

Consumers' Purchase Intention with Respect to Greenwashing: An Empirical Study

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Abstract

Many companies use green marketing strategies to gain a competitive advantage to attract environmentally conscious consumers, but not all green marketing propositions can accurately reflect the environmental behaviour of companies. With an increasing incidence of industrialisation, urbanization and increasing purchasing power more households are purchasing products which are harming the environment. There is an inherent danger to the environmental balance and ecology that has made marketers think about producing environmentally safe products under the concept of "Green Marketing". This research study aims to study the impact of 8 sins of greenwashing strategies opted by business firms upon customers' purchase intentions/Consumer Buying Behaviour. To attain the objectives of the study a structured questionnaire was used to gather the data from 236 respondents which was analysed using Pearson Correlation.

Keywords: Greenwashing, Green Purchase Behavior, Green attitude, Green Perceived Value etc.

Introduction

Today, there is widespread concern about protecting the environment all over the world. With an increasing incidence of industrialization, urbanization and increasing purchasing power more households are purchasing products which are harming the environment. There is an inherent danger to the environmental balance and ecology that has made marketers think about producing environmentally safe products under the concept of "Green Marketing". This concept tries to balance the environmental issues with the customer needs. It encompasses varied activities like new product development, product modification, changes to the product processes, packaging changes and modified advertising which conform to the green product norms.

As a green marketer is proactive to environmental challenges, therefore many industries like the automobile industry, cosmetics, fashion food, tourism, energy supply, architecture and consumer electronics have a huge potential to practice green marketing. In recent decades, green marketing has become a highly debated topic for customers, business organisation's, shareholders, management and communities. (Dangelico & Vocalelli, 2017). The increasing significance of green advertising has led to an increased confusion in the minds of the customers about the vociferous green claims in many advertisements. Parguel et al. (2011) considered Greenwashing as "The act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service". Greenwashing is a well-known way for firms to perform better than their rivals (Parguel et al. 2011). The term greenwashing was coined in 1986 and has eventually being used increasingly with respect to companies and their fulfilment of Corporate Social Responsibility and Corporate Citizenship Advocacy. The corporates are presenting themselves as being sensitive to the glaring environmental issues and consciously partaking of their corporate social responsibility, but in actual the amount pledged for these activities is being used to advertise and market themselves rather than in actual actions, which is referred to as greenwashing. The corporates as a consequence of adopting green practices earn goodwill and it enhances their reputation in the market which further translates into more profits and favourable public image in the minds of their customers. The customers' perception about the green product and subsequent evaluation about the green product purchase intention, becomes particularly relevant when the environmental concern in the purchase is ambiguous. The well-informed consumer today has amplified his concern about the glaring environmental issues plaguing the world today. In a study to assess the consumers' attitude regarding the social responsibility claims by the corporate were examined (Edelman,2012) and therein, seven sins of Greenwashing have been construed which are (1) Sin of the Hidden Trade-off- suggesting a product to be green based on a few features or narrow attributes. (2) Sin of no Proof- when the stated environmental claims made by the corporate cannot be

substantiated or certified by a third party. (3) Sin of Vagueness- refers to a green claim which is so general and not comprehended by the customer easily. (4) Sin of Worshipping of False Labels- Any product that gives false third-party certifications or in other words fake labels. (5) Sin of Irrelevance- when an environmental claim stated for the product is unimportant or irrelevant. (6) Sin of Lesser of Two Evils- When the green claims of the products do not apply to that particular product but to the product category in general.(7) Sin of Fibbing- When the green claims related to the product are false. In a study conducted by Manvi Khandelwal et.al (2019) has elucidated that consumers are aware of the greenwashing tactics of the firms such as using words like organic, herbal and natural but at the time of purchase it seems to be greenwashed as perceived by the consumer.

Review of literature

The term Greenwashing was coined by Jay Westervelt , an environmentalist in New York, in 1986 (Romero, 2008). TerraChoice (2010) defines greenwashing as “the act of misleading consumers regarding the environmental practices of a company or the environmental performance and positive communication about environmental performance”. A study has been conducted wherein, six different types of Greenwashing have been identified (DeFretas Netto et al, 2020) which are:

1. **Selective Disclosure:** Firms with a poor environmental performance made limited disclosures of information. A company’s reputation improved after proper corporate disclosures as mandated by law.
2. **Decoupling:** The concept of decoupling reflects on the fact that the companies try to justify meeting the expectations of their shareholders. It usually happens when projects undertaken by the companies are not supported by sustainable units or finances to achieve the organizational goals.
3. **Attention Deflection:** This refers to the activities undertaken by the organisation to divert the attention of the stakeholders from their unsustainable business practices, like, selective disclosures regarding certifications from third parties.
4. **Deceptive Manipulation:** When a firm focuses on the perception that the products are environment friendly whereas in reality they are dealing in misleading and deceptive practices.
5. **Dubious Authorization and Labels:** The eco-labelling authorization by third parties that define standards, sometimes collude with the manufacturer, thus leading to questionable labelling practices.
6. **Inefficient public voluntary programmes:** This occurs when firms contribute to government funded voluntary programmes, but in reality, there is no penalty or strict regulations for non-compliance of the standards set.

It has been observed that green washing as a strategy has been used by the firms to target customer’s perception favorably about the sustainable practices adopted by them. There are varied reasons to do so which include ,other stakeholder’s going green and following sustainable practices, consumer awareness towards the firm’s sustainable practices and green products, consumer’s perception of the adoption of greenwashing by the firm and its effect on purchase intention ,Nyilasy et al.(2013). The companies do greenwash in myriad ways like, using fluffy language(unclear terminologies e.g., eco-friendly), dubious green products e.g., green products made in factories that pollute rivers, presenting a dangerous product like cigarettes as green, suggestive pictures indicating the product to be green but in reality, there is no justified green impact, giving undue credence to one tiny green attribute whereas as a whole the product is not green. Green advertising can also be deceptive and misleading implying greenwashing to consumers. Greenwashed advertising claims Carlson et.al (1993) categorize environmental green advertising claims by dividing them into 5 different types:

- (1) **Product-oriented:** claims which focus on characteristics of a product (e.g., biodegradable, green, paraben free).
- (2) **Process oriented:** referring to the main production methods or waste disposal procedures adopted by the company (e.g., uses only recyclable materials).
- (3) **Image oriented:** the organization is associated with an ecological cause (e.g., focused on afforestation or cleaning the oceans).
- (4) **Environment oriented:** commenting on the state of the environment (e.g., forests are being cleared for human settlements, dams are obstructing the natural course of rivers).

There has been an ongoing debate between “going green” becoming an instrument of deception in the hands of the corporate. The case against the corporate relates to their manipulative way of using green practices to increase their profits, in contrast to fulfilling their duty towards the environment. Thus, it is observed they are ignoring the environmentally positive aspects of a product and focusing on the marketability of the product in the garb of presenting themselves as an eco-sensitive firm, while in reality they resort to unsustainable practices like polluting the environment or lobbying against environmental protection laws (Dahl, 2010). This has led to distrust for the communication of the green products of the firm, as responsible green image is a mere eyewash as there is no proof that corporates have altered their behaviour (Jones P Clarke, 2008). In a report by Delmos (2011) it has been observed that there has been an increasing incidence of greenwashing by firms as their negative environmental performance has been combined with positive communication about their environmental performance.

In spite of the growing awareness of the consumers towards the greenwashing claims of the corporate, it continues to grow due to the increasing demand for the green-related products which is around 40 percent of the American market as per the Cone’s “Green Gap 2008 survey”. The National Geographic and Globescan’s (2009). Greendex, has found out in a survey of consumers across 17 countries, that there has been an increasing incidence among the consumers to purchase environment friendly products. The sales of environmentally sustainable products have increased manifold, especially organic food category, shampoo, toothpaste, deodorant and cosmetics. The sustainable organic industry has nearly tripled since 1997, as per reports the U.S. manufacturers launched 328 environment friendly products in 2007, as compared to only 5 in 2002. The demand for green products has remained strong and a priority amongst the consumers. As per “The Cone Environmental Survey” (2009) in spite of an economic slide, 34 percent of the buyers expressed their intent to buy green products and around 44 percent stated that their shopping habits have not altered. It has been observed that stringent laws have to be enacted and effective implementation of government regulation is the need of the hour in the context of greenwashing. Thus, we infer that the consumers today are increasingly aware of the negative impacts of human interface with the environment, and would expect that they do not cause further harm to the ecology (Witek, 2013). The modern consumer thinks of not only organic food but also of decreasing waste generation, reducing energy and water consumption, waste segregation, etc. Building a corporate image of an environmentally responsible business, definitely impacts the purchase decisions of the customers, who react positively (buying frequently) in case of a socially responsible behavior exhibited by a company or negatively (social boycotting products) in case of irresponsible behavior exhibited by the company.

The major focus of this study was to explore the relationship between sins of greenwashing and consumer buying behavior.

Objectives of the Study

1. To explore the sins of greenwashing which impacts *consumer Purchase Intentions*.
2. To examine the impact of sins of greenwashing on *consumer Purchase Intentions*.

Hypotheses of the Study

Ha1: Hidden trade-off influences consumer Purchase Intentions/Consumer Buying Behaviour.

Ha2: No Proof influences consumer Purchase Intentions/ Consumer Buying Behaviour.

Ha3: Vagueness influences consumer Purchase Intentions/ Consumer Buying Behaviour.

Ha4: Fibbing influences consumer Purchase Intentions/ Consumer Buying Behaviour.

Ha5: Lesser of two evils influences consumer Purchase Intentions/ Consumer Buying Behaviour.

Ha6: Irrelevance influences consumer Purchase Intentions/ Consumer Buying Behaviour.

Ha7: Worship of false labels influences consumer Purchase Intentions/ Consumer Buying Behaviour.

Theoretical Framework



Research Design

Research Theme: Exploratory Research.

Universe of Study: Delhi.

Focus of Study: Sins of Greenwashing and their impact upon consumer buying behavior.

Sampling Technique used: Convenience Sampling.

Data Collection: Structured Questionnaire.

Sample size: 236.

Statistical Techniques used: Cronbach Alpha and Pearson Correlation.

Analysis & Results

Table: 1

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.833	.834	8

Item Statistics

	Mean	Std. Deviation	N
Hidden Trade-off	3.26	.865	236
No Proof	2.16	1.291	236
Vagueness	2.98	1.113	236
Fibbing	3.08	1.131	236
Lesser of two evils	3.53	1.124	236
Irrelevance	3.55	1.024	236
Worship of False Labels	3.18	1.082	236
Consumer buying Behavior	2.98	1.113	236

Table: 3

Correlations

		Consumer buying Behavior	Hidden Trade-off	No Proof	Vagueness	Fibbing	Lesser of two evils	Irrelevance	Worship of False Labels
Pearson Correlation	Consumer buying Behavior	1.000	0.311	0.275	1.000	0.475	0.438	0.384	0.321
	Hidden Trade-off	0.311	1.000	0.076	0.311	0.393	0.313	0.235	0.308
	No Proof	0.275	0.076	1.000	0.275	0.315	0.205	0.229	0.402
	Vagueness	1.000	0.311	0.275	1.000	0.475	0.438	0.384	0.321
	Fibbing	0.475	0.393	0.315	0.475	1.000	0.571	0.438	0.486
	Lesser of two evils	0.438	0.313	0.205	0.438	0.571	1.000	0.565	0.463
	Irrelevance	0.384	0.235	0.229	0.384	0.438	0.565	1.000	0.420
	Worship of False Labels	0.321	0.308	0.402	0.321	0.486	0.463	0.420	1.000

Table: 4 Hypotheses Accept/Reject Summary

S.No.	Hypotheses	Accept/Reject
1.	Ha1: Hidden trade-off influences consumer buying behavior.	Reject
2.	Ha2: No Proof influences consumer buying behavior.	Reject
3.	Ha3: Vagueness influences consumer buying behavior.	Accept
4.	Ha4: Fibbing influences consumer buying behavior.	Accept
5.	Ha5: Lesser of two evils influences consumer buying behavior.	Accept
6.	Ha6: Irrelevance influences consumer buying behavior.	Reject
7.	Ha7: Worship of false labels influences consumer buying behavior.	Reject

Findings & Conclusion

1. Reliability results depicted good internal consistency amongst research items with a value of .833.
2. Pearson's Correlation results highlighted that out of the 7 predictors (Sins of greenwashing) only three predictors namely Vagueness, Fibbing and Lesser of two evils are correlated with the dependent variable i.e., consumer buying behavior with values (1.000,.475 & .438).
3. Greenwashing as an area of research is at infant stage and there is a huge scope of further research within Indian context.

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