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UNRAVELLING THE IMPACT OF GREENWASHING ON GREEN EQUITY AND PURCHASE INTENTION OF GENERATION Z.

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Abstract

As environmental issues have become a major concern in today's world, consumers have become more and more conscious about the products and services they purchase. And this in turn has made the organizations to be acting environmentally responsible and being green in their initiatives. The study explores the impact of greenwashing on green equity and purchase intention of Generation Z, particularly within the hospitality sector in India. Greenwashing refers to making vague or misleading claims about the environmental practices or the environmental benefits of a product, service brand or a company. Greenwashing is often used as a tactic to lure in customers who are environmentally conscious. Companies hope to gain an edge over competition by painting a rosy picture of green initiatives. Despite the perceived benefits, research on its impact green equity and purchase intention by GenZ, is limited. Green equity consists of a brand's assets and liabilities related to its environmental commitments and concerns, which can enhance or diminish the value of a product or service. Hence the overall aim of the study would be to understand the relationship between these factors and how deceptive marketing practices can undermine genuine efforts towards sustainability, thereby affecting consumer trust and satisfaction. This study employed a quantitative research design, utilizing a structured questionnaire distributed through a standardized online survey. The sampling method used was clustered random sampling, with a sample size of 150 Indian consumers who prioritize eco-friendly practices and products when selecting vacation destinations or lodging, travel and tourism spots, meeting events etc. Data collection was conducted via an online survey, using a structured questionnaire designed to capture the constructs of greenwashing, green brand equity, and purchase intention. The scales for greenwashing which was focused on consumer viewpoint, were measured using five items each, adapted from Chen and Chang (2013) while the scales for green brand equity were measured with four items, adapted from Chen (2010). Purchase Intention scale by MacKenzie et al., (1986) was employed to measure consumers likelihood of purchasing a product and it was measured using three items. Each item was rated on a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), allowing for the quantification of consumer attitudes and intentions towards eco-friendly practices and products. The study reveals that greenwashing significantly undermines green equity, especially within the hospitality sector and in the selection of vacation or tour spots, travel destinations, meeting and events places etc. Greenwashing has a negative effect on green equity. Greenwashing also has a negative impact on purchase intention. The research was carried out within a specific geographical area , among generation Z and in particular among the hospitality sector, which may limit the generalizability of the findings to a wider context and different industries. Moreover, this study was a questionnaire-based study which captures the data at one single point of time, but there could be further studies at different points of environment regulations. This study provides practical recommendations for tourism and hospitality managers to tackle greenwashing, reduce its negative impacts, and effectively promote their green initiatives. The study shows that the possible short-term gains from such practices are at the cost of long-term green equity of the brand. Companies can use this research as a guide for implementing strategies to positively enhance the brand value of green products, particularly in the ecotourism sector and have long term commitment to sustainability goals.

Keywords: Green Equity, Greenwashing, Gen Z, Purchase Intention, Hospitality, Vacation spots, Tourism, Travel

Introduction

Sustainability has become central to consumer decision-making, especially for Generation Z, who are known for their ecological consciousness. To appeal to this demographic, brands often promote green initiatives—but not always authentically. This research investigates the impact of greenwashing on brand perception and consumer behavior in India's hospitality sector, with a focus on Gen Z. Greenwashing involves misleading environmental claims to create an eco-friendly image (Delmas & Burbano, 2011). Greenwashing is the act of confusing customers regarding the ecological practices of a firm (firm-level greenwashing) or the environmental benefits of a product or service (product-

level greenwashing). A greenwashing firm engages in two behaviors simultaneously: poor environmental performance and positive communication about its environmental performance. A firm's environmental performance can be considered to fall along a spectrum. We can bucket firms into one of two environmental performance categories: poor environmental performers (called "brown" firms) or good environmental performers (called "green" firms).

The concept of greenwashing has evolved as a critical concern in sustainability discourse. Originally coined by Jay Westerveld in 1986, greenwashing refers to misleading environmental claims made by companies to appear eco-friendly without substantial action (Delmas & Burbano, 2011). This deceptive practice undermines genuine sustainability efforts and erodes consumer trust.

Greenwashing and Brand Equity

Recent studies emphasize the indirect pathways through which greenwashing affects green brand equity. Ha (2022) found that greenwashing negatively influences green brand image, and green trust, which in turn diminish affects green brand equity. Similarly, Qayyum et al. (2023) demonstrated that brand credibility can moderate the adverse effects of greenwashing, suggesting that transparent communication may buffer reputational damage.

Kumaresan & Chandramohan (2023) argue that greenwashing not only affects brand equity but also contributes to consumer confusion, especially when vague or unverifiable claims are used. This confusion can dilute the perceived value of genuinely sustainable brands.

Green brand equity(GBE) encompasses the perceived environmental credibility of a brand, including green brand image(GBI), green brand trust(GBT) and brand loyalty. Several studies have highlighted the indirect impact of greenwashing on GBE. Ha (2022) found that greenwashing erodes GBI and GBT, leading to reduced consumer loyalty and advocacy. This is particularly damaging in service-driven sectors like hospitality, where intangible experiences rely heavily on brand perceptions.

Qayyum et al. (2023) suggested that brand credibility acts as a moderating variable, wherein brands with historically strong reputations for sustainability suffer less from the adverse effects of greenwashing. In contrast, newer or less established brands may experience a steeper decline in consumer trust.

In the Indian context, Sinha & Datta (2021) found that eco-conscious Indian consumers are increasingly scrutinizing the authenticity of environmental claims, especially in sectors like hospitality and tourism, which often leverage "green" positioning as a competitive advantage. Lack of regulatory oversight and absence of third-party certifications further compound consumer confusion, enabling brands to practice "soft greenwashing."

Kumaresan & Chandramohan (2023) also note that vague environmental claims, such as "eco-friendly" or "sustainable practices," without quantifiable data or certification, lead to consumer dissonance and scepticism, thereby diluting brand equity. This is particularly relevant for the hospitality sector in India, where sustainable certifications (like LEED or Ecotel) are not uniformly adopted or communicated.

Greenwashing and Purchase Intention

Multiple studies confirm that greenwashing has a negative impact on purchase intention, particularly among environmentally conscious consumers. Khandai et al. (2025) revealed that greenwashing leads to green scepticism, brand embarrassment, and even brand hate, all of which significantly reduce purchase intention. Lu et al. (2022) further explored this dynamic in the fast fashion industry, showing that perceived risk mediates the relationship between greenwashing and consumer behaviour.

Lu et al. (2022), focusing on the fast fashion industry, highlighted perceived green risk as a critical mediator—consumers fear being misled and thus avoid purchasing from brands perceived as dishonest. This is equally applicable to the hospitality industry, where guests are hesitant to pay premium rates for eco-friendly services without clear proof of sustainability.

Shabani et al. (2024), applying the Theory of Planned Behaviour, revealed that perceived greenwashing negatively influences attitudes, subjective norms, and perceived behavioural control—key drivers of eco-friendly purchasing behaviour. These findings are corroborated by Chen & Chang (2013), who identified green consumer confusion and green perceived risk as significant mediators between greenwashing and reduced trust.

In India, Garg & Pandey (2022) found that Indian millennials and Gen Z consumers show a willingness to pay more for sustainable services, but only when third-party validation or transparent reporting mechanisms are in place. This suggests a growing awareness of greenwashing tactics and a demand for verifiability.

Gen Z and Greenwashing Sensitivity

Generation Z, known for its digital fluency and social activism, exhibits heightened sensitivity to greenwashing. According to McKinsey (2022), 88% of Gen Z consumers in the U.S. do not trust brands' environmental claims. CNBC (2021) reported that Gen Z is willing to pay more for sustainable products but demands radical transparency and proof of impact.

Tiainen (2024) found that Gen Z's perception of greenwashing directly influences their consumer behaviour, with many opting to boycott brands that engage in deceptive practices. This generation values authenticity and is quick to call out performative sustainability, making them a pivotal demographic for green marketing strategies.

Studies by Chen & Chang (2013) provide a consumer-centric scale for measuring perceived greenwashing, while Chen (2010) explores the components of green brand equity. Purchase intention is traditionally measured through MacKenzie et. al.'s (1986) framework. Despite previous research, limited attention has been given to Gen Z's reaction to these phenomena within hospitality—a sector where sustainability and experience intersect.

Nair & Suresh (2023) investigated Gen Z attitudes toward sustainability in urban hospitality settings. They found that Gen Z expects real-time digital evidence (e.g., sustainability dashboards in hotels, green ratings on booking platforms) and is more likely to engage with brands that provide carbon footprint data or traceable supply chain metrics.

Furthermore, Thomas & Menon (2024) argue that Gen Z in India distinguishes between intentional greenwashing and uninformed sustainability communication, but is equally intolerant of both. They are more likely to use platforms like Instagram, Reddit, and Quora to verify claims, and even participate in online reviews that expose deceptive marketing practices.

Based on the above literature, the subsequent hypotheses are derived

H1: Greenwashing negatively influences green brand equity among Generation Z consumers

H2: Greenwashing negatively affects the purchase intention of Generation Z consumers

H3: Green brand equity positively influences the purchase intention of Generation Z
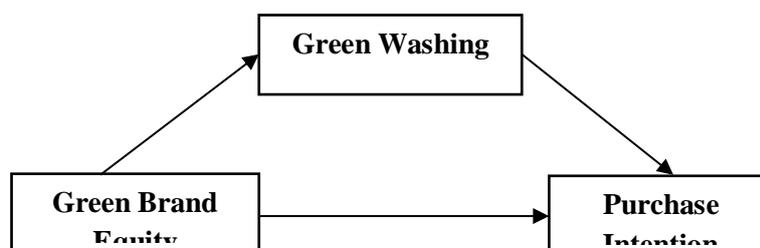

Figure 1: Conceptual Model

Methodology

Sample and Procedures

A structured online questionnaire was administered to 150 Gen Z consumers across India. Clustered random sampling ensured diversity in the responses related to eco-friendly preferences in travel and tourism.

Measures

The scale for Greenwashing was adapted from Chen & Chang (2013). It consisted 5 items Chen(2010) with four items were used for Green Brand Equity and MacKenzie et al., (1986) with three items was used for Purchase Intention.

Each item was rated on a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree).

Data Analysis and Interpretation

Table 1: *Demographic Profile of Respondents*

Attribute	Category	Percentage (%)
Gender	Female	58
	Male	41
	Non-binary / Prefer not to say	1
Age Group	18–21 years	36
	22–25 years	49
	26–27 years	15
Education Level	Undergraduate students	62
	Postgraduate students	28
	Working professionals	10
Region	Urban (Tier 1 cities)	67
	Semi-urban / Tier 2 cities	23
	Rural	10
Income Source	Family-supported	54
	Part-time / freelance income	31
	Full-time employment	15

The sample consisted of 150 Generation Z consumers (born between 1997–2012), all of whom prioritize eco-friendly practices when selecting hospitality services. These figures reflect the digitally connected, socially conscious, and aspirational nature of Gen Z in India. According to BCG & Snap Inc., Gen Z contributes to ₹72.28 lakh crore in consumer expenditure and influences 43% of household spending, despite comprising only 26% of the population.

Table 2: *Descriptive Statistics*

Construct	Mean	SD	Cronbach's α
Greenwashing	3.42	0.76	0.81
Green Brand Equity	2.89	0.68	0.84
Purchase Intention	3.01	0.72	0.79

Table 3: *Correlation Matrix*

	Greenwashing	Green Brand Equity	Purchase Intention
Greenwashing	1	-0.52	-0.47
Green Brand Equity	-0.52	1	0.61
Purchase Intention	-0.47	0.61	1

To examine the predictive relationships among greenwashing, green brand equity, and purchase intention, we conducted a series of regression analyses using SPSS 28.0. The goal was to assess both direct and indirect effects, test model robustness, and validate the statistical significance of each construct.

Table 4: *Regression Analysis*

Dependent Variable	R²	Adjusted R²	F-value	Sig. (p)
Green Brand Equity	0.271	0.265	54.12	<0.001
Purchase Intention	0.221	0.215	42.87	<0.001
Purchase Intention	0.373	0.368	88.45	<0.001

The regression results indicate that greenwashing significantly predicts green brand equity explaining 27.1% of the variance. This suggests that higher perceived greenwashing is associated with a substantial decline in green brand equity. Similarly, greenwashing was found to significantly predict purchase intention, accounting for 22.1% of the variance, indicating that greenwashing directly undermines consumers' willingness to purchase. Interestingly, when green brand equity was used as the predictor for purchase intention the explanatory power increased notably. Green brand equity accounted for 37.3% of the variance in purchase intention, reflecting a stronger predictive influence compared to greenwashing alone. This highlights the pivotal role of green brand equity as a driver of purchase intention and suggests that its erosion through greenwashing may indirectly amplify the negative effects on consumer behaviour. R² values ranged from 0.22 to 0.37, indicating moderate explanatory power.

Table 5: *Regression coefficient of Greenwashing on Green Brand Equity and Purchase Intention and that of Green Brand Equity on Purchase Intention.*

Model	Predictor	Outcome Variable	β	t-value	Sig. (p)
1	Greenwashing	Green Brand Equity	-0.49	-7.36	<0.001
2	Greenwashing	Purchase Intention	-0.44	-6.54	<0.001
3	Green Brand Equity	Purchase Intention	0.58	9.40	<0.001

Table 5. displays the impact of Greenwashing on the variables, Green Brand Equity and Purchase Intention. It also shows the impact of Green Brand Equity on Purchase Intention. According to the findings greenwashing has a negative influence on Green Brand Equity. (=-0.49, p<0.001). Green washing also has a negative influence on Purchase Intention (=-0.44, p<0.001). Green Brand Equity has a positive influence on Purchase Intention (=0.58, p<0.001).

Discussion and Implications

Gen Z consumers exhibit strong scepticism toward superficial green claims. As shown, greenwashing damages both brand equity and purchase intention—suggesting that in hospitality, authenticity is paramount. Lyon & Montgomery (2015) affirm that misleading claims erode long-term trust and

brand value. The findings from this study shows the harmful impact of greenwashing on both brand equity and consumer purchase intention, showing its double role as a direct and indirect inhibitor of sustainable consumer behaviour. The strong positive influence of green brand equity on purchase intention proposes that conserving brand authenticity is important for nurturing consumer faith and loyalty.

Managers should prioritize transparent and credible communication, especially when promoting sustainability initiatives. This will help in mitigating the erosion of brand value. Backing claims with credible third-party certifications enhances trust and accountability. Vague or unverifiable green messaging can mislead stakeholders and damage brand credibility. Clear, evidence-based communication is key to responsible leadership. Policymakers play a crucial role in ensuring integrity in green marketing by regulating advertising standards and curbing misleading environmental claims. Establishing clear guidelines helps protect consumers and fosters genuine corporate responsibility. Encouraging the adoption of universal eco-labels and mandatory sustainability audits can create a more transparent and accountable marketplace. These measures also support informed decision-making and drive industry-wide environmental improvements.

Limitations and Future Research

This study is limited to a single geographic and demographic cohort. Future research can expand across sectors and incorporate longitudinal studies to assess evolving responses to regulatory changes or industry trends.

Conclusion

Short-term marketing gains through greenwashing come at the cost of long-term brand equity. Brands must align with Gen Z's values through transparent and authentic sustainability efforts to foster lasting loyalty and trust. , The lax and uncertain regulatory context is not only a driver of greenwashing in itself, but also interacts with the market external, organizational, and individual level drivers of greenwashing. As such, it is crucial for understanding the phenomenon of firm greenwashing and is a critical lever by which firm greenwashing could be reduced. Greenwashing regulation currently applies only to miscommunication about product or service environmental performance; there is no regulation for miscommunicating about firm environmental performance. Regulation of firm-level greenwashing would certainly increase punitive consequences and deter brown firms from positively communicating about their firm's environmental performance.

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