuine. Due to the feeling of having already contributed, this may cause a decrease in future environmentally friendly behaviors.

Greenwashing can aggravate the moral licensing effect by creating a false sense of environmental responsibility in consumers. Consumers may think they have made a responsible purchase when companies make environmental claims that are not backed up by their activities, and they may be more inclined to act in a less environmentally friendly manner in the future. This can ultimately result in a net negative impact on the environment, as consumers may start engaging in more harmful behavior due to the false sense of moral licensing created by greenwashing.

COGNITIVE DISSONANCE THEORY

Cognitive dissonance theory proposes that individuals have a psychological need for consistency between their beliefs, attitudes, and behaviors. When there is a perceived inconsistency between these elements, a state of discomfort, or cognitive dissonance, is created, which motivates individuals to resolve the inconsistency by changing their beliefs, attitudes, or behaviors.

When consumers buy a product that is advertised as being environmentally friendly but later learn that the product does not live up to its environmental claims, cognitive dissonance may occur. This perceived inconsistency between their beliefs about the importance of environmental sustainability and their behavior of purchasing a product that is not truly environmentally-friendly may create cognitive dissonance.

Consumers may choose to take various activities to resolve this cognitive dissonance. They may decide to ignore the discrepancy, justify their actions by coming up with alternate reasoning, or take corrective action by returning the item or refraining from making such purchases in the future. Consumers' level of environmental concern, their level of trust in the company, and their perception of the seriousness of the current environmental situation may all have an impact on how motivated they are to overcome the cognitive dissonance.

CONSTRUAL LEVEL THEORY

Construal level theory proposes that individuals' perceptions and behaviors are influenced by their psychological distance from the object or event being considered. This psychological distance can be temporal, spatial, or social, and it affects how individuals process and evaluate information.

Based on their psychological distance from the issue, consumers may perceive and evaluate environmental claims in different ways. When the environmental issue is psychologically close, as when choosing a product that directly affects their health or the health of their community, for

instance, customers may be more likely to focus on the immediate benefits and short-term effects. On the other hand, when an environmental issue is psychologically remote, like when addressing global climate change, consumers may be more prone to concentrate on long-term effects and abstract concepts.

Consumer perceptions of the psychological distance between environmental issues and themselves may be impacted by greenwashing. For instance, even if a product is not actually environmentally friendly, companies may use language or images in their advertising to give buyers a psychological connection to the environmental issue. Even if the product does not actually reflect their values, this may cause customers to place greater emphasis on the product's short-term benefits and effects and be more willing to purchase it.

SELECTIVE PERCEPTION THEORY

Selective perception theory proposes that individuals selectively attend to and interpret information that is consistent with their existing beliefs, values, and expectations, and filter out information that is inconsistent or irrelevant.

customers may selectively pay attention to and perceive information that confirms their belief in a product's environmental benefits, while ignoring or filtering out information that challenges or devalues those ideas. For instance, a consumer who places a high value on environmental sustainability may be more receptive to advertisements that highlight a product's environmental friendliness while minimizing or ignoring other information, such as the absence of independent third-party certification or verification of the product's environmental claims.

By presenting information that is selectively highlighted or phrased to appeal to consumers' existing views and values, greenwashing has the potential to affect consumers' selective perception of environmental claims.

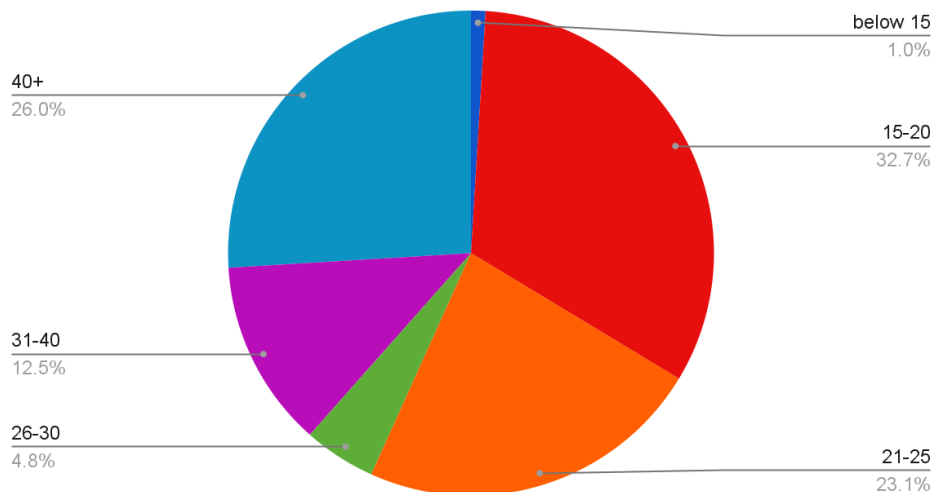
CHAPTER 4
ANALYSIS OF DATA

This chapter comprises the analysis of the data collected from 104 respondents, their results and interpretation. Data has been presented in the form of tables, figures and graphs.

Table 4.1 Age of the respondents

Age	No. of responses	Percentage(%)
Below 15	1	1%
15 - 20	34	32.70%
21 - 25	24	23.10%
26 - 30	5	4.80%
31 - 40	13	12.50%
40+	27	26%
Total	104	100.00%

Diagram 4.1 Age of the respondent

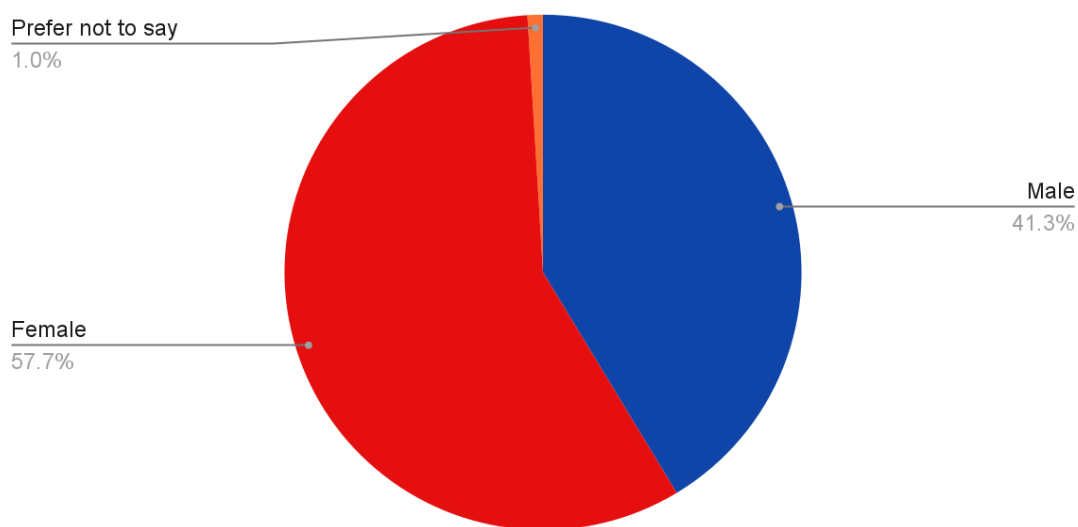


The above data shows that 26% of respondents are above the age 40. 12.5% of respondents are between the ages of 31-40, 4.8% are between the ages of 26-30, 23.1% of the respondents are between the ages 21-25, 32.7% are between the ages of 15-20. 1% of the respondents are below the age of 15. This suggests that most of the respondents are between ages 15-25.

Table 4.2 Gender of the respondents

Gender	No. of responses	Percentage(%)
Male	43	41.30%
Female	60	57.70%
Prefer not to say	1	1%
Total	104	100.00%

Diagram 4.2 Gender of the respondent

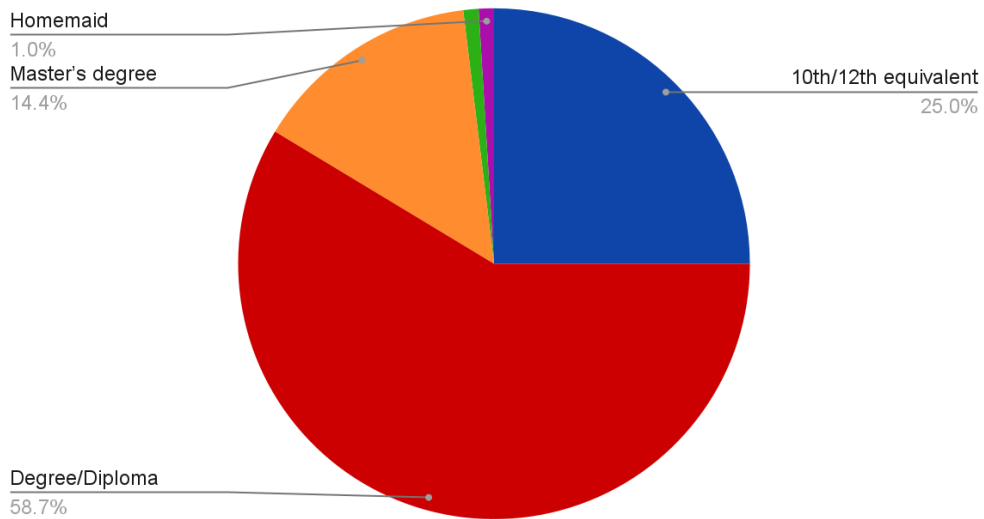


In the above data, we can see that out of 104 responses 43 are male, 60 are female and remaining 1% do not prefer to say their gender. Thus, the majority of the respondents are female.

Table 4.3 Educational qualification of the respondents

Qualification	No. of responses	Percentage(%)
10th/12th equivalent	26	25%
Degree/Diploma	61	58.70%
Master's degree	15	14.40%
Doctorate Degree	1	1%
Homemaid	1	1%
Total	104	100.00%

Diagram 4.3 Educational qualification of the respondent

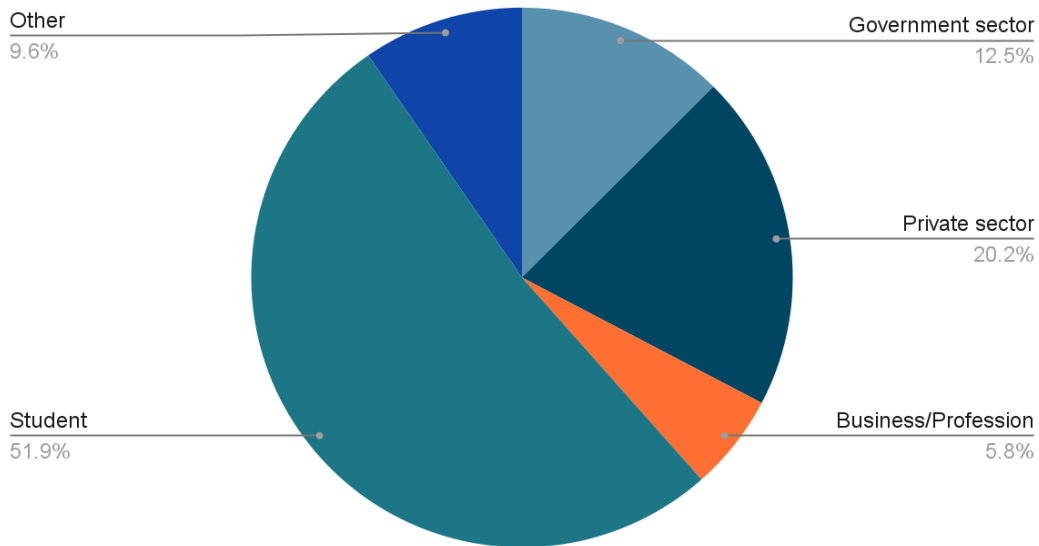


The above data shows the educational qualifications of the respondents. 25% of the respondents have an educational qualification of 10th/12th. 58.7% have a degree or diploma, 14.4% have a master's degree, 1% have a doctorate degree. The rest 1% is a home maid.

Table 4.4 Occupation of the respondent

Occupation	No. of responses	Percentage(%)
Government sector employee	13	12.70%
Private sector employee	21	20.60%
Business/Profession	6	6.24
Student	54	50.90%
Other	10	10.4
Total	104	100.00%

Diagram 4.4 Occupation of the respondent

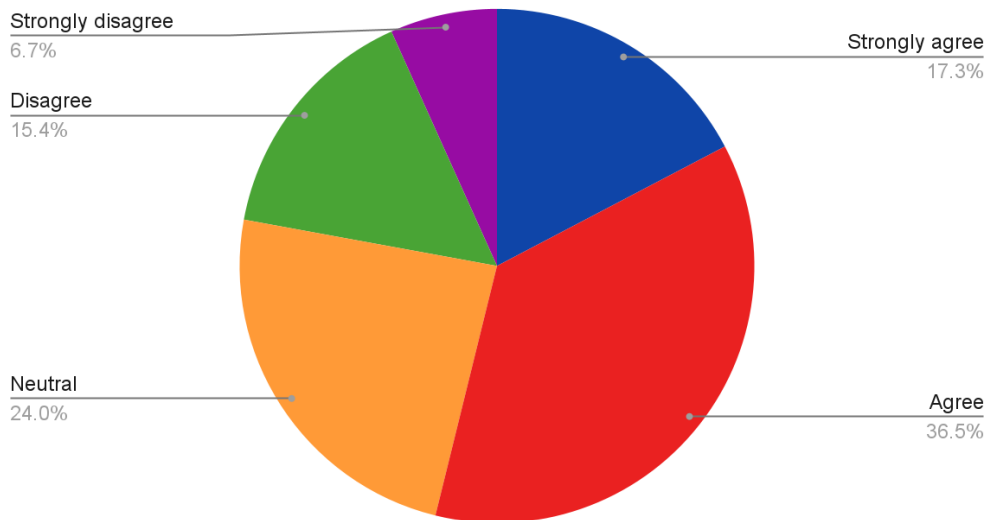


The above data shows the occupation of the respondent. Most of the respondents are from students, that is 50.90%. 12.70% respondents are government sector employees, 20.60% respondents are private sector employees, 6.24% respondents are from business/professional and 10% are from others.

Table 4.5 Consumers awareness about Greenwashing

Consumers awareness about Greenwashing	No. of responses	Percentage(%)
Strongly agree	18	17.30%
Agree	38	36.50%
Neutral	25	24%
Disagree	16	15.40%
Strongly disagree	7	6.70%
Total	104	100.00%

Diagram 4.5 Consumers awareness about greenwashing



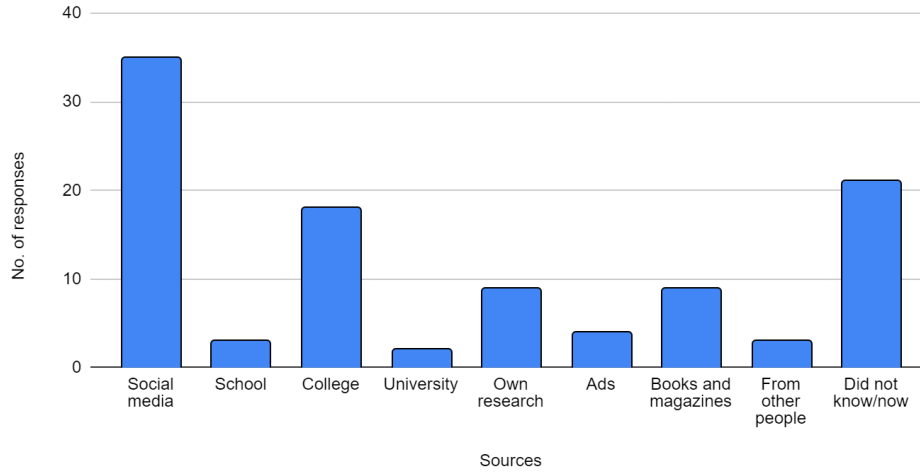
From the above data, it can be inferred that 17.3% respondents are strongly agree that they are aware about greenwashing , 36.5% respondent just agree that they are aware about greenwashing, 24% respondents are neutrally aware about greenwashing. 15.4% of respondents disagree that they are aware of greenwashing and 6.7% of respondents strongly disagree that they are aware of

greenwashing. From this we can understand that the majority of the people are aware about greenwashing.

Table 4.6 Sources of information about greenwashing

Sources of information about greenwashing	No. of responses	Percentage(%)
Social media	35	33.65%
School	3	2.88%
College	18	17.31%
University	2	1.92%
Own research	9	8.65%
Advertisements	4	3.85%
Books and magazines	9	8.65%
From other people	3	2.88%
Did not know/now	21	20.19%
Total	104	100.00%

Diagram 4.6 - Sources of information about greenwashing

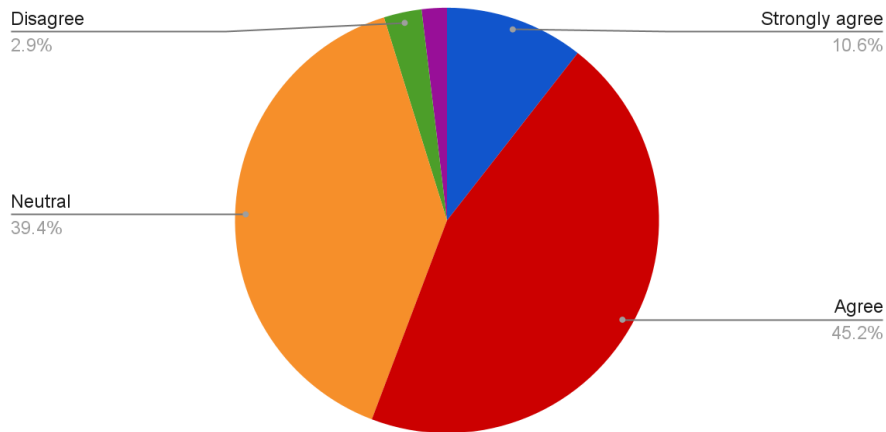


From the above data, we can see that the majority of the respondents being 33.65%, came to know about greenwashing from social media. This suggests that people who use social media will have higher chances of becoming aware of greenwashing compared to those who do not use it, The second highest source is college which is the response from 17.31% of the sample population. Other notable sources being books, magazines and their own research. From this data, it can be seen that most people become aware of greenwashing through social media, their studies or from books.

Table 4.7 Consumer’s usage of environmental friendly products

Consumer’s usage of environmentally friendly products	No. of responses	Percentage(%)
Strongly agree	11	10.60%
Agree	47	45.20%
Neutral	41	39.40%
Disagree	3	2.90%
Strongly disagree	2	1.90%
Total	104	100.00%

Diagram 4.7 Consumer's usage of environmental friendly products

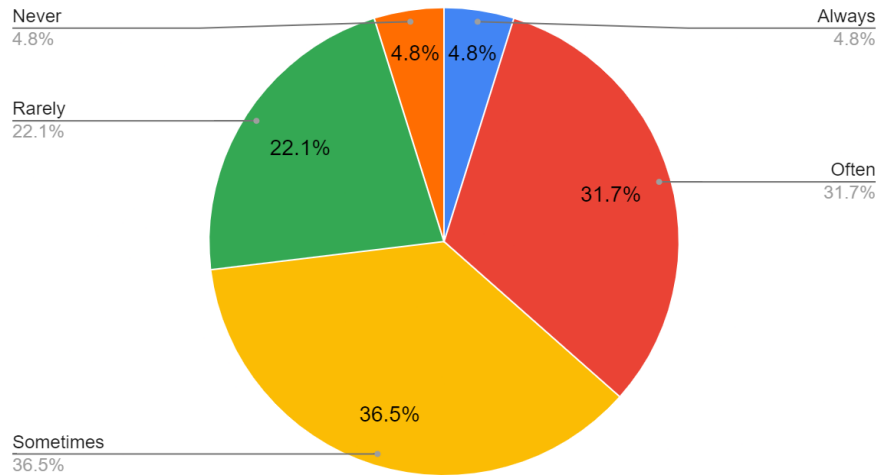


From the above data, it can be inferred that 10.6% respondents strongly agree that they use environmental friendly products, 45.2% respondents agree that they use environmental friendly products, 39.4% respondents neither agree nor disagree that they use environmental friendly products. 2.9% respondents disagree that they use environmentally friendly products and the remaining 10.6% respondents strongly disagree that they use environmentally friendly products. This suggests that most people use environmentally friendly products.

Table 4.8 Consumer trust towards environmental claims declared by products

Consumer trust towards environmental claims	No. of responses	Percentage(%)
Always	5	4.81%
Often	33	31.73%
Sometimes	38	36.54%
Rarely	23	22.12%
Never	5	4.81%
Total	104	100.00%

Diagram 4.8 - Consumer trust towards environmental claims

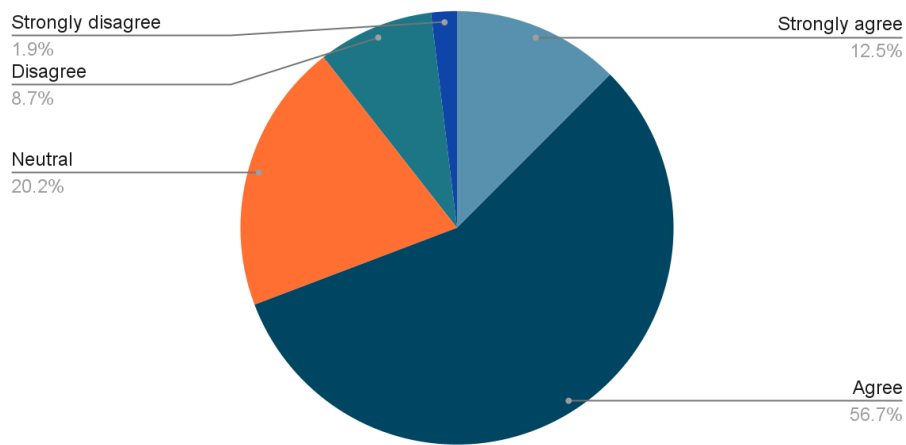


The above data shows that 31.7% of the consumers often trust the environmental claims declared by product sellers. While 36.5% of them sometimes trust it and 4.8% trust them every time. 22.1% of them rarely trust these claims and 4.8% do not trust them at all. This suggests that most consumers trust the environmental claims they are presented with while only some are skeptical towards such claims like the product being “100% organic” or “natural”.

Table 4.9 Consumers opinion on whether some companies make products seem deceptively environmentally friendly

Consumers opinion on whether some companies products seem deceptively environmental friendly	No. of responses	Percentage(%)
Strongly agree	13	12.50%
Agree	59	56.70%
Neutral	21	20.20%
Disagree	9	8.70%
Strongly disagree	2	1.90%
Total	104	100.00%

Diagram 4.9 Consumers opinion on whether some companies products seem deceptively

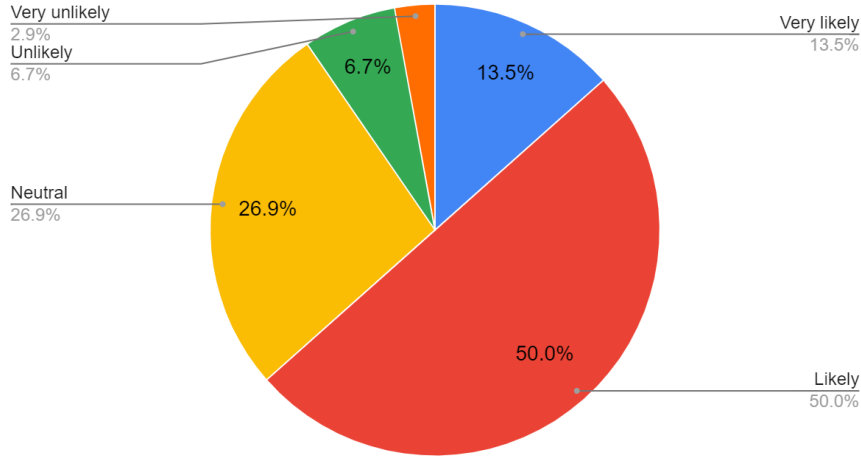


From the above data, it states that 12.50% respondents strongly agree that companies products seems deceptively environmental friendly, 56.7% respondents agree that the company’s product seems deceptively environmental friendly, 20.2% neither agree nor disagree that the company’s product seems deceptively environmental friendly, 8.7% respondents disagree that the companies products seems deceptively environmental friendly and the 1.9% strongly disagree that the companies products seems deceptively environmental friendly. This suggest that majority of the respondents agree that the companies product seems deceptively environmental friendly.

Table 4.10 Influence of green advertising on consumers from their perspective

Likelihood of being Influenced by green advertising	No. of responses	Percentage(%)
Very likely	14	13.46%
Likely	52	50.00%
Neutral	28	26.92%
Unlikely	7	6.73%
Very unlikely	3	2.88%
Total	104	100.00%

Diagram 4.10 - Influence of green advertising on consumers

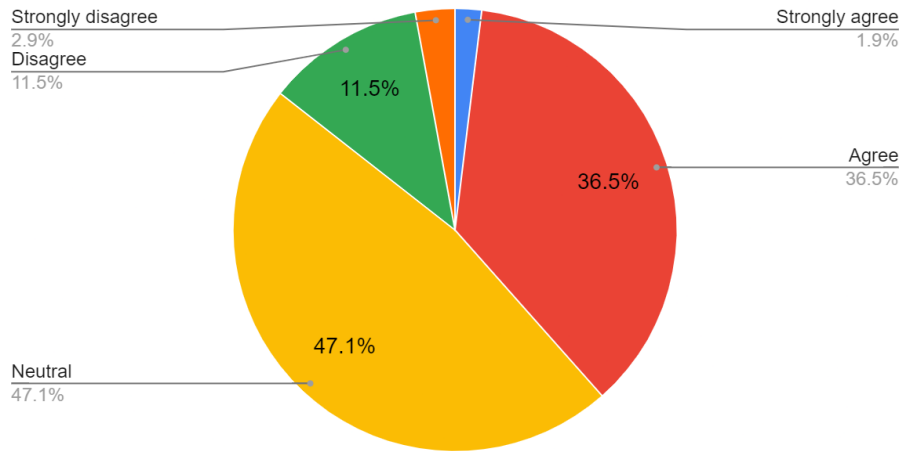


The data shows that 50% of the respondents are likely to buy a product if it is being advertised as environmentally friendly and 13.5% of them are very likely to buy the product. More than half of the respondents agreed that they are likely to be influenced by green advertising and only less than 10% of them showed disagreement. Since greenwashing is closely related to green advertising, this also suggests that the consumers have high chances of being greenwashed through advertisements in the greenwashing scenario.

Table 4.11 Consumer opinion on whether they have been greenwashed previously

Consumer opinion on whether they have been greenwashed previously	No. of responses	Percentage(%)
Strongly agree	2	1.92%
Agree	38	36.54%
Neutral	49	47.12%
Disagree	12	11.54%
Strongly disagree	3	2.88%
Total	104	100.00%

Diagram 4.11 Consumer opinion on whether they have been greenwashed previously

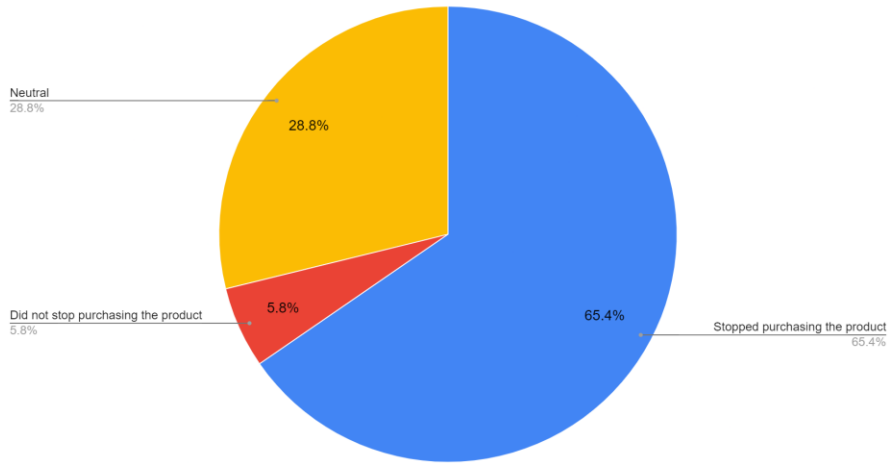


In the above data, we can see that 36.5% of the respondents agree that they have been greenwashed and about 1.9% of them are strongly agreeing to the same. Although the majority of them are not sure about whether they have been greenwashed previously, the number of people who think they have been greenwashed before is more than those think they have not (11.5% disagree, 2.9% strongly disagree). From this, it can be assumed that most people have been greenwashed before.

Table 4.12 Impact on purchase decisions of consumers after discovering unethical practices by a company

Consumer responses to unethical practices by a company	No. of responses	Percentage(%)
Stopped purchasing the product	68	65.38%
Did not stop purchasing the product	6	5.77%
Neutral	30	28.85%
Total	104	100.00%

Diagram 4.12 - Impact on purchase decisions of consumers after discovering unethical practices by a company



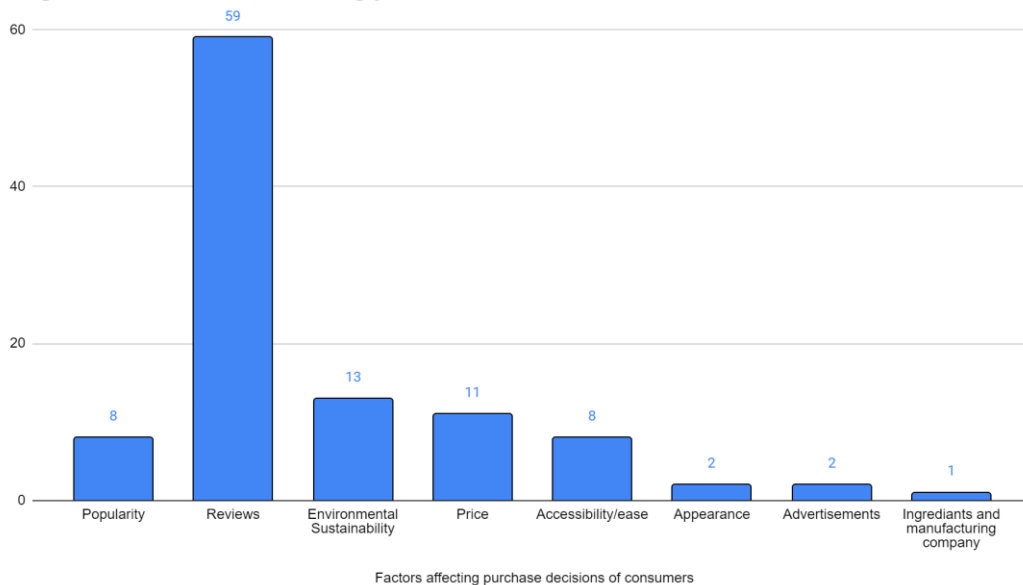
The above data suggests that 65.4% of the respondents have stopped purchasing the product from a company after discovering that the company is involved in unethical practices. These unethical practices are not necessarily greenwashing, it can be other unethical practices such false claims in general, misusing consumer data, bribing, exploitation etc. Knowing this can help us see how the consumers respond to other unethical practices and compare it to their response to a company practicing greenwashing.

Table 4.13 Factors affecting purchase decisions of consumers

Factors affecting purchase decisions of consumers	No. of responses	Percentage(%)
Popularity	8	7.69%
Reviews	59	56.73%
Environmental Sustainability	13	12.50%
Price	11	10.58%
Accessibility/ease	8	7.69%
Appearance	2	1.92%
Advertisements	2	1.92%

Ingredients and manufacturing company	1	0.96%
Total	104	100.00%

Diagram 4.13 - Factors affecting purchase decisions of consumers



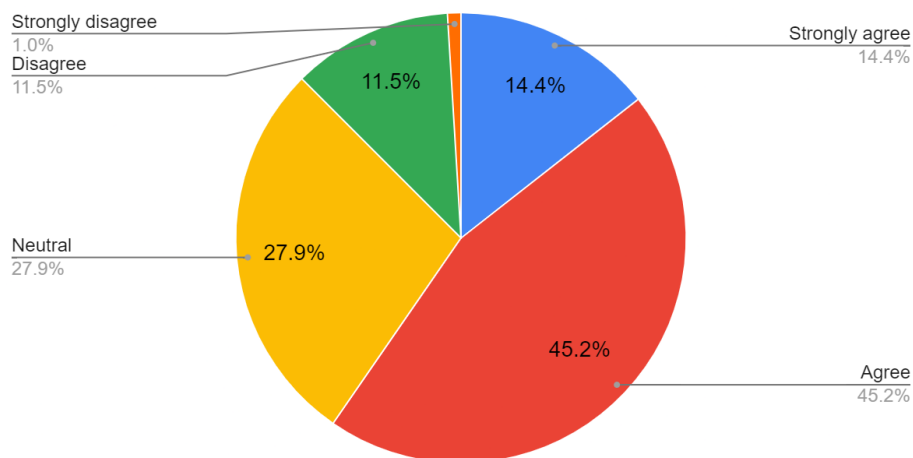
In the above data, we can see that 56.7% of the respondents consider reviews from other people before purchasing a product. 10% of them consider price and about 12% of them consider environmental sustainability before buying something. This suggests that not many people consider environmental factors before buying a product but the number is also not few.

Table 4.14 Level of consumer satisfaction on purchasing environmentally friendly products

Level of consumer satisfaction on purchasing environmental friendly products	No. of responses	Percentage(%)
Strongly agree	15	14.42%
Agree	47	45.19%

Neutral	29	27.88%
Disagree	12	11.54%
Strongly disagree	1	0.96%
Total	104	100.00%

Diagram 4.14 - Level of consumer satisfaction on purchasing environmental friendly products



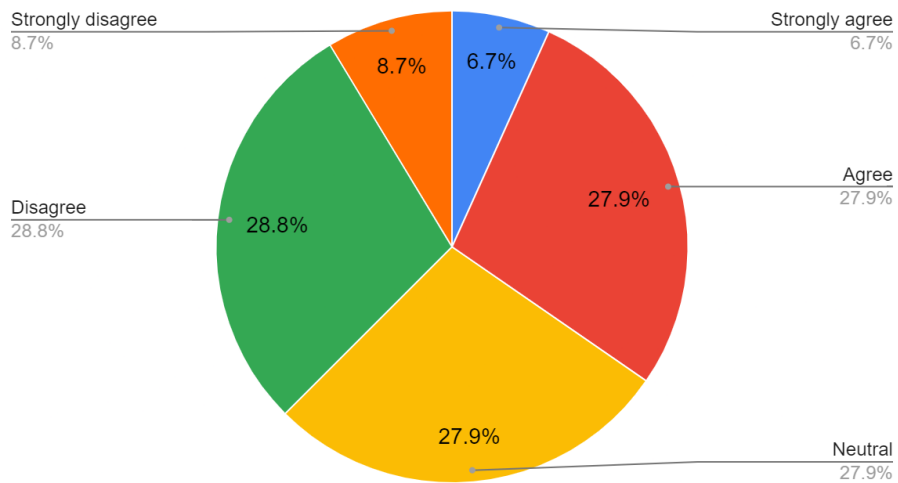
In the above data, we can see that 45.19% of people are satisfied and 14.42 % are sure about environment friendly products. Only 11.54% are not satisfied by environmentally friendly products. The results show that a positive attitude towards green products and the level of information held by the consumers about them are significant predictors of green product satisfaction.

Table 14.15 Impact of greenwashing on brand trust

Impact of greenwashing on brand trust	No. of Responses	Percentage(%)
Strongly agree	7	6.73%
Agree	29	27.88%
Neutral	29	27.88%

Disagree	30	28.85%
Strongly disagree	9	8.65%
Total	104	100.00%

Diagram 4.15 - Impact of greenwashing on brand trust



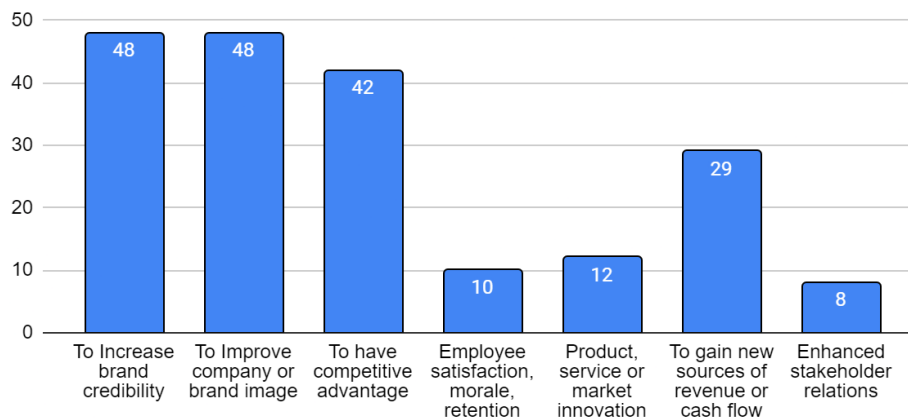
This study shows that about 34% of respondents would not stop purchasing a product if its brand was involved in greenwashing. And about 37% of them would stop purchasing the product. Around 27% being neutral. The responses are fairly equal in the case but the people who would stop purchasing the product are more.

Table 14.16 Consumer perception of factors leading to greenwashing

Consumer perception of factors leading to greenwashing	No. of Responses	Percentage(%)
4	48	24.37%
To Improve company or brand image	48	24.37%
To have competitive advantage	42	21.32%

Employee satisfaction, morale, retention	10	5.08%
Product, service or market innovation	12	6.09%
To gain new sources of revenue or cash flow	29	14.72%
Enhanced stakeholder relations	8	4.06%
Total	197	100.00%

Diagram 4.16 - Consumer perception of factors leading to greenwashing



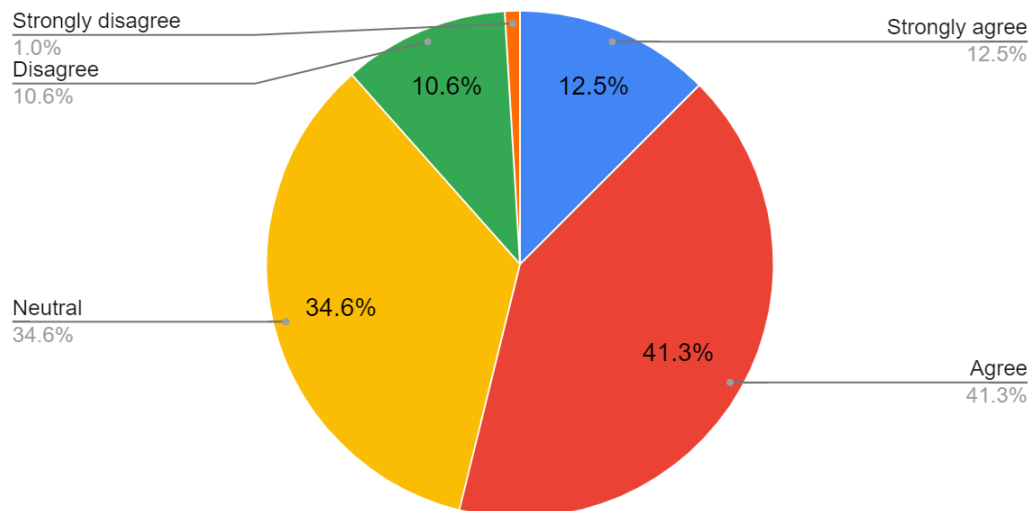
Consumer perception of factors leading to greenwashing

The above data shows that, about 70% consumers expect the company to have increased brand credibility, improved company or brand image, and to have competitive advantage. 14.72% expect to gain new sources of revenue or cash flow. And only a few percent expect factors like employee satisfaction, morale, retention, Product, service or market innovation, and Enhanced stakeholder relations.

Table 14.17 Consumer behavior towards an organization practicing greenwashing

Consumer behavior towards an organization practicing greenwashing	No. of Responses	Percentage(%)
Strongly agree	13	12.5
Agree	43	41.34
Neutral	36	37.44
Disagree	11	10.57
Strongly disagree	1	0.96
Total	104	100%

Diagram 4.17 - Consumer behavior towards an organization practicing greenwashing

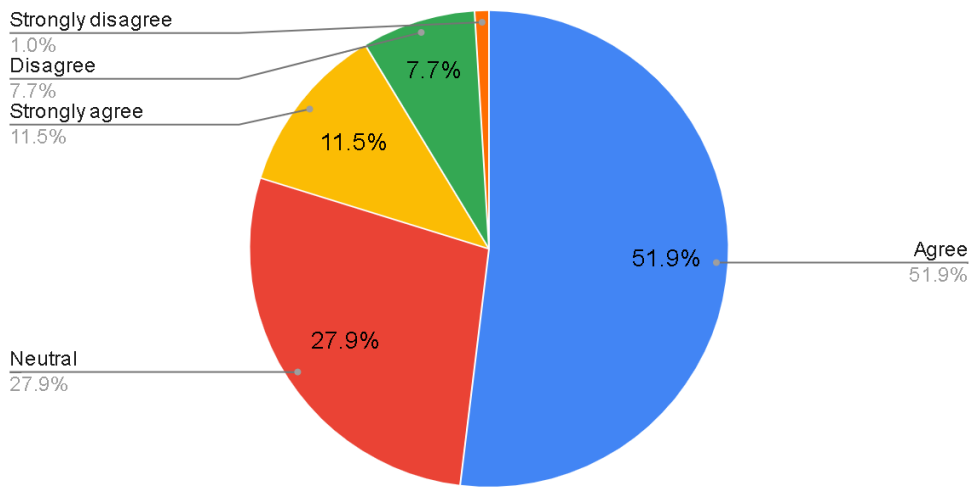


This study shows that about 41.34 % people have a positive attitude towards the companies who practice greenwashing. 37.44% percent are neutral and 12.5% (strongly agree) and 10.57 (disagree) that they will terminate the relationship with the organization.

Table 14.18 Consumer trust towards recycling labels on products.

Consumer trust towards recycling label on products	No. of Responses	Percentage(%)
Strongly agree	12	11.53
Agree	54	51.92
Neutral	29	27.88
Disagree	8	7.69
Strongly disagree	1	0.96
Total	104	100%

Diagram 14.18 Consumer trust towards recycling label on products

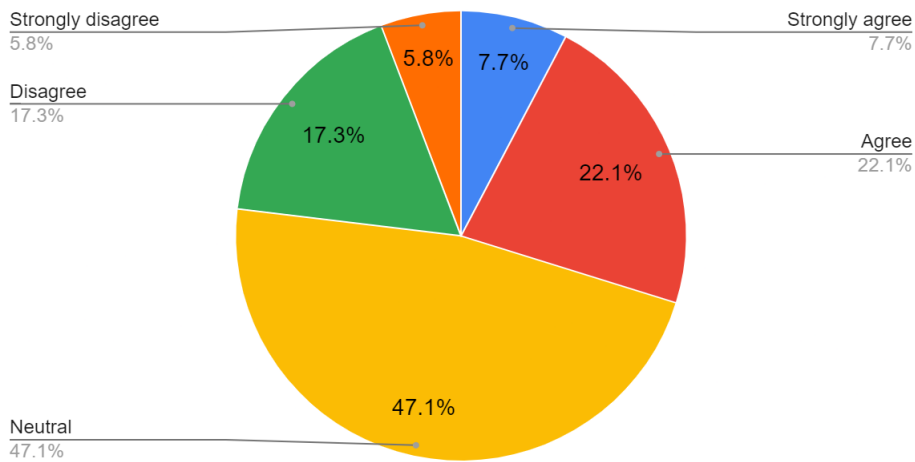


This study shows a positive response that the majority of the percentage trust the recycling label on products. 27.88 % percent are still not sure about this process. 11.53 % strongly agree and they may have experienced it. About 8% percent strongly disagree and have to trust the recycling label on products.

Table 14.19 Consumer perception on transparency and honesty of companies in their environmental actions.

Consumer perception on transparency and honesty of companies in their environmental actions.	No. of Responses	Percentage%
Strongly agree	8	7.69
Agree	23	22.11
Neutral	49	47.11
Disagree	18	17.3
Strongly disagree	6	5.76
Total	104	100%

Diagram 4.19 - Consumer perception on transparency and honesty of companies in their environmental actions



Majority of the people are neutral about this but more are leaning towards the belief that most companies are honest and transparent about their eco-friendly actions. With 7.69% strongly agreeing, 22.11% agreeing, 47.11% are neutral, 17.3% disagree and 5.76% strongly disagree. The responses are more optimistic about most companies.

CHAPTER 5

**SUMMARY, FINDINGS,
RECOMMENDATIONS, AND
CONCLUSION**

5.1 SUMMARY

The research on consumer perception of greenwashing aimed to explore how consumers perceive and respond to environmental claims made by companies and organizations. The literature reviews covered various past studies on related topics and summarizes their findings. All related theories and concepts are explored in the theoretical framework, including how greenwashing relates to various related topics like green marketing, greenhushing, ESG investing, CSR etc. The psychological aspect affecting consumer perception is also explained through various theories from psychology and sociology.

The primary data was collected through an online questionnaire, with a total of 104 responses. The sample group consists of mostly students and working professionals from Kerala. The data was analyzed through percentage analysis and presented through tables and graphs in an easily understandable manner. The observations and findings from the analysis are mentioned below.

5.2 FINDINGS

The following observations were made during the study:

- Majority of the respondents are between ages 15-25, followed by individuals who are above the age of 40. Most of them are females, with the ratio of female to male being around 60:40. Most of the respondents are educated, the majority being students and the rest being working professionals.
- Among the respondents, more than 50% are aware of what greenwashing is, while there are still people who aren't aware of it. Most of them became aware of it through social media and while studying in college.
- Most people agreed that they use environmentally friendly products, which suggests that they pay attention to the environmental claims declared by the product and may consider it while making purchases.
- According to the responses, most people trust the environmental claims declared by a product, while only some tend to be showing suspicion.
- Although most people seem to trust these environmental claims, a large number of them are also aware of the fact that some companies make false environmental claims. This could suggest that being aware of it doesn't necessarily result in a skeptical behavior at the time

of purchase. The packaging may seem attractive, or other factors can influence them into buying the product and trusting the claims.

- The majority of responses suggest that they are influenced by green advertising, this is inline with the above finding of these consumers trusting environmental claims even if they are aware of the chances of it being false.
- Half of the respondents are unsure of whether they have been greenwashed before. Whereas the number of people who think they have been greenwashed is more than those who think otherwise. This could suggest that some people don't realize that they have been greenwashed previously. Although they seem to be aware of greenwashing, it could possibly be neglected while actually purchasing a product.
- Majority respondents stated that they would stop purchasing the product from a company if the company is said to be involved in any unethical practices, these are not necessarily greenwashing but include false claims in general, misusing consumer data, bribing, exploitation etc.
- When it comes to greenwashing, considerably fewer people have the above mentioned response, and the responses differ when a brand is mentioned to be greenwashing compared to an organization greenwashing. Although more people lean towards terminating all relations with the brand or organization, many people mentioned that they would not stop purchasing a product if a brand was involved in greenwashing.
- When purchasing a product, the majority of these consumers said that they consider reviews of other people as a deciding factor. This is followed by environmental sustainability and price.
- Most respondents agree that they feel better after purchasing an environmentally friendly product. This could suggest that there are chances of people buying products seeing false environmental claims just to get moral satisfaction.
- The majority of respondents think that companies engage in greenwashing to improve brand credibility and image, get competitive advantages and earn more profit.
- Most of the respondents believe that companies are transparent and honest about their environmental actions, which suggests they are not skeptical and can be trusting unless there is clear evidence. It also suggests that most people are unaware of things like greenhushing.

5.3 SUGGESTIONS

1. Increasing awareness

Although more than 50% of respondents are aware of greenwashing, there are still some people who are not aware of it. Businesses and organizations should prioritize raising public understanding of greenwashing, its consequences, and how to spot it. Courses on greenwashing could be offered in educational institutions.

2. Encourage transparency

Businesses should be more open about their claims and actions towards the environment. Customers will become more trusting as a result, and skepticism will decline. Aside from that, they should also be more honest about their limitations and difficulties in achieving sustainability.

3. Regulate green claims

Rules should be in place to monitor and regulate green claims made by companies. As a result, there will be fewer false claims and more transparent and genuine environmental claims.

4. Encourage ethical practices

Consumers should be encouraged to support ethical practices by choosing products and brands that are environmentally and socially responsible. Companies should answer for unethical actions like greenwashing, fabrication of facts, misuse of consumer data, bribery, and exploitation.

5. Empower consumers

Consumers should be empowered to make informed decisions. They will make better decisions if they are given accurate and easily available information regarding environmental claims. Consumer organizations may also compile databases of businesses and products that have been linked to cases of greenwashing.

6. Increase focus on sustainability

Companies and organizations should increase their focus on sustainability and work towards reducing their environmental footprint. Customers will be more likely to believe them and trust them, and their statements will be more transparent and accurate as a result.

7. Foster a culture of skepticism

Consumers should be encouraged to be more skeptical about environmental claims made by companies. They should become adept at questioning claims and seeking out supporting data. By doing so, the possibility of greenwashing would be reduced and accountability for businesses will be guaranteed.

5.4 CONCLUSION

There is a growing awareness among consumers about greenwashing and environmental claims made by companies. However, despite this awareness, many consumers still trust these claims and may not necessarily change their purchasing behavior. The study highlights the importance of transparency and ethical practices by companies to build trust with consumers. It also suggests the need for more education on the topic of greenwashing to empower consumers to make informed decisions.

The best way to help consumers and companies that are trying to be more environmentally friendly is by increasing transparency and education for consumers. The battle is not over, but it may be possible to put an end to greenwashing by tackling one lie and one exaggeration at a time.

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APPENDIX

QUESTIONNAIRE

Consumer perception of greenwashing in Ernakulam

This study is intended to know the consumer perception of greenwashing and related opinions.

The responses shall be kept highly confidential and shall be used only for research purposes.

1. What is your age?

- 1) Below 15
- 2) 15-20
- 3) 21-25
- 4) 26-30
- 5) 31-40
- 6) 40+

2. What is your gender?

- 1) Male
- 2) Female
- 3) Prefer not to say

3. Educational qualification

- 1) 10th/ 12th equivalent
- 2) Degree/ Diploma
- 3) Master's Degree
- 4) Doctorate Degree
- 5) Other:

4. What is your occupation?

- 1) Government sector employee
- 2) Private sector employee
- 3) Business/Profession

4) Student

5) Other:

5.'I know what greenwashing is.'

How well do you agree with this statement?

1) Strongly agree

2) Agree

3) Neutral

4) Disagree

5) Strongly Disagree

6.If yes, How did you first hear about greenwashing?

1) Social media

2) School

3) College

4) University

5) Own research

6) Advertisements

7) Books

8) Magazines

9) Other:

7.'I use environmental friendly products'

How well do you agree with this statement?

1) Strongly agree

2) Agree

3) Neutral

4) Disagree

5) Strongly disagree

8.'I trust the environmental claims (100% organic, Natural Products etc.) declared by the sellers of products '

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

9. Do you agree or disagree that some companies make their products seem more environmentally friendly than they actually are?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

10. Are you more or less likely to buy a product if it is advertised as environmentally friendly?

- 1) Very likely
- 2) Likely
- 3) It doesn't make a difference to my purchases
- 4) Unlikely
- 5) Very unlikely

11. 'I think I have been greenwashed'

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

12. Have you ever stopped purchasing products after discovering unethical procedures by a company?

- 1) Yes
- 2) No

3) Maybe

13. What mostly impacts your decision to purchase one item over another of the same purpose?

- 1) Most popular
- 2) Reviews
- 3) Environmental Sustainability
- 4) Appearance
- 5) What friends/peers have
- 6) Accessibility / ease
- 7) Advertisements
- 8) Price
- 9) Packaging and labeling of the product
- 10) Other:

14. 'I feel better buying a product that is advertised as environmentally friendly.'

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

15. 'If I knew that a brand was greenwashing, I would still purchase its products.'

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

16. Why do you think companies use greenwashing?

- 1) To Increase brand credibility
- 2) To Improve company or brand image

- 3) To have competitive advantage
- 4) Employee satisfaction, morale, retention
- 5) Product, service or market innovation
- 6) To gain new sources of revenue or cash flow
- 7) Enhanced stakeholder relations
- 8) Other:

17.'I will terminate the relationship with the organization if the brand is engaged in greenwashing.'

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

18.'I trust the “recycling” label provided on the product'

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree

19.'I believe that companies are honest and transparent in their eco-friendly actions.'

How well do you agree with this statement?

- 1) Strongly agree
- 2) Agree
- 3) Neutral
- 4) Disagree
- 5) Strongly disagree