Effects of Greenwashing Practices on Consumer Perception

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Abstract  
The advertising of ecologically sustainable commodities, products, and programs is commonly referred to as green marketing. A different set of tactics and approaches that have been amicable towards the climate, are even more precisely known as environmentally conscious. A few instances of green marketing encompass, promoting eco-friendly merchandise. Greenwashing is a marketing tactic used mostly by corporations deliberately fool users into the feeling believe it’s, commodities, intentions and methods seem to be great for the environment. To enhance business allure towards the ecologically conscious market, certain organizations knowingly disclose erroneous data. Employing fraudulent branding as well as disguising ethically harmful practices throughout the small text seems to be the examples of greenwashing. This study aimed to test the effects of greenwashing practices on consumer perception towards the products and services. The study was undertaken with the sample size of 352 respondents. The data has been gathered via questionnaires which changed into later evaluated by means of the usage of SPSS and evaluated using AMOS (analysis moment structure) software program to validate the conceptual framework. The simulation results obtained from the AMOS software showed that a maximum number of responses reported the positive approach of the greenwashing practices positively on consumer perception.

Keywords: Green Marketing, Greenwashing, Customer Perception, Customer Intention, Environmental Consciousness.

Introduction  
Consumers are now becoming more knowledgeable ever before regarding the ecological problems and thus the notion that perhaps the earth’s surface never sustain while mankind continues this way their existing pace of consumption and spend. The world is required to satisfy the changing demands on consume as civilization is devouring faster than its capacity to reasonably handle (Global Footprint Network, 2017). Buyers are continually thinking deeper about the likely impacts of their commercial actions on the environment. Corollary, there has been a burgeoning want for products that are environmentally friendly. Many consumers are nowadays actually buying containing ecological, healthy, organic, ethical trademarks. In some of these occasions, such activity called greenwashing induces purchasers to acquire an inherent bias concerning intention to purchase green products.

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Both customers and companies seem to have become deeply suspicious as either a part of the deceptive advertising. Users have a hard time to discern businesses which indulge in greenwashing and corporate sustainability owing to its skepticism (Brunton, 2015). These misguided promises and even the consequent hostility have been hindering the valuable work of a marketing strategy. Numerous users now utilizing products and amenities; therefore, it is imperative to explore the implications of certain activities influence the economy. Buyers most often partake in environmental activities, and often want to do more for the ecosystem through modifying the manner in which people consume. Consumers urge organizations to be using advertising, and thereafter greenwashing evolved as a consequence of increasing appetite on eco-responsible goods and offerings.

Marketing communication constantly uses the terminology “eco-sustainable” and also “environmental” for characterizing the products and the amenities which it explicitly states that they have a minimal adverse effect on the environment. Certain phrases are routinely used amongst firms for advance their own agenda. Whenever these buzzwords are abused, then primarily refers to greenwashing (TerraChoice, 2010).

As per Peattie (2010), green marketing refers to an approach which fosters the acquisition and employment of eco-friendly items and services, consequently, mitigating its unfavorable effects on society and the environment. Green commodities are frequently categorized by the fact that they employ fewest natural wealth’s, emit minimal contamination, and are able to be regenerated. Usually are often generated effectively. Consumption of things and services are hugely affected by promotion, particularly transmits that marketing strategy.

Encouraging awareness of environmental issues and conservation necessitates the application of commerce (Hurth and Whittlesea, 2017). Integrated marketing communication might additionally be conceived of as an ethical strategy it facilitates and preserves an individual’s techie attitude (Lewandowska, Witczak and Kurczewski, 2017). Becoming “green” as such a buyer is indulging into actions that strive to impair the earth in the least amount as feasible or, in for certain circumstances, significantly affect the society.

A person seems to have a wide range of possibilities exposed for them to choose when contemplating how else to lessen their environmental benefit. For instance, one person would prefer to use public transportation but instead of buying an automobile. Using their personal rucksack instead of buying a fresh disposable one of every time they swing by the market. Each of the aforementioned approaches reflects a significant extent of commitment trying to minimize their environmental impact. Being green entails exerting deliberate attempts to improve somebody’s lifestyle as a buyer a bid to reduce the person’s negative environmental effect (Lewandowska, Witczak and Kurczewski, 2017).

As buyers start to wonder about the credibility of a company’s sustainability program, the organization’s using customers a wide range of promotional techniques imperil brand credibility and key success factors in the local market (Chen and Chang, 2012).

Customers have quite a negative perception of going green. A person’s impressions of trickery, suspicion, integrity, cynicism, and threats are enhanced by green washing (Pomerling and Johnson, 2009; Gallicono, 2011). There are numerous perks for customers considering buying environmentally friendly products, however, consumers usually could have somewhat different goals. When green offerings or items have experienced failure of buyer’s ideals, it is assumed that greenwashing is distorting consumer’s impressions and purchase intentions (Chen and Chang, 2012).

The phrases “go green”, “eco-friendly”, and “retrieve the world” are frequently employed by companies to highlight their ecologically conscious image and stimulate eco-friendly activities. Companies are involved in “greenwashing” while businesses uphold the validity of their
environmentally friendly marketing tactics. As Jay Westerveld initially coined the concept in 1986, it has evolved into a reference to “consciously deceptive or untrue assurances of a company’s sustainable growth (Terrachoice, 2010).

Greenwashing, explained by Delmas and Burbano (2011), is the art of making fraudulent marketing claims to buyers hopes of getting quick gains for a goods or business. White washing, echo-belching, echo-washing, eco-friendly, greener visual, and green glossy are be the nicknames for greenwashing. Buyers demonstrate a powerful attraction for products that are more sustainable (Bhatia and Jain, 2013; Ottman, 2011). According to Lin, 2013; Mathiyazhagan et al., 2013; Coskun et al., 2016; Huang, 2016 corollary, greenwashing strategies had the major element to accommodate the need for it. Greenwashing is done in order to grow the businesses market share, but somehow it weakens the overall green initiatives (Chen and Chang, 2013: Hamann & Kapelus, 2004). Eroding buyers’ credibility in promotional campaigns is the greatest harm being done by greenwashing (Polonsky et al., 2010).

The tactic of greenwashing poses alike significant risk and tremendous potential. The ramifications of greenwashing wouldn’t just influence buyers; additionally have a detrimental consequence an any and all the activities vying in the false marketing, regardless of whether hey indulge in it. Youssef and Abderrazak (2009) stated that the buyers remain confused by that of the process of greenwashing, without distinguishing which commodities are genuine and those that aren’t. Greenwashing is a scenario when activities with authentic greener ambitions and items elect to not even advertise what they are selling as it being good for the environment and sustainable (Mitchell and Ramey, 2011).

As buyers have such a habit of describing most environmental responsibility as greenwashing, these corporations are cognizant of the adverse consequences of the user’s cynicism. The difficulty of clients to discriminate across greenwashing and green marketing with legitimately eco-friendly aspirations looks as being one of the core issues, which results in adverse users’ perception and procurement impulses. The users frequently devotegreater emphasis to poor behavior and attitude (Liu, Wang, and Wu, 2010). Buyers’ skepticism and caution have been on the ascent, with a greater number of greenwashing allegations than at anytime before, that has resulted in a hostile impact against the epithet green (Mitchell and Ramey, 2011).

Objectives of the Study

- To enable consumers to comprehend a product’s ecological features
- To analyses the businesses unwavering performances
- To comprehend the consumers perceptions and psyche
- To generate the consciousness about ecological problems amongst the population
- To foster a mindset of economic concern

Review of Literature

According to a recent survey, consumers believe that the vehicle and cosmetics supplies businesses are the most pervasive sectors wherein greenwashing seems to be more widespread (Khandel, Wal, Sharma and Jain (2019). This could have been a minimum caused by the well-known Prius contact with the individuals in the earlier section. Respondents were intrigued that buzzwords like “eco-friendly”, and “natural”, in addition to the inclusion of provocative visuals and green themes, proved to be the most often used false advertising measures (Khandel et al., 2019). Commercial enterprises who have been caught for using greenwashing practices face the risk of tarnishing their credibility and compromising the confidence of potential customers (Khandel et al., 2019). This may also lead to enforcement proceedings is being undertaken against
by the organization. Firms often overdo these tactics to take advantage of the general populace’s refusal to acknowledge greenwashing. According to prior research, marketing that incorporates manipulative greenwashing tactics results showed that participants acquisition inclinations. If folks cannot figure out the distinction between what appears to be compared to what is misleading, employing of deceitful green marketing is unlikely to have a detrimental effect on their perceptions (Szabo and Webster 2020; Krafft and Saito, 2014).

The practice of greenwashing involves making deceptive and inaccurate marketing claims concerning an organization or its wares environmental stewardship. Greenwashed assertions frequently imply that business operations or goods are seem to be more environmentally friendly than what actually are. Due to the fact that numerous green marketing promises were revealed toward being deceptive or inaccurate, research suggests that user’s suspicion and mistrust of green marketing is growing. The primary goals of the assessment would learn whether customers were familiar of greenwashing, how often information they had and how that affected their impressions, what emotions greenwashing have elicited in them, and recognition of greenwashing affected their purchase choices. By teaching customers about the greenwashing, which might aid them in making more environmentally conscious purchases and increasing companies’ environmental awareness, this study hopes to positively influence societal change (Elias Tammivuori, 2019).

According to Katrandjiev, 2016, stated that information regarding business activities on the environment attributes, which including sustainable development, environmental friendly nature, resilience, and that all substances, is typically considered a part in ecofriendly commercials. Branding which focuses on sustainable on the demands and wants that customers have. Buyers’ advisory opinions on legal questions are hugely affected through marketing in all domains. It has been demonstrated that green promotions may not have been as powerful as thought previously. Under 70% of the intended audience have been persuaded by green advertising, and more than 50% of the target population weren’t convinced by the green products, as indicated by a survey by Chase and Smith, 1992. It was subsequently found that implementing an empathetic tactic in green marketing may serve as a more appropriate mechanism to catch abuyer’s mind.

Advertisement is a major sector worldwide, and users are bombarded with more promotions than it has ever been. Approximately 80% of the users recognize the existence of green ads they encountered during the recently observed quarters, based on a Burst Media Survey. Users are paying huge exposure to green advertising as the green mentality had begun to acquire prominence, which would be excellent, but perhaps a miscalculation somewhere may also have severe ramifications. Advertisements should have been grounded in customer loyalty and protect the public the faddish misleading green performance that will be ambiguous and deceptive and are merely geared to enhance earnings and revenue. Erosion of buyer’s belief and confidence spurred on through greenwashing might have a detrimental impact on prospective sales, including the potential of an employer to make it green. Competence and veracity can be crucial to longevity when it pertains to green marketing (Katrandjiev, 2016).

Eco-labelling and ecological posture are essential measures for green advertising (Sarkar, 2012). Functional as well as emotional approaches are also facets of the green marketing plan. Notifying users about the useability and economic advantages associated with the goods or offerings are the core of the functional aspect of green messaging, according to Sarkar (2012). On the contrary, regardless of the adverse notions that greenwashing has engendered customers, there’s always a possibility that mentioning green marketing might attract negative responses from the general population. In the fields of public relation and marketing, greenwashing describes the practice of representing images of an organization, ambitions, commodities and capabilities as ecologically friendly even though they aren’t. Firms are embracing green advertising and promotional strategies
as a means of growing their fame and profitability. The concept of greenwashing makes the customer suspects the intentions and authenticity of businesses’ efforts (Raska and Shaw, 2012).

Contrary towards the attempt to express, the pragmatic mechanism is deemed to have been less productive. The affective campaign might prove more effective in persuading consumers to embrace pro-green perspectives. The empathetic strategy is commonly applied in green advertising methods to gain the buyers’ attention by forming an intimate attachment between the customer and the product by portraying a perception that seems to be good for the environment, altruistic, trusted, and ethically aware. A well-executed brand management approach had many benefits for a business, notably enhanced brand contentment, brand recognition, and the favorable corporate appearance that eventually results in increased selling’s (Chen, 2010).

Brands may have a constructive effect on client perceptions and ecologically friendly consumption, according to Pickett Baker and Ozaki (2008). In order to attain a competitive benefit in any of the market areas, it is vital that the items or the ads stand apart from the rivalry, and shown as a beneficial way to stand out. When it comes to the green advertising, a trivial amount in wrapping could perhaps lead to a substantial boost in marketing strategy and pricing (Barber, 2010), as buyers can say that a company’s methodology is environmentally conscious and ethical by merely adding a simple eco-label to the items wrapping.

The extent of green advertising and greenwashing has escalated in tandem with the growing popularity of green merchandise and services. Buyer perceptions are adversely affected by greenwashing, which even influences customers believe in and cynicism of greenery goods and offerings. It has a significant on buyers’ ethical attitude and buying behavior (Nylasy, Gangadharbatla, and Paladin, 2013). Greenwashing urges buyers to buy green choices that fall short of exceeding their environmental needs (Terrachoice, 2007). Buyers have started to suspect their assertions on the economy as a result of the increasing employment of industrial greenwashing, raising questions on the businesses intents (Leonidou and Skarmeas, 2017).

Consumers are confounded due to various greenwashing and are dubious of which ethical assertions to embrace. The main concern is that buyers do not even know about it. Green complaints often contain facts that are complicated and tough to understand. Although there are regulations designed to combat this, promotional pitches for green commodities and offerings remain to be dishonest and ambiguous (Newell, 1998). Since green advertising assertions can sometimes be imprecise or tricky to interpret, buyers often combine various green marketing efforts together into greenwashing as customers discover that hard to tell the difference amongst authentic and fraudulent green products. Corollary, buyers have become less enthusiastic about the ecology. Interaction amongst companies and their customers are now harder as a consequence of growing generally-pro mentality, and this phenomenon is prevalent in the green economy. Buyers will view the green products poorly if they are over cautious and perceive that all advertising credibility is greenwashing (Newell, 1998). Moreover, if users are failing to discriminate among greenwashed and legitimate adverts. Users need not have the ability to comprehend the additional benefits touted in advertising and merchandise as an outcome.

The definition of greenwashing is the method of encouraging the manufacturing and distribution of goods and services in some kind of a form that negatively impacts the environment in the least extent possible. The very first instance that green advertising grabbed prominence occurred during the 1960s, and since that point, not only its reputation and thus the appetite for green goods and offerings had gradually risen. A phenomenon characterized as “greenwashing” has evolved in reaction to increasing demand for eco-friendly products and offerings. The advertising tactic known as “greenwashing” attempts to take benefit of the increasing interest for eco-friendly goods and services.
Conceptual Framework

Hypothesis 1: There is a relationship between green Receptivity to green advertising and Customer perception
Hypothesis 2: There is a relationship between level of understanding of Greenwashing and Customer perception
Hypothesis 3: There is a relationship between Personal norm scales and Customer perception
Hypothesis 4: There is a relationship between Environmental consciousness and Customer perception

Research Methodology

The data collection process took place in Salem districts and 352 samplings were collected from employees through questioner later which was tested by AMOS software to validate the structural equation model. Receptivity to Green Advertising, Level of understanding of Greenwashing, Personal Norm Scales, Environmental Consciousness and Customer perception were involved in the model. The methodological approach of this research study allowed the researcher to explore research questions being presented and evaluate and analyze data with respect to the research hypotheses.

Results and Discussion

All components have been exposed to confirmatory factor analysis (CFA) to evaluate the measurement model (maximum likelihood estimation) using AMOS 22.0 and SPSS 25 was used for other analysis. The resulting fit statistics were all above the minimum acceptable level. Chi-square/degree of freedom (CMIN/df) = 2.613; comparative fit index (CFI) = 0.987; incremental fit index (IFI) = 0.987; root mean square of error of index (RMSEA) = 0.068; Tucker-Lewis index (TLI) = 0.967; and goodness of fit index (GFI) = 0.989. all the factor loadings are above 0.5 (as shown in Table).
From the calculated Pearson’s Statistics, it can be summarized that as p-value 0.000 < 0.05 here is a significant relationship between total value of Receptivity to Green Advertising factors and statements of Receptivity to Green Advertising factors. Correlation relationship expressed by r-value, r-value is 0.620 and 0.643 (+ve) which shows the positive relationships.
Correlation Analysis for Level of Understanding of Greenwashing

<table>
<thead>
<tr>
<th></th>
<th>GW1</th>
<th>GW2</th>
<th>GW3</th>
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<tbody>
<tr>
<td>Correlation</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Pearson Correlation</td>
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<td>.703**</td>
<td>.740**</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>352</td>
<td>352</td>
<td>352</td>
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</table>

Correlation is Significant at the 0.01 level (2-tailed).

From the calculated Pearson’s Statistics, it can be summarized that as p-value 0.000 < 0.05 there is significant relationship between total value of level of understanding Greenwashing factors and statements of level of understanding Greenwashing factors. Correlation relationship expressed by r value, r-value is 0.703 and 0.740 (+ve) which shows the positive relationships.

Correlation Analysis for Personal Norm Scale

<table>
<thead>
<tr>
<th></th>
<th>PNS1</th>
<th>PNS2</th>
<th>PNS3</th>
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<tbody>
<tr>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.403**</td>
<td>.410**</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
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<tr>
<td>N</td>
<td>352</td>
<td>352</td>
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</table>

Correlation is Significant at the 0.01 level (2-tailed).

From the calculated Pearson’s Statistics, it can be summarized that as p-value 0.000 < 0.05 there is significant relationship between total value of personal norm scale factors and statements of personal norm scale factors. Correlation relationship expressed by r value, r-value is 0.403 and 0.410 (+ve) which shows the positive relationships.
Correlation Analysis for Environmental Consciousness

<table>
<thead>
<tr>
<th>Correlation</th>
<th>PNS1</th>
<th>PNS2</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC1 Pearson Correlation</td>
<td>1</td>
<td>.850**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
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<tr>
<td>N</td>
<td>352</td>
<td>352</td>
</tr>
<tr>
<td>EC2 Pearson Correlation</td>
<td>.850**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
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<tr>
<td>N</td>
<td>352</td>
<td>352</td>
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</table>

Correlation is Significant at the 0.01 level (2-tailed).

From the calculated Pearson’s Statistics, it can be summarized that as p-value 0.000 < 0.05 there is significant relationship between total value of environmental consciousness factors and statements of environmental consciousness factors. Correlation relationship expressed by r value; r-value is 0.850 (+ve) which shows the positive relationships.

### Structural Equation Modelling

<table>
<thead>
<tr>
<th>Path Way</th>
<th>Standardized Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receptivity to green advertising</td>
<td>Perceptual Intentions</td>
</tr>
<tr>
<td>level of understanding of Greenwashing</td>
<td>Perceptual Intentions</td>
</tr>
<tr>
<td>Personal norm scales</td>
<td>Perceptual Intentions</td>
</tr>
<tr>
<td>Environmental consciousness</td>
<td>Perceptual Intentions</td>
</tr>
<tr>
<td>Perceptual Intentions</td>
<td>Customer Perception</td>
</tr>
</tbody>
</table>

Above table shows causal relationships between customer perception variables with receptivity to green advertising, level of understanding of Greenwashing, Personal norm scales and Environmental consciousness. From table the beta value, error value and t-value corresponding to the causal relationship between customer perception variables with receptivity to green advertising, level of understanding of Greenwashing, Personal norm scales and Environmental consciousness.

All the customer Perceptual intentions variables (green advertising, level of understanding of...
Greenwashing, Personal norm scales and Environmental consciousness.) have positive impacts on Customer Perception and their beta values are 0.616, 0.563, 0.815, 0.690 and 0.584 respectively.

<table>
<thead>
<tr>
<th>Fit Index</th>
<th>Acceptable fit</th>
<th>Indices for data</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$</td>
<td></td>
<td>10.453</td>
</tr>
<tr>
<td>df</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>p</td>
<td>&gt;.05</td>
<td>0.033</td>
</tr>
<tr>
<td>$\chi^2$/df</td>
<td>≤2 to 5</td>
<td>2.613</td>
</tr>
<tr>
<td>RMR</td>
<td>&lt;0.06</td>
<td>0.032</td>
</tr>
<tr>
<td>GFI</td>
<td>≥0.90</td>
<td>0.989</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤0.05 to 0.08</td>
<td>0.068</td>
</tr>
<tr>
<td>CFI</td>
<td>≥0.90</td>
<td>0.987</td>
</tr>
</tbody>
</table>

Model fit indicate the Bentler and Bonnet (1980) study indicated that the model fit can be checked by RMSEA (Root Means Square of Approximate) which is less than 0.08, has a good fit and less than 0.05 has a closer fit. The Joreskog and Sorbom (1988) study proposed that GFI (Goodness of Fit Index) should be above 0.9 and AGFI (Adjusted Goodness of Fit Index) should be above 0.80. Bentler study suggested that CFI (Comparative Fit Index) should be greater than 0.9. The value of GFI (0.989) and CFI (0.987) indicate the adequate between the structural model and sample data. The RMR of 0.032 and RMSEA of 0.068 revealed the goodness of fit. This confirms that the available data set moderate the fits into the proposed structural model.

**Conclusion**

Greenwashing is a relatively recent problem that has an effect of each component of the green industry. Customer distrust and unfavorable impressions of the green industry may rise as the quantity of greenwashing does as well. It is clear from of the collection of research looked at in the review articles how greenwashing is connected to poor customer perception, which in turns affects user desires for making green buying’s. The goal of this paper would have been to evaluate the connections between the ideas of greenwashing and customer perceptions, as well as ultimately the actions that customers make depends on the amount of knowledge they had. In light of all this, the study started with something like a literature review that focused on relevant terms, such as greenwashing, customer perceptions, degree of awareness, level of understanding and green marketing. According to the results of the experimental analysis and the review of related literature, greenwashing seems to have a detrimental impact on consumers’ views of green goods and offerings. The results furthermore clearly show that customer awareness of greenwashing may could potentially have a detrimental impact on their willingness to make green purchases. Through enlightening and engaging consumers about greenwashing, this study’s findings may contribute to constructive societal changes. The report might potentially be employed as a way for creating an environmentally friendly marketing approach.
References


