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Decoding Deception: A Critical Inquiry into Consumers' Experiences of Corporate Greenwashing

SHRAVIT ARORA¹

ABSTRACT

The promotion of products and activities that are purportedly environmentally friendly is known as "greenwashing," and it is a persistent practice in commercial advertising. Customers are wary of greenwashing, according to research, as many eco-friendly merchandise statements have been proven to be untrue. The brand value of large firms is at risk due to this crisis of confidence, which brings to mind incidents from the previous ten years including insider trading, price rigging, and a lack of corporate social responsibility. The goal of this empirical research was to investigate and characterise the core of customers' experiences with greenwashing because corporate executives had little knowledge of these experiences.

As customers' knowledge about the environment grew, so did their comprehension of how their buying habits affect the world around them. As a result, businesses began implementing Corporate Social Responsibility (CSR) initiatives to satisfy customer demands for ecologically conscious behaviour. Nevertheless, some businesses have begun to indulge in deceptive practices that overstate their efforts to promote sustainability as a result of stakeholder pressure on this issue. Customers are sceptical because they think this is greenwashing. This study attempts to close the knowledge gap surrounding consumers' opinions of greenwashing and the influence of unfavourable data in shaping attitudes of well-known brands.

I. INTRODUCTION

A. Background and Context

The accretion of claims in environmental law have brought in a paradigm of shift in advertising strategies as well as marketing methods in the current century. With the growth of public awareness on various aspects of the environment and consolidation of consensus in scientific aspects, the consumers make educated choices while selecting a product. Their purchases reflect their ideals on the environment. Due to this change in the markets, the sellers and businesses

¹ Author is a Student at Amity Law School, Noida, India.

make a conscious effort to portray their products to meet the high level of environmental standards that is expected of them. This led to the birth and expansion of the term green marketing which ranges from packaging of food articles to household cleaning items.

Though the market was turning to a positive direction, the practice of misleading information on meeting the environmental standards and deceptive advertising infecting the market. Jay Westerveld, an environmentalist, was the one who used the term greenwashing for the first time when a hotel failed to accommodate the environmental standards and asked the customers to reuse towels to save the environment. These incidents sparked debated and academic study by various market experts, researchers, regulatory authorities, etc.²

As the practice of greenwashing grew, it became a centre point of investigation in the public and academic sphere. This study highlights the scepticism of consumers, and marketing ethics along with its consequential impact on the users of these products, perception of the brand by consumers and corporate transparency.

The regulatory authorities have been on high alert since the entrance of this concept in the market. One such example of initiative taken by a regulatory authority is the amendment of the Unfair Commercial Practices Directive and the Consumer Rights Directive by the Directive of Consumer Empowerment in the EU. This initiative was taken to specifically address false advertisement claims. By laying a detailed communication and verification process, the directives went one step ahead to ensure the prevention of greenwashing.

Private Class Action suits have witnessed a rise in the United States and in Australia specially with respect to greenwashing. The Green Guides of the Federal Trade Commission's offer advice in relation to the environmental claims. High profile actions have been taken by the Government of Australia specifically the Australian Competition and Consumer Commission such as the proceedings against COLOROX Australia for its tagline Glad to be Green which ended up with a fine of 8.25 million dollar fine for its greenwashing practices.³

Though the regulatory practices are strengthening, there is a gap in understanding the experiences and responses of the consumers to greenwashing. Incentives such as information disclosure for the public, and disclaimers regarding false information portrays the opinions of the Government and the Legislations regarding consumer behaviour which may not align with the data that confirms how consumers analyse and interpret the environmental information.

² Ozel, M., 2025. Decoding the green narrative: Exploring the interplay between media literacy and consumer perceptions of greenwashing. *Abant Sosyal Bilimler Dergisi*, 25(1), pp.347-364.

³ Wood Jr, M.E., 2015. *Exploring consumers' experiences with corporate greenwashing*. Walden University.

II. CONCEPTUALISING GREENWASHING: FROM CORPORATE DECEPTION TO CONSUMER EXPERIENCE

A. The Origins and Evolution of Greenwashing

The movement with respect to environment in the 1980s became the origin of the concept of greenwashing. A Jay Westerveld, through his essay about a hotel's idea of encouraging reusing of unwashed towels as a means of protecting the environment, he introduced the term green washing to the world. He observed that though the hotel presented this as an initiative taken to protect the environment, this was done to reduce the cost of laundry an economic interest of the hotel. Through their policy they tried to misrepresent their financial objectives with environmental objectives.

The practice of the use of green washing by advocates of environment became a subject of study by the researchers and the regulations. It became the focus of study after mid 2000s. This growth is reflective of the increase in the trend of the term green marketing and the consequences of false claims to meet those demands.

Initially green washing took the form of false advertisements and claims in certain products. For example, some products were labelled as recyclable when they were not, some products were advertised as being energy saving when they were not using ambiguous and broad terms such as natural and green created a false mindset with respect to the products that the corporates were producing.

The evolution of green marketing is a result of updating of regulations and laws that underwent amendments to meet the different forms green washing top in the market. Once the term green market spread in the market and the consumers became aware of what they were consuming, they started demanding for the information with respect to the manufacturing materials used by the industries to create the claimed environment friendly products.⁴

B. Corporate-Centric Typologies and Their Limitations

Several forms of greenwashing have emerged once the researchers compile their study and analysis in the world of academia. This classification was done on the basis of the different types and forms of misrepresentation that the companies undertook to create an image of being a green marketing brand.

The first classification of greenwashing was called claim waste green washing and the other

⁴ Malmlund, R., 2024. Uncovering greenwashing—Approaches for understanding and addressing the complexity of deceptive environmental practices.

was called executional greenwashing. Claim based brainwashing referred to a situation wherein false claims were represented through texts or in the verbal form for example recyclable or biodegradable. Executional Greenwashing Bogdan through implementing a colour palette that indicated that the brand incorporated ecofriendly products.

Do the classification of green washing practices prove to be useful they had certain drawbacks from the perspective of consumers. The typology was based on how the corporates practiced the act of greenwashing. However, it failed to take into consideration as to how the consumers go through them. For example, a false claim may mention attributes that the consumers do not really believe is relevant. It also does not take into consideration the psychological aspect of effect on the end users. It fails to recognise how the vulnerabilities of consumers are taken for granted by the corporates through psychological mechanism.

C. Towards a Consumer-Centred Typology of Greenwashing

The purpose of this dissertation is to perceive the concept of green washing from the consumers perspective. It tries to understand the psychological mechanisms implemented by the corporates to brainwash the minds of the consumers to believe that a certain product is actually a green product.

1. Factual Deception

A factual reception is created by creating false facts about certain features of a commodity or an enterprise to keep up with the environmental trend. This is the most common approach of corporates to manipulate the market for example a product is marketed as containing 50% of ocean plastic when it is plastic from land wastes. It creates an imbalance between reality and what is presented to the consumers. This form of greenwashing is highly covered by the legal frameworks.⁵

2. Evaluative Deception

Evaluative reception is done when the consumers start believing about an environmental benefit of a certain product in its entirety due to the false claims of the company. This is done by accommodating facts that are technically correct however are selectively advertised. For example, a product may be advertised as being ecofriendly but the impact of the overall product because of damage to the environment and this fact will not be disclosed.

⁵ Malmlund, R., 2024. Uncovering greenwashing—Approaches for understanding and addressing the complexity of deceptive environmental practices.

3. Affective Deception

Affective deception is its type of greenwashing. Warren targets the emotional reactive element of a consumer. It makes the consumers experience feeling such as satisfaction and virtue by making them believe that they are buying eco-friendly products. This is done by creating an impression that a consumer is purchasing a green product. The visuals are the trigger point of such marketing strategies. Packaging is done in a way that it includes images of flora and fauna to make it appear as if that is the ultimate goal of the corporate company.

4. Temporal Deception

A corporate company falsely advertises about the future intentions of creating a green line of products. Terms such as zero emissions, no and no carbon emission are used to make it appear like the company has long-term goals to protect the environment. This type of marketing encompasses a gap between the current performance and the future performance of a company. It creates an imaginary target and claims to achieve the performance by that particular year. Reality, the production would have been done based on fossil fuels. The problem with this type of marketing is that it cannot be proven and verified. This is because it markets for the future and not for the present. There is a lack of legislation and regulations for this.

5. Identity Deception

In this type of marketing, the consumers are misled about the character of the organization making the claims. This is done through labels, false certifications, seals, etc. The existence of such verification makes the consumers believe that such companies are environmental friendly when the certifications can even be from a fictitious industry. This is a direct attack on the trust of the consumers. Further, a company may falsely claim to be working closely with environmental organisations to create a perception that they take environmental impact seriously.⁶

D. Greenwashing in Context: Sectoral Variations

Greenwashing takes a different form with different sectors in the market. A detailed analysis of the difference is important to identify the need for regulations and legislation. In the goods sector, the most frequently used terms for greenwashing include recyclable, biodegradable, carbon free, non-toxic, etc. These claims attract consumers who choose products based on their ideals of good health and protection of the environment. In the food and beverages field, false claims are spread through packaging, claim of false sources, and falsifying the sustainability of

⁶ Malmlund, R., 2024. Uncovering greenwashing—Approaches for understanding and addressing the complexity of deceptive environmental practices.

ingredients. Finally in the energy sector corporates falsely claimed their transformation into being carbon free and their commitments to fulfil the number pollution standards full an example of this is a company called total energy claim that it will have an energy transition and it will create a net zero by the year 2050. The Paris court called out this company and penalised them for the same. The green washing train has also entered the financial sector of countries. Companies introduce funds such as sustainable environment funds and environmental social investments to lure customers who believe in creating a green market.

III. THEORISING CONSUMER EXPERIENCES OF DECEPTIVE ENVIRONMENTAL CLAIMS

This chapter covers the experiences of the end users and their response to a concept such as green washing. By analysing the elements of academic literature on topic such as marketing economics and parapsychology, this chapter concludes the psychology and behavioural system adopted by the organizations while implementing the false environmental declarations. An introduction to the Stimulus Organism Response (SOR) is encompassed in this chapter as a lens for studying the frameworks and understanding the consumer injury as a consequence of greenwashing.⁷

To create a legal structure to the arguments in this chapter, it is significant to understand various intermediaries. Just relying on the legislations is not sufficient as they are too narrow to cover the literal details and the depth of the impact of greenwashing on consumers. The intermediaries can take the form of marketing, psychology, consumer behaviour etc. that are used by the organizations to create deceptive claims.

A. Information Asymmetry and the Consumer in Environmental Markets

Markets wherein the products are characterized based on their green features often create asymmetry between producers and the end users. The manufacturers of such products have a thorough understanding of the raw materials used to prepare such products, their transportation, their sourcing etc. The consumers, however, have to make decisions based on the information provided by the producers by believing the claims made by them regarding the products. This accessibility issue was exploited by the producers in creating deceitful products.

The disparity in access of information acts as the foundation of greenwashing. The green market attracts a premium category of customers who can afford to think about situations such as

⁷ Fernandes, J., Segev, S. and Leopold, J.K., 2020. When consumers learn to spot deception in advertising: testing a literacy intervention to combat greenwashing. *International Journal of Advertising*, 39(7), pp.1115-1149.

environmental impact of products. The producers of the green market by taking benefit of the consumers not having full disclosure, misrepresent the claims to appear as if they genuinely care of the environment.

To determine which product is genuine, the information provided by the producers is not sufficient. It requires thorough research which the consumers are unaware they should practice because they blindly trust the claims. They lack the expertise to compare two claims of similar products to understand which is better. This develops a situation wherein though the facts presented are true, they mislead the consumers by claiming that they achieve it which is not the case.

The legislations such as consumer protection laws have created measures to ensure disclosures enough for consumers to make informed decisions. But an important consideration that this practice fails to cover is whether the consumers will comprehend, practice and make decisions based on the proclaimed information.⁸

B. Psychological Mechanisms in Green Consumer Decision-Making

The study of the decision making of consumers is not restricted to consumer laws and environmental laws alone. The choosing of products is not done by the end users based on the processing of the disclosed information. It is on the grounds of the shortcut route, believing the false claims created by the producers while selling a product. When the producers create deception through the packaging of a product such as using green labels, the consumers may fail to analyse the actual environmental consequences if using such a product. When the organizations religiously advertise their environmental goals and performances, they create a psychological impact on the minds of the consumers in creating an image of that particular brand or organization to be environmentally friendly shadowing their rationality in assuming that it is a publicity event. The heuristics are not unethical. Their intention is to create an easier way to communicate the message to the consumers. However, the producers use it fraudulently to fake sell their products to achieve greenwashing. It is vital for the judiciary and the Regulatory authorities to identify such factors and vulnerabilities and create liabilities and penalties to increase accountability.

C. Consumer Confusion and Its Consequences

Green Confusion, a term created after the identification of the grievances of a consumer while

⁸ Jog, D. and Pani, V., 2024. A review of consumer understanding of green marketing and deceptive green marketing. *Sustainable Development Seen Through the Lenses of Ethnoeconomics and the Circular Economy*, pp.211-222.

choosing a product in the green market. The market includes a wide range of indeterminate, equivocal, and false claims. The meaning of a term cannot be reduced to be called a cognitive response but has to be witnessed at something have severe behavioural impacts. An academic study was done for this concept of consumer confusion in the coffee sector of Vietnam. According to the research, this term comes in the centre, between the deceptive claims and the conditioned responses of the consumers. When confronted with a claim, the end users struggle to understand which product to choose specially when various alternatives are available in the same market. This results in the creation of maladaptive behaviours, and can have an adverse effect of complete destruction of trust of the consumers in their belief of an existence of a green market putting the genuine sellers at risk.

The academic study applied the SOR mechanism and concluded that there is a direct consequence of greenwashing positively influencing green confusion which has a proportional effect on consumer behaviour. The results of this research were revolutionary. This was because, it not only highlighted the weakness of the existing legislations and regulations to address the consequences of green washing but also the possibility of it creating consumer resistance to green markets which can be catastrophic. Creating scepticism in the minds of consumers can diminish the possibility of creating an environmentally friendly market at all.

Consumer scepticism in the field of green markets was created as a result of greenwashing. Result of scholarly research has proven that tangible actions of brands and organizations towards the environment are vital to gain the trust of the consumers. The abrasion of consumer's trust creates a hinderance in the ultimate motive of creating a green market. The brands and organizations willing to create genuine green products bear the repercussions of such actions. The authentic green brands invest in good quality environment friendly raw materials and reach the economies of scale by charging a premium. However, if the practice of greenwashing becomes widespread, the consumers might refuse to pay a premium for products which they cannot trust.

D. The Stimulus-Organism-Response Framework Applied to Greenwashing

The Stimulus-Organism-Response (S-O-R) framework, originally developed in environmental psychology by Mehrabian and Russell, provides a valuable theoretical lens for understanding consumer responses to greenwashing. The framework posits that environmental stimuli affect individuals' internal states (organism), which in turn drive behavioural responses. Applied to greenwashing, the framework conceptualises deceptive environmental claims as stimuli that affect consumers' cognitive and affective states including confusion, scepticism, distrust, and

feelings of betrayal. These internal states then shape behavioural responses, which may include reduced purchase intentions, switching to competitors, boycotting the brand, or engaging in negative word-of-mouth.

The mechanism called SOR created by Mehrabian and Russel, is pivotal in order to analyse the responses of the consumers in the aspect of greenwashing. The framework suggests that exogenous triggers have an impact on an individual's cognitive state, which have an effect on the behaviours of such individuals. It perceives greenwashing as an external stimulus having an effect on an individual's decision-making ability. It studies the consequences of greenwashing such as switching of brands, purchase decisions, brand boycotting, and negative hearsay.

The S-O-R framework has several advantages for analysing consumer experiences of greenwashing. First, it acknowledges the mediating role of internal psychological states, recognising that the relationship between exposure to greenwashing and behavioural response is not direct but is filtered through consumers' interpretations and emotional reactions. Second, it accommodates multiple types of internal states cognitive (confusion, beliefs), affective (distrust, anger), and motivational providing a comprehensive account of consumer experience. Third, it directs attention to the full range of behavioural responses, including not only purchase decisions but also resistance behaviours such as boycotting. The framework has been empirically validated in greenwashing research. The Vietnamese coffee sector study found support for the hypothesised relationships: greenwashing stimuli positively affected green confusion, which in turn positively affected boycott intentions. These findings confirm that confusion is a significant mechanism through which greenwashing produces negative consumer responses.

Studying greenwashing and its impact from the SOR perspective will result in many benefits. Firstly, it accommodates psychological factors such as accepting that the decision making of consumers is not straightforward. It is a result of the interpretation of consumers to the false claims posted by the producers. Further, it takes into accounts various stimuli such as cognitive abilities, and other internal feelings to study the effect of them on the decision making of consumers. It does not restrict its application to the purchasing factor alone; it tries to understand the reason behind boycotting of a particular brand. It takes into consideration that confusion can be a trigger for creating majority of the negative behaviours of the consumers.

E. Consumer Detriment: Conceptualising Harm Beyond Economic Loss

A major question imposed on the legislative authorities is, how can the effects of greenwashing be theoretically be conceptualised. The current consumer protection laws cover economical

aspects such as consumers overpaying for deceitful products. However, in this case, it involves a premium paid by the consumers for commodities misrepresented as being green when it is not the case.

Harms can take various forms. The main categories include:

Psychological: This harm entails the end users feeling negative emotions such as frustration, breach of trust etc. They feel like their environmental ideals have been taken for granted by the corporations intending to misrepresent for profit gains.

Behavioural: The practice of greenwashing can result in the end users making choices not aligned with their ideals. Purchasing of products which they believe will have environmental benefits which on reality have an adverse effect result in losing motivation in creating a private impact.

Relational: Greenwashed directly impacts the bond of trust that the consumer put on the producers to meet their expectations. This can lead to them not believing in the existence of a green market at all.

IV. CONCLUSION

In contemporary consumer markets, when sustainability claims are increasingly used as competitive strategies rather than sincere pledges, the problem of corporate greenwashing constitutes a substantial distortion. This study emphasises that customers nowadays are active evaluators of environmental message rather than only passive recipients. When faced with unclear or inflated "green" claims, consumers frequently feel confused, sceptical, and occasionally deceived. In addition to undermining the larger goal of encouraging sustainable purchase, the discrepancy between business statements and actual environmental performance erodes consumer trust.

The study also emphasises the behavioural and psychological aspects of greenwashing, which frequently takes advantage of consumers' desire to make eco-friendly decisions through selective disclosure, eco-labelling, and smart marketing. In addition to distorting purchasing decisions, this causes "green fatigue," a condition in which consumers are less inclined to interact with truly sustainable items after being repeatedly exposed to false claims.
