

The impact of green strategies and greenwashing on trust and purchase intention in companies once caught in moral transgressions

Christian Munaier

FEAUSP - University of São Paulo

Fernando Miyazaki

FEAUSP - University of São Paulo

Jose Mazzon

University of Sao Paulo

Cite as:

Munaier Christian, Miyazaki Fernando, Mazzon Jose (2022), The impact of green strategies and greenwashing on trust and purchase intention in companies once caught in moral transgressions. *Proceedings of the European Marketing Academy*, 51st, (107399)

Paper from the 51st Annual EMAC Conference, Budapest, May 24-27, 2022



The impact of green strategies and greenwashing on trust and purchase intention in companies once caught in moral transgressions

Abstract

Main goals: Trust is a critical component of lasting relationships and purchase intentions. Moral deviations harm trust as consumers are less tolerant of wrongdoings. Adopting and communicating sensitive issues as sustainable production may improve trust. Thus, the first objective was analyzing the impact of green agendas on trust and purchase intention to transgressive brands. Likewise, analyze the impact on these if the green actions are greenwashing.

Findings: The greater the ecological consciousness, the lower the trust in a deviating brand. Even for these brands, legitimation strategies positively impact trust and purchase intention, but they drop if greenwashing is detected.

Conclusions: The importance of brand trust for purchase intent was tested. In sustainable consumption, the greater the ecological consciousness, the lower the trust in transgressive brands. Institutional legitimation actions may be suitable for companies with flawed reputations. However, it has to be legitimate.

Keywords: Brand trust; Institutional legitimation; Greenwashing

Track: Social Responsibility & Ethics

1. Introduction

Reputation and credibility are mighty elements that corporations employ to build their institutional image, aiming to raise their stakeholders' trust (Basdeo *et al.*, 2006; Chaoguang *et al.*, 2018; Munaier *et al.*, 2020; Song *et al.*, 2019). Customers that seek information and signals to base their decisions are among those impacted by the company image (Chen & Chang, 2018; Munaier *et al.*, 2020). In consumption, it is possible to link the purchase intention to how an individual reflects itself in an object (Munaier *et al.*, 2021). Research on sustainable consumption indicated that a greater ecological awareness will increase the chance to purchase products from environmentally friendly companies (Braga Júnior *et al.*, 2012). However, there is an increase on registers from the impact of potentially unethical actions, as the corruption of public agents (Lopes *et al.*, 2020) or “greenwashing”: Actions that unfairly build an image of sustainability (Delmas & Burbano, 2011; Szabo & Webster, 2021). For companies, moral deviations compromise trust in their brands, as consumers are increasingly critical and less tolerant to transgressive (Lopes *et al.*, 2020).

Every company whose image got hit by ethical deviations aims to rebuild trust in its brand (Silva *et al.*, 2021). With environmental issues as a top concern for governments and society (Szabo & Webster, 2021), a strategy for transgressors is to employ and share their sustainable operations, for increasing trust and commercial opportunities. Thus, this work aims to evaluate the impact of a sustainable production action on the customer's trust and purchase intention in a company involved in a moral transgression, such as corruption. Also, the research objective is analyzing the impact from sustainable production actions on customer trust and purchase intention if this company is involved in a corruption act and labeled as a greenwashing spreader after the green marketing action.

2. Theoretical Foundation and Hypotheses

This article uses the social exchange theory (SET) as the theoretical lens for proposed analyses. The concept of social exchanges, such as approval, credibility, trust, prestige, is definable as human behavior similar to commercial exchanges, where the individual seeks to obtain a mutually gratifying result (Cropanzano & Mitchell, 2005; Lai *et al.*, 2020).

2.1 Perceived quality, brand awareness, and trust in the purchase intention

Trust is the intention or attitude of seeing oneself vulnerable to the actions of another party that has suitable principles, values, and capacities, and expresses a desire to benefit those who trust (Barreto *et al.*, 2015). This trust is characteristic of human relationships

comprised by SET, previously tested it in theories that analyze human behaviors, beliefs, and biases to understand why people trust brands that represent them (Munaier *et al.*, 2020). According to the SET, fair exchanges result in relationships of trust and mutual commitment (Lai *et al.*, 2020). However, the perception of trust also depends on social characteristics or cultural aspects (Munaier *et al.*, 2020). Previous research has supported the direct impact of trust on purchase and repurchase intention (Han *et al.*, 2019). Thus, this hypothesis emerges:

H1a: Trust impacts directly and positively the purchase intention.

The perceived quality is the overall excellence of a product or service to the customer's, according to its expectations and perceptions, evaluating what was received also impacting the perceived value, which will impact satisfaction (Munaier *et al.*, 2021; Szabo & Webster, 2021). Therefore, it is possible to propose at this point two new hypotheses:

H1b: The perceived quality impacts directly and positively the brand trust.

H1c: The perceived quality impacts directly and positively the purchase intention.

On the other hand, brand awareness is the recognition of a brand's presence by customers, including its products or services, generating a learning advantage for the brand, affecting purchase decision-making (Munaier *et al.*, 2021). It leads to a new hypothesis:

H1d: Brand awareness impacts directly and positively the purchase intention.

2.2 Reputation and sustainable consumption

A company's reputation is associated with its image but encompasses other elements that are not always easily measured or quickly built (Basdeo *et al.*, 2006; Munaier *et al.*, 2020). Reputation, as a valuable and intangible resource, comes from the organization but also receives influence from other competitors in the market. In addition to providing indications of capabilities, behaviors, and values, reputation can also allow or ease access to specific resources, allowing gains or protecting them during crises (Basdeo *et al.*, 2006).

Sustainable consumption, also called green consumption because it is less harmful to health and the environment (Braga Júnior *et al.*, 2012), can be increased by demand stimulus that may improve the economic performance (with improving production processes). On the other hand, it can also negatively impact consumption if there is relevant negative environmental information related to the company's activities or by trying to hide those negative characteristics through greenwashing (Nishitani & Kokubu, 2020). Braga Júnior *et al.* (2012) link ecological awareness and sustainable consumption in an article that proposes a scale to measure the connection of these factors in customer perception, based on the

ecological awareness of individuals involved with a sustainable lifestyle and consume products from companies with greener approaches. It leads to two more hypotheses:

H2a: Ecological awareness impacts directly and positively environmentally correct consumption.

H2b: Ecological awareness directly and positively impacts sustainable (green) consumption.

2.3 Trust in offending companies: institutional legitimation and greenwashing

Although every organization aims institutionally to achieve and maintain an unblemished reputation (Basdeo *et al.*, 2006) that justifies trust from their stakeholders (Chaoguang *et al.*, 2018; Munaier *et al.*, 2020; Song *et al.*, 2020; Song *et al.*, al., 2019), the impact of unethical actions as corruption or money laundering needs noticing (FGV DAPP, 2017; Lopes *et al.*, 2020; Silva *et al.*, 2021). One of the direct effects of unethical behavior by companies is the customer losing trust and purchase intention of the offending brand (Lopes *et al.*, 2020). That may be the case involving JBS S.A., a company previously involved in corruption activities that left political and economic repercussions (FGV DAPP, 2017).

JBS, the owner of the Friboi brand of prime meats, was also accused of product adulteration through, for example, the usage of sorbic acid in meats aiming to extend their expiry date, or injecting water into meat or replacing meat with soy (Silva *et al.*, 2021). These aspects, when considered, allow proposing the following hypotheses:

H3a: Greater ecological awareness leads to less trust in morally offending companies.

H3b: Greater commitment to environmentally correct purchases leads to less trust in morally offending companies.

One of the most adopted strategies by corporations with reputations harmed by ethical scandals is institutional legitimation. Silva *et al.* (2021) argued that a characteristic of the institutional legitimation process is the organization's search for society's approval. Institutional legitimacy results from arguments and images that allow society to identify the organization's actions, services, and products as desirable or appropriate within a system of values, beliefs, and current norms (Silva *et al.*, 2021). In its institutional communication, JBS claims that it has substantially invested in concrete social and environmental actions to continue fighting global warming and preserving natural resources for this and future generations (JBS, 2021). Based on previous research and their contribution on the impact of institutional legitimation as a tool to deal with reputation damage by corporate transgressions, there are two more hypotheses:

H3c: Though once transgressor, a brand that commits to sustainability will increase customer trust.

H3d: Although once transgressor, a brand that commits to sustainability will increase purchase intention.

However, according to literature in sustainable production, the strategy adopted by JBS could be framed as greenwashing. Delmas and Burbano (2011) define greenwashing as an intersection between positive communication about environmental performance and an unsatisfying environmental performance. Szabo and Webster (2021) make two associations: greenwashing with misleading advertising; and consumption with the perception of consuming as a risk due to the potential harm to the image or reputation of environmental care on customers. Christen (2021) revealed that large companies in the food sector seek to position themselves as committed to the climate crisis, advertising promises to reduce carbon emissions to zero, but without revealing that the most significant part of the sector's climate footprint lies in its chain's methane emissions.

Supported by all the literature revisited here, it is logical to assume that customer trust and purchase intent to the once-offending brand and now caught in greenwashing will fall to similar or even lower levels than without the (possibly false or misleading) sustainability campaign. Therefore:

H3e: Customer trust is lower in brands that were once morally transgressive when these appear in a greenwashing case.

H3f: Customer's purchase intention is lower in brands that were once morally transgressive when these appear in a greenwashing case.

3. Methods

Data collection from this study analyzed responses from Brazilian customers, designed as a cross-sectional survey (Malhotra *et al.*, 2014). Development of the data collection instrument employed previously known and validated scales from literature: three items to measure perceived quality and four items for brand awareness (Yoo & Donthu, 2001); seven items to assess ecological awareness, while green consumption has four items (Braga Júnior *et al.*, 2012); eight items to assess trust (Delgado-Ballester, 2004), three items to measure purchase intention (Chandran and Morwitz, 2005). All scale items were measured using a 7-point Likert-type scale. Data collection happened with an online form. Considering that data collection happened in a context related to the consumption of animal proteins, the usage of a

filtering question seemed appropriate, discarding respondents that did not consume animal protein (since their purchase intention would be nil one way or another). Seventeen out of the initial sample of 138 respondents declared themselves as non-consumers of animal protein, reducing the final sample to 121 questionnaires.

Firstly, individuals answered the scales about ecological awareness, green consumption, trust in the JBS-Friboi brand, brand awareness, perceived quality, and purchase intention. Next, the respondents faced a screen with information about the company's sustainability actions, intending to measure the impact on the respondents' trust and purchase intention. Afterward, respondents answered two scales relating to trust and purchase intention for the JBS-Friboi brand and its products. To measure the impact on the respondent's trust and purchase intention in the face of the company's greenwashing, a screen with information about the transgressions was presented. In the face of these transgressions, respondents again answered scales of trust and purchase intention about the JBS-Friboi brand and its products.

This study's analyzes used two software programs: IBM SPSS22 and SmartPLS 2.0. This study employed Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) to analyze the constructs' quality and how they interacted with each other, in addition to the Structural Equation Modeling technique.

4. Results

Regarding the final sample comprised by 121 respondents, 50.4% of these were women, the mean age was of 40.4 years (SD=15.5), and 79.4% had at least ongoing higher education. 36.3% of the total respondents claimed income of up to R\$4,400.00 (US\$ 776.09), 31.4% claimed between R\$4,401.00 to R\$11,000.00 (up to US\$ 1,940.24). Above R\$ 11.001.00, 32.3% of respondents. Table 1 shows the results of the EFA and CFA of the scale.

Table 1. EFA and CFA of the scale used

Items	AVE	CR	Cronbach's α	KMO
Brand Awareness	0,65	0,88	0,82	0,78 (p<0,001)
Brand Trust	0,76	0,96	0,95	0,93 (p<0,001)
Ecological Awareness	0,64	0,93	0,91	0,88 (p<0,001)
Environmentally Corect Consumption	0,64	0,9	0,86	0,82 (p<0,001)
Green Consumption	0,75	0,92	0,88	0,79 (p<0,001)
Perceived Quality	0,92	0,97	0,96	0,8 (p<0,001)
Purchase Intention	0,93	0,98	0,96	0,76 (p<0,001)

Source: The authors, from collected data.

The results from EFA and CFA allowed further testing of the hypotheses. Table 2 presents the structural path of each hypothesis, its load (β), and the T-Statistics error test ($|O/STERR| \geq 1.96$), as well as the result of each hypothesis.

Table 2. Hypotheses testing

Structural path (hypotheses)	Hypothesis	β	O/STERR	Result
Brand Trust → Purchase Intention	H1a	0.64	10.05	Supported
Perceived Quality → Brand Trust	H1b	0.83	30.43	Supported
Perceived Quality → Purchase Intention	H1c	0.18	2.34	Supported
Brand Awareness → Purchase Intention	H1d	0.11	2.31	Supported
Ecological Awareness → Environmentally Correct Consumption	H2a	0.74	24.98	Supported
Ecological Awareness → Green Consumption	H2b	0.68	15.3	Supported
Ecological Awareness → Brand Trust	H3a	-0.18	2.65	Supported
Environmentally Correct Consumption → Brand Trust	H3b	0.16	2.71	Not supported

Source: The authors, from collected data.

Validating H1a and H3a allowed advancing the study and testing hypotheses H3c, H3d, H3e, and H3f. These hypotheses should analyze changes in an individual's brand trust and purchase intention depending on the stimulus: The changes may be positive after an institutional legitimacy action (H3c and H3d), or they can be harmful if the institutional legitimacy action happened after a moral transgression, such as greenwashing (H3e and H3f).

Data analysis displayed in Table 3 employed Student's *t*-test, allowing comparison of the means of brand trust and purchase intention from two out of three situations: 1. first data collection stage, with no conditions; 2. after allowing respondents to read a statement containing the company's institutional legitimacy action; 3. after allowing respondents to be aware that the institutional legitimization action was related to a greenwashing case.

Table 3. Testing of hypotheses H3c, H3d, H3e, and H3f

Variables	Status	Hypothesis	Mean	Df	T	P	Sig.	Result
Brand trust	No conditions	H3c	3.37	120	-4.5	0.000	***	Supported
	Institutional legitimization		3.69					
Purchase intention	No conditions	H3d	3.68	120	-2.97	0.004	**	Supported
	Institutional legitimization		3.87					
Brand trust	Institutional legitimization	H3e	3.69	120	5,14	0.000	***	Supported
	Greenwashing		3.25					
Purchase intention	No conditions	H3f	3.87	120	3,76	0.000	***	Supported
	Institutional legitimization		3.51					

Sig. $\leq 0.00 = ***$ / $\leq 0.05 = **$ / $< 0.10 = *$.

Source: The authors, from collected data, using the IBM SPSS software.

5. Discussion, Suggestions and Limitations

This article contributes to the literature on brand management by investigating how brands previously caught in moral transgressions can still increase consumers' brand trust and purchase intention by aligning their agendas with society's demands, such as environmentally responsible actions. Likewise, this work advanced in understanding how greenwashing

impacts brand trust and customers' purchase intention in brands previously caught in moral transgressions. In the scenario of sustainable consumption, the results of this article allowed recognizing that the greater the ecological awareness of the individual, the lower its trust will be in morally transgressive brands. In this case, moral transgressions happened during meat processing processes, as seen in Operation "Carne Fraca" ("Weak Meat") (Silva et al., 2021).

Interweaving SET with institutional legitimacy aimed to identify whether the customer could give a second chance to the brand that was once transgressive but now imbued with the desire to embrace causes aligned with the community's desires. In other words, what would be the response in customer confidence and purchase intention to institutional legitimization actions (in this case, actions related to environmental responsibility and sustainable production)? These findings allowed the advance, this time quantitative, of the previous qualitative research by Silva et al. (2021). They analyzed the speech of the company in its actions after the transgression was flagrant. This study identified that both customers' brand trust and purchase intention increase when the brand, once caught in moral transgressions, endure institutional legitimacy actions.

The harms of greenwashing to the reputation of brands are present in current literature (e.g., Christen, 2021; Delmas & Burbano, 2011; Szabo & Webster, 2021). This article contributed to this by analyzing how a consumer would react, in terms of brand trust and purchase intention, to greenwashing actions by a company previously involved in moral transgression that tries to reinforce its institutional legitimacy by involving environmental guidelines, but which sustainability may be questionable (Christen, 2021; ClimaInfo, 2021). Results indicate that while customers were not aware of greenwashing, brand trust and purchase intention would increase after institutional legitimization compared to the initial state (no conditions data collecting). However, in the face of yet another moral transgression (greenwashing), brand trust and purchase intention would fail to experiment any gains from institutional legitimization actions: Purchase intention dropped to even lower scores than the initial state. Trust also reduced, but with no statistical difference when comparing the means of the initial state and after the discovery of greenwashing.

The hypothesis that the greater the environmentally responsible purchasing behavior, the lower the trust in the offending brand could not be confirmed. It is possible to find a plausible explanation on the own scale: Two of the four items measure how much people are aware of product packaging. At first glance, it does not seem possible to identify an essential

difference between packages of animal proteins that are committed to the environment and those that are not.

Suggestions on advancing contributions and insights from this article could be in the sense of analyzing the impact that an apology made by the institution that repeats a moral transgression would have on consumer confidence. Would the consumer be able to give this company a third chance? Another suggestion regarding the impact of an institutional apology could be including endorsers in the analysis. Can the endorsers lend their credibility to the company that relapses into a moral transgression? Mediating or moderating variables of ecological awareness, such as religiosity or political vision, were not tested, these being the limitations of this article and recommendations for future research.

6. References

- Barreto, I. F., Crescitelli, E., & Figueiredo, J. C. B. (2015). Resultados de marketing de relacionamento: Proposição de modelo por meio de mapeamento cognitivo. *Revista Brasileira de Gestao de Negocios*, 17(58), 1371–1389.
- Basdeo, D. K., Smith, K. G., Grimm, C. M., Rindova, V. P., & Derfus, P. J. (2006). The impact of market actions on firm reputation. *Strategic Management Journal*, 27(12), 1205–1219. <https://doi.org/10.1002/smj.556>
- Braga Júnior, S., Silva, D. Da, Moretti, S. L. do A., & Lopes, E. L. (2012). Uma análise da consciência ecológica para o consumo “verde” no varejo supermercadista. *Revista de Gestão Social e Ambiental*, 6(2), 134–148.
- Chandran, S., & Morwitz, V. G. (2005). Effects of participative pricing on consumers’ cognitions and actions: A goal theoretic perspective. *Journal of Consumer Research*, 32(2), 249–259. <https://doi.org/10.1086/432234>
- Chaoguang, H., Feicheng, M., Yifei, Q., & Yuchao, W. (2018). Exploring the determinants of health knowledge adoption in social media: An intention-behavior-gap perspective. *Information Development*, 34(4), 346–363.
- Chen, C. C., & Chang, Y. C. (2018). What drives purchase intention on Airbnb? Perspectives of consumer reviews, information quality, and media richness. *Telematics and Informatics*, 35(5), 1512–1523.
- Christen, C. (2021). Investigation: How the Meat Industry is Climate-Washing its Polluting Business Model. *DeSmog*. https://www.desmog.com/2021/07/18/investigation-meat-industry-greenwash-climatewash/?fbclid=IwAR3kbwmwVxaEbPrmKBcyM8Qc2NmncXySRwLNu8nA2K_gfhZ-ncZM95ydqg
- ClimaInfo. (2021). *Indústria da carne recorre à desinformação para minimizar impactos do setor sobre o clima*. <https://climainfo.org.br/2021/07/21/industria-da-carne-recorre-a-desinformacao-para-minimizar-impactos-do-setor-sobre-o-clima/>
- Cropanzano, R., & Mitchell, M. S. (2005). Social Exchange Theory: An Interdisciplinary Review. *Journal of Management*, 31(6), 874–900. <https://doi.org/10.1177/0149206305279602>
- Delgado-Ballester, E. (2004). Applicability of a brand trust scale across product categories. *European Journal of Marketing*, 38(5/6), 573–592.
- Delmas, M. A., & Burbano, V. C. (2011). The drivers of greenwashing. *California Management Review*, 54(1), 64–87. <https://doi.org/10.1525/cm.2011.54.1.64>

- FGV DAPP. (2017). *Crise e castigo: a delação da JBS*. <https://bibliotecadigital.fgv.br/dspace/bitstream/handle/10438/18309/DAPPReport-CriseeCastigo-Delacao-JBS.pdf?sequence=1>
- Hair Jr, J. F., Black, W. C. ., Babin, B. J., & Anderson, R. E. (2014). *Multivariate Data Analysis* (7 ed.). Pearson.
- Han, H., Yu, J., Chua, B. L., Lee, S., & Kim, W. (2019). Impact of core-product and service-encounter quality, attitude, image, trust and love on repurchase: Full-service vs low-cost carriers in South Korea. *International Journal of Contemporary Hospitality Management*, 31(4), 1588–1608. <https://doi.org/10.1108/IJCHM-05-2018-0376>
- JBS. (2021). *Sustentabilidade em toda a cadeia, da origem ao varejo*. https://jbs360.com.br/?gclid=Cj0KCQjwv5uKBhD6ARIsAGv9a-y5Lo65gjB71_nSABrXxTZZR_Gj6F5fyeOffBM1D7KSrJoVyx4t-ykaAmvLEALw_wcB
- Lai, P. H., Chuang, S. T., Zhang, M. C., & Nepal, S. K. (2020). The non-profit sharing economy from a social exchange theory perspective: a case from World Wide Opportunities on Organic Farms in Taiwan. *Journal of Sustainable Tourism*, 28(12), 1970–1987.
- Lopes, E. L., Yunes, L. Z., Bandeira de Lamônica Freire, O., Herrero, E., & Contreras Pinochet, L. H. (2020). The role of ethical problems related to a brand in the purchasing decision process: An analysis of the moderating effect of complexity of purchase and mediation of perceived social risk. *Journal of Retailing and Consumer Services*, 53(July 2019). <https://doi.org/10.1016/j.jretconser.2019.101970>
- Malhotra, N. K., Lopes, E. L., & Veiga, R. T. (2014). Modelagem de Equações Estruturais com Lisrel: Uma Visão Inicial. *Revista Brasileira de Marketing*, 13(2), 28–43.
- Munaier, C. G. e S., Endo, A. C. B., Mesquita, E., Mazzon, J. A., & Crescitelli, E. (2021). Lealdade à marca no mercado de fitness brasileiro: qualidade percebida, consciência da marca e amor à marca como antecedentes. *XLV Encontro Da ANPAD*, 1–16. http://anpad.com.br/pt_br/event/details/114
- Munaier, C. G. e S., Mazzon, J. A., Crescitelli, E., & Barreto, I. F. (2021). Advertising with a service's maximum results: the impact of self-image and envy on the purchase intention and perceived value. *Proceedings of the European Marketing Academy*, 1–10. <http://proceedings.emac-online.org/pdfs/A2021-94454.pdf>
- Munaier, C. G. e S., Rocha, R. R., & Portes, J. H. (2020). A confiança em marcas de serviços: quando a sede física da empresa potencializa sua relação com o consumidor. *XXIII SemeAd*, 1–15.
- Nishitani, K., & Kokubu, K. (2020). Can firms enhance economic performance by contributing to sustainable consumption and production? Analyzing the patterns of influence of environmental performance in Japanese manufacturing firms. *Sustainable Production and Consumption*, 21, 156–169.
- Silva, M. P. da, Almeida, M. B. de, Espejo, M. M. dos S. B., Vendramin, E. de O., & Espejo, R. A. (2021). Framing analysis como metodologia de estudo para estratégias de legitimidade institucional: o caso JBS S.A. após escândalos de corrupção. *Comunicação & Inovação*, 22(49), 67–77.
- Song, H. J., Wang, J. H., & Han, H. (2019). Effect of image, satisfaction, trust, love, and respect on loyalty formation for name-brand coffee shops. *International Journal of Hospitality Management*, 79, 50–59.
- Szabo, S., & Webster, J. (2021). Perceived Greenwashing: The Effects of Green Marketing on Environmental and Product Perceptions. *Journal of Business Ethics*, 171(4), 719–739.
- Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research*, 52(1), 1–14.
- Zhao, Q., Chen, C. Der, Wang, J. L., & Chen, P. C. (2017). Determinants of backers' funding intention in crowdfunding: Social exchange theory and regulatory focus. *Telematics and Informatics*, 34(1), 370–384.