The Effect of Greenwashing Information on Ad Evaluation

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Abstract

Thesis statement: Greenwashing based on the intention of the companies to mislead customers and partners in order to show up themselves or their own products more environmental-friendly than they really are. The purpose of this paper is to examine how additional greenwashing information can change the evaluation of ads of H&M and The Body Shop for the consumers and whether the extent of change is influenced by the general skepticism toward ads or by the environmental concern of the respondents.

Methodology: This quantitative survey is based on online questionnaire, in which respondents evaluated the ads of H&M and The Body Shop before and after giving additional greenwashing info in connection with the companies. Besides that, the moderating effect of environmental concern and skepticism toward ads (in general) were examined.

Results: The first hypothesis tested the worsening evaluation of ads (both self- and objective referential items). Surprisingly, the lower ad skepticism didn’t mean higher change in ad evaluation. It was explored that respondents showing higher environmental concern showed higher change in ad evaluation but only for H&M ad.

Conclusions and Implications: Results show that unfolded greenwashing actions influence the evaluation of ads negatively – not only for those who have high environmental concern.

Keywords: greenwashing, ad evaluation, ad skepticism, H&M, The Body Shop

1. Introduction

As green consumer segment has emerged in the 70’s, some firms tried to take advantage of them by using green claims in their advertisements while they were not ready to produce a really green product. Greenwashing nowadays is again in the center of interest as the Dieselsgate of Volkswagen got high media attention. There is an increase of green markets followed by the phenomenon greenwashing, so customers have an increasing problem to trust the information given by the companies (Nyilasy, et al., 2013, p. 696). Many products claim with images and seals on the packaging that they are produced fairly and environmentally-friendly, which makes it difficult to tell which products are actually produced in that why and which products just claim to be green but greenwashed (Iannuzzi, 2012, p. 132).

A 2015 Nielsen poll showed that 66% of global consumers are willing to pay more for environmentally sustainable products. Among millennials, that number jumps to 72%. These results highlight the increasing importance of credible and believable information on the green features of products and companies.

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2. Literature review

Greenwashing is defined as “the intersection of two firm behaviors: poor environmental performance and positive communication about environmental performance” (Delmas and Burbano, 2011, p.65.) In other words, misleading consumers about firm environmental performance or the environmental benefits of a product or service (TerraChoice, 2010). Siano et al. define greenwashing on a broader perspective: a gap between symbolic and substantive actions (initiatives in line with the sustainability approach). In this view not only those actions are counted which are related to the natural environment, but all of those which are the part of the Corporate Social Responsibility. That includes responsible behavior on three other areas: marketplace (consumers and suppliers), workplace (employees) and community.

Greenwashing practices can be categorized into two groups: decoupling and attention deflection. Decoupling happens when a company would like to satisfy the expectations of stakeholders but changes of organizational practices are missing. It can be recognized through the disconnection between structure and activities or between means and ends, and also through empty green claims and fibbing (symbolic management) and pooling (ineffective public voluntary programs and co-opted NGO endorsements). Attention deflection occurs when symbolic actions are used to deflect the attention of stakeholders, while unsustainable practices are still going on. Types of this form of greenwashing are sin of vagueness and irrelevance or incomplete comparisons in product advertisements; using self-made eco-labels or dubious certifications, and the halo effect, which is based on some positive product features and stakeholders generalize this judgement to the company. (TerraChoice, 2010; Marquis and Toffel, 2012; Lyon and Montgomery, 2015; Siano et al. 2017)

Siano et al. (2017) introduces a new type of greenwashing (deceptive manipulation) based on the Volkswagen scandal. They argue that CSR communication itself can create social reality so if the CSR promises actively communicated but impossible to achieve than it may result in unethical behavior of the firm in order to make these expectations “real”. The main difference between decoupling, attention deflection and deceptive manipulation is that it means substantive actions that are absolutely not support sustainability aims.

If any of these greenwashing forms come to light, do they have any consequence on the behavior of consumers? In this study the change of ad evaluation is examined and the moderating effect of ad skepticism an environmental concern on this change is studied. Albayrak and colleagues (2011) examined perceived skepticism, which they say, increases in the free market system. This may be caused by some exaggerated advertisements, because ‘customer who consider environmental claims to be exaggerated or to be motivated by profit may think that thus mislead them into forming decisions which are wrong.’ (Albayrak et al., 2011, p. 191). Newell et al. conducted a study on perceived deception: it has been shown that the perceived deception has a negative effect on advertiser credibility and on the attitude toward the advertisement and brand (Newell et al., 1998, p. 56). Environmental concern is defined as a strong positive attitude toward preserving the environment; a general or global attitude with indirect effects on
behaviors through behavioural intentions (Crosby at al. 1981 –cited by Minton and Rose, 1997, p.38)

3. Research design

The focus of this article is that how much greenwashing information can influence the evaluation of an advertisement. To investigate this relationships, a primary, quantitative study has been designed and two brands has been selected, which have green and socially responsible initiatives but also have been criticized in the past based on their greenwashing practices: they are The Body Shop and H&M.

3.1. The Body Shop

The Body Shop was founded by Dame Anita Roddick in 1976, who wanted to combine business with doing good. From the very beginning natural ingredients, package recycling and cruelty-free products were in the center of the business. It was also the first company to introduce Fair Trade to the beauty industry. Now the company offers approx. 300 products in their more than 3000 shops in 66 countries worldwide. Their ‘Enrich not exploit’ slogan shows their commitment to the natural environment and to society (enrich people, planet, product). “That means working fairly with our farmers and suppliers and helping communities thrive through our Community Trade programme, being 100% vegetarian and always and forever being firmly against animal testing.”

Despite of the clear philosophy and brand message, the company was criticized in many ways. First, in 2006 L’Oreal bought the company. It caused controversy, because on one hand, L’Oreal products at that time was still tested on animals. L’Oreal itself admits that they are still on the PETA list of companies who test on animals, because on the Chinese market health authorities still require and carry out animal testing for certain products. On the other hand, L’Oreal is in 23% partly owned by Nestlé, which has questionable relationship with third-world countries and known for its non-environmentally friendly practices.

Another criticism is connected to an important ingredient of their product: palm oil. The Body Shop began working with Daabon, a palm-oil producing Colombian group in 2007. In 2009, Guardian.co.uk wrote an article, stating that “Daabon Organics, that provides the British chain with 90% of all its palm oil, was part of a consortium that asked the courts to remove farmers from a sprawling ranch 320 km north of the capital Bogotá with a plan to grow African palm. Some locals had lived and worked on the land for more than 10 years and had already applied for the right to own it under Colombian law before the consortium bought it.” The Body Shop communicates now on its website that taking into consideration the very complex legal and property situation, they

stopped trading with Daabon. "Since 2011, 100% of the unmodified palm oil use in The Body Shop products has been certified sustainable by the Roundtable on Sustainable Palm Oil (RSPO)."\(^6\)

Another criticism toward The Body Shop is that although their products are advertised as natural and organic, they don’t have independent certifications. “By labelling as “Natural”, “Organic”, or “Eco-conscious”, it gives the impression to consumers that their products are made from natural ingredients. But in fact, these labels are meaningless without elaboration.\(^7\)

In 2010 the firm has launched its first product line „Nutriganics”, which has the official Ecocert certification. Their packaging features recycled materials created from Forest Stewardship Council forests to ensure the protection of wildlife habitats and local communities.

### 3.2. H&M

H&M is a Swedish fashion company, which was founded in 1947. Nowadays the company has almost 4400 stores in 65 countries. Frequently updated fashion was the central idea of its business. From the 70’s they offer clothes besides women for men, babies and kids. They introduced garment collecting program in 2013 worldwide, which aim is to reuse and recycle these materials. In 2015 they broadened their product line with beauty products. Nowadays they have six own fashion brands and further expansion – both offline and online – is on the agenda.\(^8\)

Sustainability is a central element of their communication: they want consumers to be proud of the products they wear: to be proud of how these products look like, how they made and what social impact the production had. They are one of the biggest buyers of organic cotton, which production misses usage of chemical pesticides and fertilizers. However, H&M accepts the limit in doing good: “The fashion industry is the second biggest industry in the world and therefore, we have a great responsibility to help protect the environment. However, turning fashion into a greener industry is very challenging and not something we can do on our own.”\(^9\)

H&M group does not own any factories, so they work with independent suppliers. Lots of these factories are in the third world, so on one hand they help these poor people to get a job.\(^10\) Although H&M tries to improve working conditions at their suppliers, workers of clothing factories in developing countries are sad to be modern slaves, because of unsafe working conditions, very low wages and long working hours \(^11\).

### 3.3. Hypotheses

When consumers are becoming aware of greenwashing in advertisement, they react in a negative way towards the product or brand – based on two reasons. The first is

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the attitude towards the brand: when receiving information about a greenwashing case, consumers reassess the brand or product and accordingly devalue it. Among this, maybe even stronger than the first effect, is the decreasing trust in the brand. While initially believing advertising claims, the consumer now has reason to not only doubt the advertising at hand, but also possible future advertising claims and other promises done by the brand. Therefore, the first hypothesis is:

H1: Additional greenwashing information given to the consumers changes significantly the ad evaluation on a negative way.

To test this hypothesis, ads of two brands were used to examine the change of the evaluation of these ads before and after providing greenwashing information on the brands. The design of the ads are systematically similar: two pictures are used in both cases, which are simple and used the image of a branch of a tree (they are original pictures of the brands). The text on the ads reflects to the environmental-friendliness explicitly: “sustainability” and “mother nature”. Green color is dominant on both ads.

The original information given under the pictures tries to confirm the message in the ad with more details. These information can be found on the homepages of the companies. First, respondents evaluate the ads based on these information.

At the second stage, respondents got the same pictures but the information below is about the criticisms. The additional greenwashing information has few elements for each brand. Environmental issues and social problems (working conditions/fair wages and respect communities) are included in the short descriptions. In case of H&M, the greenwashing can be categorized as the “lesser of two evils”. If people buy fast fashion products – which are not designed for long-term usage, it is only partly calming that the product is made of bio-cotton or may become recycled. In case of The Body Shop, attention deflection can be identified.
Table 1: The structure of stimuli used in the research

<table>
<thead>
<tr>
<th>Stimulus 1</th>
<th>Original information (stage 1)</th>
<th>Information on greenwashing (stage 2)</th>
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<tbody>
<tr>
<td><strong>H&amp;M</strong></td>
<td>Under “H&amp;M Conscious” brand name a new, sustainable collection is being launched: its garments made of organic cotton and hemp fibers. In addition, old clothes can be exchanged at H&amp;M for discount price.</td>
<td>With its &quot;Conscious&quot; collection and the return of old clothes, H&amp;M in fact wants to improve its image. One of the criticisms is that this collection is also manufactured in factories where workers are exploited. Moreover, fast fashion by its nature motivates consumers to buy more clothes than they really need.</td>
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<table>
<thead>
<tr>
<th>Stimulus 2</th>
<th>Original information (stage 1)</th>
<th>Information on greenwashing (stage 2)</th>
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<tbody>
<tr>
<td><strong>The Body Shop</strong></td>
<td>The products of The Body Shop are not only to smell good, but according to the manufacturer are also natural, so &quot;Made By Mother Nature&quot;. The website also shows that the company is doing everything it can to protect the planet with cruelty-free products or with fair trade.</td>
<td>Although the company is committed to protect the environment, animals and people on this planet, – it bought about 90% of its palm oil from a Columbian company which took action against local farmers. The Body Shop is also the part of L’Oreal Group, which was known for animal experiments in cosmetic products. L’Oreal partly owned by Nestlé, which is constantly being criticized for its many environmentally harmful business practices.</td>
</tr>
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</table>

Source: own illustration

Ad evaluation is measured on items previously tested by Gorn et al. 2001. Statements are measured on a 7 point semantic differential scale – it has to be underlined that lower scores means better evaluation, while higher scores means worse evaluations. (The ad is pleasant (1)-unpleasant (7); The ad is good (1)-bad (7); I like (1)-dislike (7) the ad; I react...
favorably (1)-unfavorably (7) to the ad; I feel negative (1)-positive (7) to the ad; The ad is fun (1)-not fun (7) to read”). Three of these statements are object-referential items (beginning with 'The ad is...'), and three are self-referential items (beginning with 'I...'). Object-referential items supposed to be less sensitive to the stimuli than self-referential ones. (Gorn et al. 2001)

The reaction of consumers towards greenwashing is based on the feeling of betrayal. The extent by which a person feels betrayed or lied to by the advertisement is expected to depend in part on the extent to which that person believed in the advertisement before. Therefore, persons with a high level of skepticism towards advertising are expected to originally believe less in the advertisement. When receiving information about greenwashing, they should be less surprised. Persons with a low level of skepticism towards advertisement on the other hand should generally trust the message delivered in advertisement and therefore to a greater extent feel betrayed by it after receiving information on greenwashing.

H2: The effect of informing on greenwashing on ad evaluation is moderated by the participant’s general skepticism toward advertisement in such that the negative effect is stronger for those with less skepticism toward advertisement.

Skepticism toward ad was measured by a 9 item scale (measured on a 5 point Likert-scale) originally developed by Obermiller and Spangenberg (1998)12. Correlation between ad skepticism and change of ad evaluation will be computed to test the hypothesis.

While all consumers are considered to react negatively when receiving information on greenwashing, those who are more concerned to the environment should react in a stronger way when an advertisement falsely promotes the ecological performance of the product or brand. There are two possible reasons behind this: first, the topic is of much more importance to the consumers and they thereby can be assumed to have a stronger feeling of betrayal. Second, part of the brands or products prior evaluation was boosted due to its assumed good ecological performance. Without this information, the evaluation would not have been that good in the first place.

H3: The effect of informing on greenwashing on ad evaluation is moderated by the participants’ environmental concern. The negative effect of greenwashing information is stronger for those participants having higher environmental concern.

Participants’ environmental concern is assessed using a scale consisting of 16 items by Antil and Bennett (1979, cited in Minton & Rose, 1997, p. 48). It consists of items such as ‘Consumers should be interested in the environmental consequences of the products they purchase;’; ‘I think the government should devote more money toward supporting conservation and environmental programs;’; ‘Commercial advertising should be required to mention the environmental disadvantages of products.’ Respondents has

12 Statements are: (1-strongly agree, 5- strongly disagree): We can depend on getting the truth in most advertising; Advertising’s aim is to inform the consumer, I believe advertising is informative; Advertising is generally truthful; Advertising is a reliable source of information about the quality and performance of the products; Advertising truth well told; In general, advertising presents a true picture of the product being advertised; I feel I have been accurately informed after viewing most advertisements; Most advertising provides consumers with essential information.
to express the level of agreement with the statements on a 5 point Likert-scale (1-totally agree- 5 totally disagree)

3.4. Sample

For testing the effect of greenwashing information on ad evaluation of the two brands, we asked students of Westphalian University of Applied Sciences, Bocholt, Germany to fill in the questionnaire. Student sample is appropriate for this study as fast fashion and cosmetics are important product categories for this young generation. The Body Shop has 10, H&M has more than 20 shops in North Rhein-Westphalia region of Germany, where this university can be found.

Fieldwork took place in the second half of November, 2016. Questionnaire was available online and students were asked via e-mail to fill in the form. After cleaning the database, we have got 81 usable questionnaires. 61,7% of respondents was female, 38,3% male. The mean of their age is 23,90 with a standard deviation of 3,05 years. Age of respondents are varied between 19 and 33 years.

Respondents, as consumers knew H&M better – 83% of them has already bought in one of their stores, but in the case of The Body Shop 76,5% of them has never bought their products; precisely only one male respondent bought cosmetics in this shop, and only 36% of female respondents has already bought at least one of their products. These results are in line with the expectations: the relatively higher prices and the nature of the products (beauty-products) explain this difference. Female respondents also buy at higher frequency in H&M stores, therefore splitting the sample by gender groups by the analyses was reasonable.

4. Results

4.1. Change of ad evaluation for the greenwashing info

First, the reliability of the ad-evaluation scale has been tested: Cronbach alpha for the ad-evaluation statements in the two stages of the questionnaire for the two brands (H&M and The Body Shop respectively) are 0,786; 0,853; 0,891; 0,925. Following that, an overall ad evaluation was computed as the mean of the ad evaluation items. As it was expected- and is shown in Figure 1, in both cases ad evaluation have changed significantly negatively (higher score means lower evaluation) – (Paired sample t-test: H&M t= -0,925 df. 80 p<0,01; The Body Shop t= -6,86 df. 80 p<0,01).
In our sample women buy significantly more often in H&M than their male counterparts (Pearson Chi square 18,933, df 3, p<0.00): 38% of female students buy 1 or 2 times per month in H&M while this proportion among male students is only 3.2%. However, there was no significant difference between the evaluation of the ad statements by gender groups, and therefore either for the grouped statements (objective and self-referential items) (see Table 2).

The Body Shop case is a little bit different because majority of our respondents hasn’t had personal connection to the brand. The evaluation of ads supposedly better for those who are consumers of products of the Body Shop. Although that was true (overall evaluation 3.39 vs 2.97 before and 4.55 vs. 4.11 after the additional information for non-The Body Shop buyers and The Body Shop buyers respectively, the difference was non-significant (F(1,79)= 1.727, p>0.05 and F(1,79)= 1.275 p>0.05).

Table 2: Overall evaluation of advertisements before and after giving greenwashing information – by gender groups

<table>
<thead>
<tr>
<th></th>
<th>H&amp;M</th>
<th>The Body Shop</th>
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<tbody>
<tr>
<td></td>
<td>Only ad</td>
<td>Ad and green-washing info</td>
</tr>
<tr>
<td></td>
<td>ean</td>
<td>td. dev.</td>
</tr>
<tr>
<td>Male</td>
<td>935</td>
<td>116</td>
</tr>
<tr>
<td>n=30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>513</td>
<td>017</td>
</tr>
<tr>
<td>n=51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>675</td>
<td>069</td>
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<tr>
<td>sample</td>
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</tbody>
</table>

Source: own calculation  Note: lower scores mean better evaluation

Figure 1: Overall evaluation of ads before and after giving greenwashing information on the brands

Source: own calculation
Considering the effect of greenwashing information on the two dimensions of ad evaluation (objective- and self-referential elements), data show that providing the original info with the pictures resulted higher objective-referential scores (therefore lower evaluation) than self-referential ones for both brands. After showing the greenwashing information, both self- and objective-referential evaluations became worse, and at this stage there was no difference between self- and objective reference means. No significant difference was found between the evaluations of gender groups either in this distinction (see Figure 2).

![Figure 2: Objective and self-referential evaluation of ads before and after giving greenwashing information on the brands – by gender groups](source: own calculation)

4.2. Moderating effect of ad skepticism on ad evaluation change

The scale used for measuring ad skepticism was reliable (Cronbach alpha 0.917). The mean of respondents’ answers for the 9 items has been calculated for ad skepticism measurement. Mean of ad skepticism is 3.879 with a std. deviation of 0.751. Ad skepticism values didn’t differ significantly between gender groups (female: 3.929, male: 3.799, F(1;79)= 0.565 ; p>0.05 ). It was supposed that the higher the ad skepticism, the lower the effect of additional greenwashing info on ad evaluation. Surprisingly, no correlation was found between ad skepticism and the change of ad evaluations (see Table 3)

Table 3: Overall evaluation of advertisements before and after giving greenwashing information – by gender groups

<table>
<thead>
<tr>
<th>Ad skepticism</th>
<th>Change of overall H&amp;M ad evaluation</th>
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<tbody>
<tr>
<td>Change of overall H&amp;M ad evaluation</td>
<td>Pearson Corr.</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
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<tr>
<td>Change of overall The Body Shop ad evaluation</td>
<td>Pearson Corr.</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
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<td></td>
<td>N</td>
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** p<0,01  
Source: own calculation
The missing correlation might occur due to a ceiling effect in the measure. The mean of ad skepticism is high, almost 4 on a 5 point scale. 50.6 % of respondents had scepticism score higher than 4. That may mean that respondents are not really surprised if they get discrepant information from what is told in the advertisement. Another reason can be the structure of the questionnaire: ad skepticism statements were at the end of the questionnaire when respondents have already met the greenwashing cases therefore their perception of truthfulness of ads could have been modified.

4.3. Moderating effect of the level of environmental concern on ad evaluation change

Reliability test of the 16 items was satisfying: Cronbach’s alpha for the scale was 0.80. Calculating the sum of the evaluation of respondents for the 16 items\textsuperscript{13}, the mean was 49.79, median was 51 and mode was 51, with the standard deviation of 5.53.

![Figure 3: Differences of ad evaluation at different level of environmental concern](image)

Respondents with high environmental concern: n=33, average env. c.: n=26, low env. c.: n=22 Total sample n=81

Note: difference was calculated as evaluation with greenwashing info minus evaluation without info

*Figure 3: Differences of ad evaluation at different level of environmental concern
Source: own calculation*

At first, the existence of linear relationship between environmental concern and effect of greenwashing info on ad evaluation was tested. Unfortunately, correlation was very low and non-significant (for H&M: Pearson Correlation: 0.024, sign. 0.834, for The Body Shop: Pearson Correlation: 0.081, sign. 0.47; N=81). While it is very frequent in social sciences, that the relationship is not linear, but shows U-curve, three groups of respondents have been created based on their environmental concern: low, average and high concern. Respondents with high environmental concern was defined as having the sum of their answers between 16-48, students with average environmental concern has got 49-52 points on this list and 22 students had higher value on this item list than 52 – they were the least concerned for the environment.

Analysis of variance was used to test the relationship between the evaluation-changing effect of the additional greenwashing info and the environmental concern. It shows that

\textsuperscript{13} Scores for the negatively formulated items were recoded.
level of environmental concern can explain the variance of change in evaluation in case of H&M ($F(2,78)= 3.492\ p=0.035$), but not for The Body Shop ($F(2,78)= 1.614\ p=0.206$), although the pattern looks to be similar. The difference in ad evaluation comes from the significant change of objective-referential items for H&M (see Figure 3).

**Conclusion**

The most important result of this study is clear: greenwashing information significantly decreases the ad evaluation, as it was expected. The question is, how people get to know these greenwashing infos in their everyday life? Sometimes these actions got high media attention (like in case of Volkswagen emission scandal), sometimes civil organizations’ actions turn the light on these cases. It is the interest of the society to spread over this information and hopefully influence the purchase decision of consumers with that.

The missing correlation between the change of ad evaluation and ad skepticism can be explained with the basically high skepticism of respondents and the structure of the questionnaire. However, further research is needed to understand both the high level of disbelief in truthfulness of information provided by the brands and the potentially non-linear relationship between ad evaluation and ad skepticism.

According to the third hypothesis, people with higher concern for the environment were expected to react stronger to receiving information about greenwashing than people with lower concern for the environment. This hypothesis was partly supported by the data: in case of H&M there were significant difference in ad evaluation, but the relationship is not linear, but u-curve shaped. A possible explanation is that the greenwashing info was not just about non-environmental friendly features of the company, but social responsibility of the brands was also questioned in them.

For marketers, it shows while greenwashing is always attached to the risk of a negative reaction once the consumer learn about it, the reaction will not only be worse for people with a more ecological-friendly mind-set, but also for those who are not environmentally concerned.

**Acknowledgement**

I would like to thank Ms. Jannine Krahnenfeld’s work, who is a Master student at Westphalian University of Applied Sciences, Bocholt, Germany, and made very useful contribution to the fieldwork and background of this research as a part of her project work at Óbuda University, Budapest, Hungary in 2016 winter semester.

**References**


