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A Study On Consumer Awareness About Clean Beauty Greenwashing

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Abstract: In the current business scenario, environmental issues play an important role in Business. Most of the country's governments are concerned about the environmental problems in today's business, sustainable development has become a key issue. Thus, Greenwashing is one of the strategies a firm can adopt to achieve this. Greenwashing is the process of conveying a false impression or misleading information about how a company's products are environmentally sound. Greenwashing is an attempt to capitalize on the growing demand for environmentally sound products. The present paper tries to analyze the awareness of greenwashing and clean beauty greenwashing and analyze the influence of brand claims on the purchase of the product.

Keywords: Consumer, Consumer Awareness, Green Washing, Clean beauty.

1. INTRODUCTION

Pollution, climate change, depletion of natural resources, and ozone depletion have become very common in the world. The government is taking the initiative to prevent the same by providing companies with tax credits and incentives like green building incentives, and research and development tax benefits to ensure there is a reduction in the damage caused to the environment. There is also a noticeable consideration for the demand for green products by consumers as well. To cater to the demand for green products companies are also taking the initiative to produce eco-friendly and sustainable products. To conquer the benefit of government incentives and also increase in demand for sustainable products, companies are following the trend of sustainable products. Many companies are inculcating the habit of producing green products and green marketing promptly while some companies are trying to deceive the end user by misrepresentation or falsely advertising the product stating it to be sustainable.

In the name of corporate sustainability companies try to manipulate their customers. Corporate sustainability has been a major concern for most organizations, concerning the cosmetic industry companies try to capture their consumer through clean beauty greenwashing. The term greenwashing was coined by New York environmentalist Jay Westerveld in a 1986 essay about the hotel industry's practice of placing notices in bedrooms promoting the reuse of towels to "save the environment". While Clean beauty Greenwashing is subjective, for the research paper clean beauty greenwashing can be termed as, deceiving the customers by false advertising. Brands claim that the products are made out of natural ingredients but after crosschecking the ingredients list it is completely the opposite of the brand claim. Clean beauty greenwashing refers to companies that mislead consumers by falsely claiming to use natural ingredients and natural packaging that doesn't harm the consumers or the environment. Brands claim that this product will be free from chemicals like fragrance and preservatives that cause skin damage, irritation, dryness, and itches. The research enables the creation of awareness among consumers about clean beauty greenwashing

2. LITERATURE REVIEW

This paper aims to explore the phenomenon of greenwashing through a systematic literature review in search of its main concepts and typologies in the past 10 years. This research has followed the proceedings of a systematic review of the literature, based on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses

(PRISMA). We identified a major classification of greenwashing: firm-level execution, firm-level claim, product-level execution, and product-level claim.

With the growing popularity of corporate social responsibility (CSR), critics point out that firms tend to focus on salient CSR activities while slacking off on the unobservable ones, using CSR as a marketing gimmick. Firms' emphasis on observable aspects and negligence of the unobservable aspects are often labeled as *greenwashing*. This paper develops a game-theoretic model of CSR investment, in which consumers are socially minded, but they can observe only a subset of CSR initiatives. Two types of firms are considered: those that are driven solely by profit maximization and those that are *socially responsible*, motivated not only by profit, but also by a genuine concern for the social good. Our analysis examines how information transparency affects a firm's strategies and the social welfare, and we identify both positive and negative aspects of greenwashing. First, low transparency incentivizes a profit-driven firm to engage in greenwashing through observable investment. Greenwashing prevents consumers from making informed purchase decisions but raises overall CSR spending. Second, sufficiently high transparency eliminates greenwashing and can motivate a socially responsible firm to make extra observable investment under the threat of greenwashing on the part of a profit-driven firm. However, when transparency further increases, this extra investment diminishes. In addition, our paper studies the impacts of firms' budget constraint and consumers' bargaining power: Raising the budget and increasing consumers' bargaining power can both lead to an inferior social outcome.

Sustainability is one of the main impacting trends that is shaping today's industries, and the cosmetics sector is no exception. The paper presents a systematic literature review of the sustainability paradigm affecting cosmetics industry, trying to investigate the state of the art of the scientific literature about the embracement of sustainability and Circular Economy paradigm by the cosmetics sector, digging deeper the distinctive practices that should be employed by companies along the cosmetic product lifecycle, and the connection with the several stakeholders involved in the Green Transition path. The study has been pursued from a double perspective: firstly, from a final customer's point of view, trying to understand which main factors are influencing the green purchasing behavior in the cosmetics industry and their managerial implications. Then, from a product lifecycle perspective, deepening what are the best practices for the development of a sustainable cosmetic product. Moreover, the paper proposes possible insights to develop a managerial framework able to support cosmetics SMEs in their transition toward sustainability, starting from the findings identified in the literature review.

3. HYPOTHESIS

1. Consumers are aware of Greenwashing and Clean beauty greenwashing.
2. Consumers buying decisions are based on the brand's claims.

4. OBJECTIVES

- The research emphasizes creating awareness about Greenwashing and Clean beauty greenwashing.
- The objective of this paper is to analyze the influence of greenwashing on consumers' decision to purchase a product.
- To identify the relationship between greenwashing and the reputation of the brand.
- To identify the consumer's willingness to buy sustainable products and their price sensitivity.

4. RESEARCH METHODOLOGY

The research paper is inclusive of both primary data and secondary data for the interpretation of results.

1. Primary Data: Data was collected through a Sample survey from the study area.

2. Secondary Data: Various published articles from journals, books, and internet websites.

Sample Design The present study has been conducted for the city of Bengaluru. The total population of the city is approximately 13,00,000. Due to limitations of time and cost the questionnaires were collected through a convenient sampling method. A total of 150 cases were considered for the analysis from various strata of population

5. ANALYSIS AND INTERPRETATION

SPSS software is used to analyze the results and to interpret the data. Cross-tabulation of greenwashing was done using various variables such as Occupation, Educational qualification, Awareness about greenwashing, Price sensitivity for the products, and Willingness to purchase sustainable products at a premium price.

TABLE 1. Awareness about greenwashing according to educational qualification

Educational qualification	Yes	%	No	%
Upto 12th grade	10	33	20	67
Under graduation	35	70	15	30
Post graduation	40	80	10	20
Professionals	17	85	3	15
Total	102	68	48	32

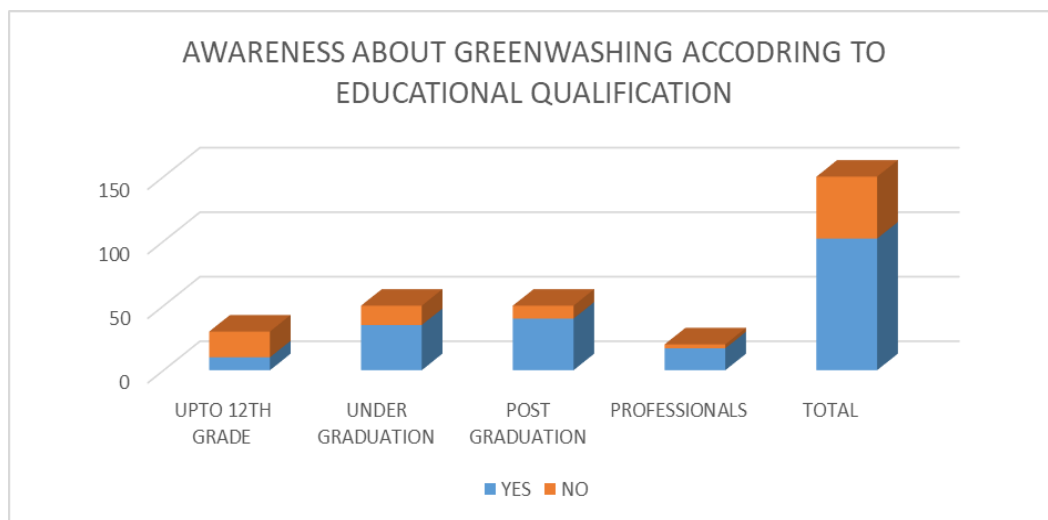


FIGURE 1.

Out of 150 respondents from Bengaluru, it can be interpreted that the awareness among the graduates i.e. Under and Post graduates are collectively higher compared to those with lower educational qualifications, and can be concluded that professionals from various backgrounds are much aware of the topic of greenwashing.

TABLE 2. Awareness About Clean Beauty Greenwashing According to Educational Qualification

Educational qualification	Yes	%	No	%
Upto 12th grade	10	33	20	67
Under graduation	20	40	30	60
Post graduation	21	50	29	50
Professionals	14	75	6	25
Total	65	47	85	53

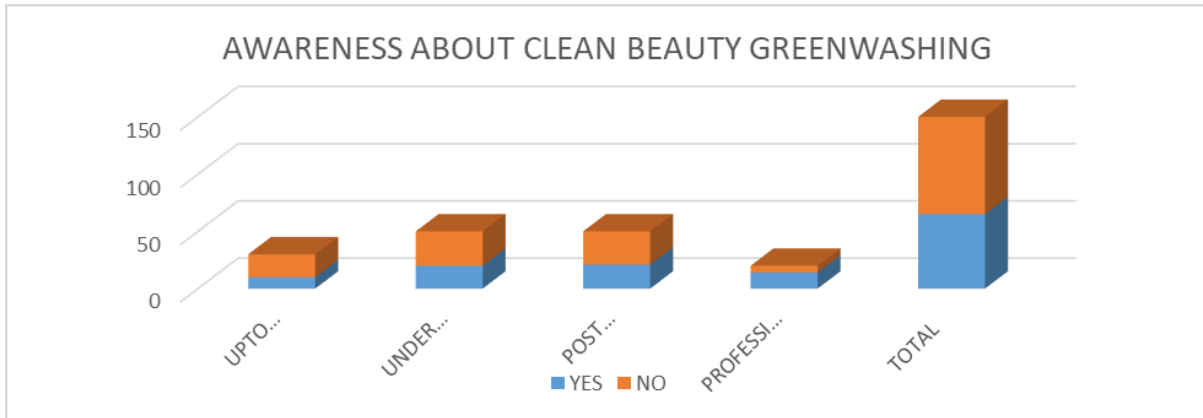


FIGURE 2.

From the above graph it can be interpreted that mostly respondents are not greatly aware of clean beauty greenwashing. Since most of the respondents have answered negatively when asked about clean beauty greenwashing.

TABLE 3. Decision to Purchase Product Based On Brand's Claims

Occupation	Yes	%	No	%
Students	40	80	10	20
Professional	25	83	5	17
Self employed	45	90	5	10
Homemaker	15	75	5	25
Total	125	83	25	17

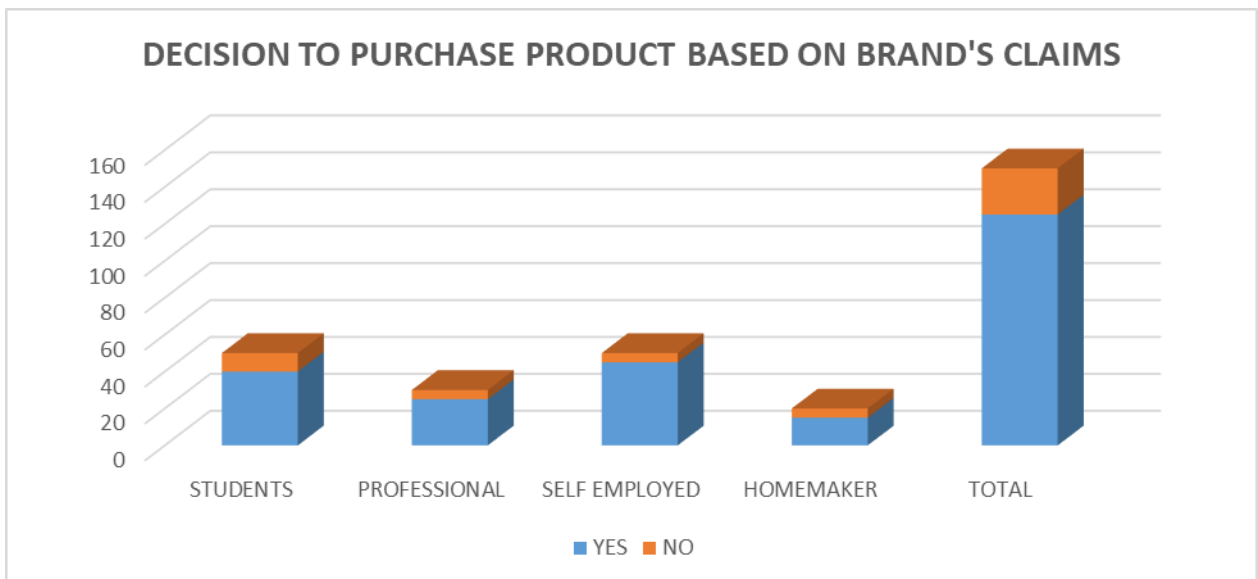


FIGURE 3.

The answer for the question from the survey is YES, Consumers buying decision purely depends on the brands claim during advertising. It can be observed that a total of 83% of the respondents stated that their decision to purchase a product is based on the brand's claims.

TABLE 4. Influence of Greenwashing on the Purchase of the Product

Educational qualification	Yes	%	No	%
Upto 12th grade	20	67	10	33
Under graduation	45	90	5	10
Post graduation	45	90	5	10
Professionals	10	50	10	50
Total	120	80	30	20

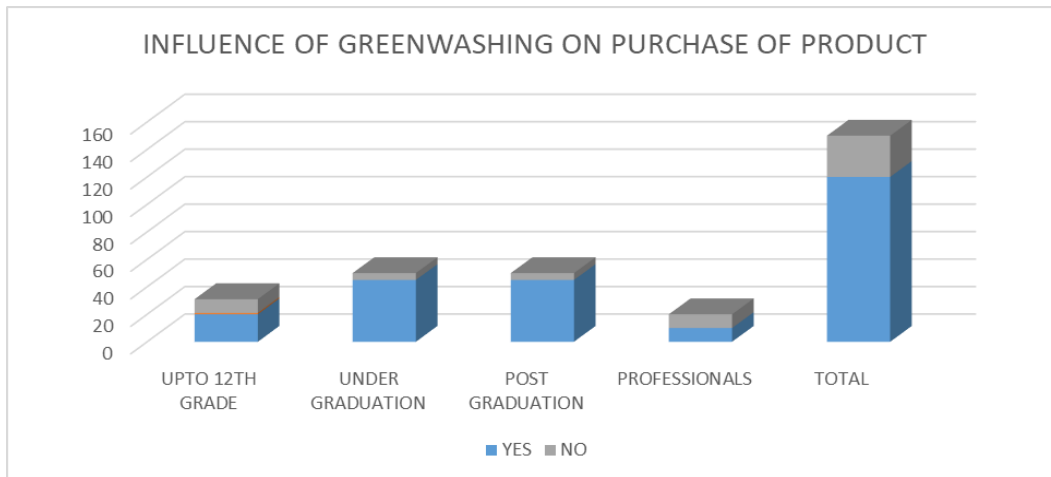


FIGURE 4.

From the above graph, it can be analyzed that buyer definitely has a influence of greenwashing on their purchase of the product. It can be seen at all level of qualifications that they have influence of greenwashing on their purchase.

TABLE 5. Willingness to purchase sustainable products at premium prices

Occupation	Yes	%	No	%
Students	15	30	35	70
Professional	20	67	10	33
Self employed	45	90	5	10
Homemaker	10	50	10	50
Total	90	60	60	40

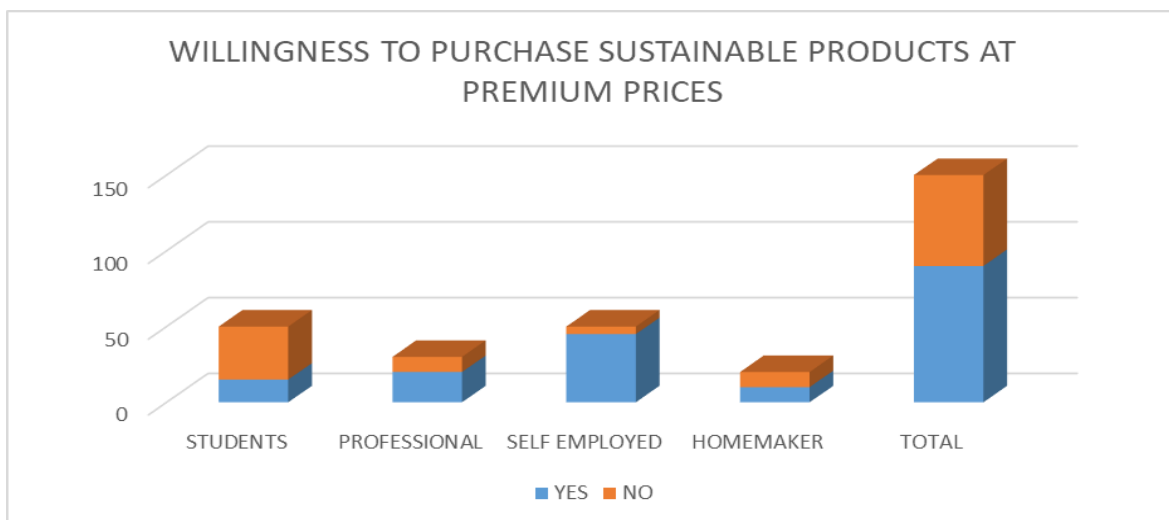


FIGURE 5

From the above survey it can be analyzed that different strata people responded differently based on their preferences, students voted not to pay premium amount for sustainable products and other strata voted for the question by opting to pay more for sustainable products.

6. FINDING AND SUGGESTIONS

- From the survey, it can be stated that samples are aware of greenwashing and clean beauty greenwashing based on their educational qualifications.
- Based on the occupation of the respondents few are willing to pay premium prices for sustainable products and few are price sensitive towards the same.
- Concerning table no:03, consumers purely purchase the product based on the claims of the product.
- It is found that there is no significant impact of greenwashing on the reputation of the business based on the survey.
- From the analysis made, companies must at least stop deceiving the end users with their false advertising strategies in the name of greenwashing
- Some cosmetic brands claim that they use natural ingredients for manufacturing the product but in reality, it's just the opposite.
- It can also be suggested that companies must at least use sustainable or environmentally friendly products.

7. CONCLUSION

- According to the first hypothesis framed in the research paper which states that the consumers are aware of greenwashing, according to the analysis made,68% of the respondents were aware of the greenwashing and it can be concluded that consumer has a good knowledge about the greenwashing. Hence the hypothesis predicated is proved.
- As per the statistics collected from various respondents with different educational qualifications and different occupations it can be presumed that the brand claims have a significant impact on the customer's decision to purchase the product and they are price-sensitive customers plus price-insensitive customers towards the purchase of sustainable products based on their income.
- Based on the secondary data collected, there is not much significant impact on the brand's reputation based on greenwashing. Based on secondary data collected through various websites, many brands claim that they manufacture products using natural and sustainable ingredients but after crosschecking their ingredients list its completely the opposite of their claims.

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