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Greenwashed brand activism and its impact on customer loyalty

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Abstract

Purpose: The study aimed to explore the impact of greenwashed brand activism on customer loyalty among Indian consumers. It focused on how exaggerated, irrelevant, and inconsistent activism practices affect trust and brand commitment. Various dimensions of activism-social, environmental, legal, political, economic, and business-were analyzed. The objective was to assess whether deceptive sustainability claims diminish brand credibility and loyalty.

Methodology: The research employed a quantitative approach using a structured questionnaire administered to 145 Indian respondents familiar with greenwashed brands. A purposive non-probability sampling method was used to ensure relevant consumer insights. Discriminant Analysis was conducted to classify loyalty patterns influenced by greenwashing dimensions. Regression Analysis was applied to assess the strength and direction of their impact on customer loyalty.

Findings: The findings revealed that exaggerated claims, irrelevant activism, and inconsistent messaging had the highest correlations in Function 1, weakening brand authenticity. Contradictory business practices and lack of transparency strongly influenced Function 2, damaging trust. Regression results showed significant negative impacts of performative activism tactics on loyalty. Consumers were especially critical when core issues were ignored or activism was used as a marketing gimmick.

Conclusion: The study presented empirical evidence that greenwashed brand activism negatively influences consumer trust and loyalty in the Indian context. Results suggested that customers reject inauthentic or opportunistic activism and demand alignment between brand values and business conduct. The findings called for brands to adopt transparent, accountable, and sincere sustainability practices. It concluded that brands must rebuild credibility through genuine activism and regulatory oversight, thus rejecting the null hypothesis.

Keywords: Greenwashed brand activism, customer loyalty, consumer trust

Introduction

In the contemporary business landscape, brand activism has emerged as a powerful strategy where companies align themselves with social and environmental causes to reflect their values and connect with increasingly conscientious consumers. This form of activism goes beyond traditional corporate social responsibility by actively engaging in advocacy or taking a stand on issues that resonate with the public. Within this context, environmental sustainability has become one of the most prominent areas for brand activism, as growing awareness of climate change, pollution, and resource depletion drives consumer demand for more responsible business practices.

However, not all brand activism is rooted in genuine commitment. The concept of greenwashing refers to a deceptive marketing practice where companies exaggerate, fabricate, or selectively present information about their environmental efforts to appear more sustainable than they actually are. Greenwashing can take many forms-from vague or misleading claims about product benefits to highlighting minor eco-friendly initiatives while ignoring larger environmental harms. This tactic exploits consumers' desire to support environmentally responsible brands without delivering substantive changes in corporate behavior.

Examples of greenwashing are widespread across various industries. In fashion, companies like H&M have promoted "sustainable" clothing lines such as the Conscious Collection, which have been criticized for failing to address the systemic issues associated with fast fashion's environmental impact. Similarly, oil and gas corporations such as BP and ExxonMobil frequently advertise investments in renewable energy projects while continuing

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significant fossil fuel extraction activities, leading to accusations that their green messaging is more about image management than real transformation.

The distinction between authentic brand activism and greenwashing lies in transparency, consistency, and tangible action. Genuine environmental activism involves clear communication about goals and progress, measurable reductions in ecological footprints, and accountability for negative impacts. Greenwashing undermines these principles by creating a false narrative that misleads consumers and obscures the true environmental costs of a company's operations.

Understanding greenwashed brand activism requires recognizing how it manipulates consumer perceptions by leveraging the growing cultural emphasis on sustainability without delivering corresponding benefits to the planet. It reveals a tension between marketing ambitions and ethical responsibility—a tension that challenges consumers to critically evaluate corporate claims and seek evidence beyond promotional rhetoric. This dynamic plays a crucial role in shaping consumer trust and loyalty as individuals increasingly scrutinize whether companies live up to their stated commitments or merely use sustainability as a branding tool.

Review of literature

Uncles, M. D., *et al.*, (2003) ^[9], aimed to explore the paradox of customer loyalty, distinguishing between attitudinal and behavioral loyalty in competitive repeat-purchase markets. The authors conducted a theoretical review of three perspectives—brand commitment, brand acceptance, and brand buying—framing them within a comprehensive loyalty model. Their analysis showed that customer loyalty is often passive and habitual rather than driven by strong attitudes, thus limiting the effectiveness of loyalty programs. They concluded that while loyalty programs can have modest success, their demand-enhancing impact is context-dependent and often overestimated. A practical checklist for marketers was proposed to evaluate the relevance and potential success of such programs.

Farhat, R., & Khan, B. (2011) ^[3], aimed to explore the influencing factors behind customer loyalty, focusing particularly on the role of brand personality in shaping customer attitudes and buying behavior. Through a theoretical and conceptual analysis, they developed a model that integrates brand personality traits with dispositional variables to explain loyalty formation. The study revealed that brand personality significantly impacts a customer's willingness to repurchase and maintain loyalty. They concluded that building long-term customer relationships requires incorporating brand personality into marketing strategies. The proposed framework provides a foundation for future research on enhancing loyalty through personalized brand communication.

Joshi, S., Chirputkar, A., & Jog, Y. (2015) ^[5], aimed to examine the impact of brand-oriented factors on customer retention and loyalty in the highly competitive Indian telecom sector. They employed a mixed-method approach, including a literature review, exploratory interviews with 500 customers, and factor and regression analyses. Their findings identified specific branding factors that significantly influence customer loyalty in prepaid cellular services. The regression analysis confirmed strong relationships between these branding factors and loyalty

levels. The study concluded that effective brand positioning and communication are essential to retaining loyal telecom customers in India.

Vedpathak, S. Y. (2016) ^[10], explored the relationship between brand building and customer loyalty, emphasizing the role of consistent brand experience in shaping consumer expectations. The study used a conceptual and theoretical approach to analyze the continuous nature of branding and its effects on customer retention. Findings suggested that positive, consistent branding reduces customer risk and encourages loyalty, while even one negative experience can lead to brand switching. The study highlighted key brand attributes such as relevance, pricing, and consistency in fostering loyalty. It concluded that brand building is an ongoing strategic activity that plays a vital role in customer retention and word-of-mouth marketing.

Schembri, S. (2022) ^[7], examined the role of brand activism in addressing societal challenges during the global pandemic, highlighting how consumers are turning to brands for leadership on social issues. Using a case study approach, the paper analyzed three examples—Patagonia, NRA, and NFL—representing a spectrum from progressive to regressive brand activism. The findings identified six key dimensions of brand activism—social, legal, business, economic, political, and environmental—and emphasized the importance of authenticity. It was found that consistent, transparent brand activism reinforces brand purpose and aligns with value-driven consumer expectations. The study concluded that progressive brand activism can foster consumer engagement and contribute to societal resilience.

Anwar, K. (2023) ^[1], investigated the influence of brand awareness and customer satisfaction on corporate image and their overall impact on customer loyalty, specifically for Laurier products by PT Kao Indonesia. The study employed a quantitative methodology, surveying 52 respondents from Cikoko village using probability and simple random sampling, and analyzed data with SPSS 24. The findings indicated that brand awareness, customer satisfaction, and corporate image significantly influence customer loyalty. The research highlights that these factors play a critical role in shaping long-term consumer relationships. It concluded that enhancing brand recognition and satisfaction directly strengthens customer loyalty and corporate profitability.

Haryadi, I., & Syharuddin, S. (2023) ^[4], aimed to examine the influence of brand image and promotion on customer loyalty toward GrabFood in Ponorogo Regency. Using a qualitative survey approach, data were collected from 99 respondents, sampled using Slovin's formula from a population of 12,422, and analyzed through multiple regression via SPSS 20. The results revealed that promotion had a partial significant effect on customer loyalty, while brand image did not show a significant partial impact, although both variables simultaneously explained 53.3% of loyalty outcomes. The authors concluded that while promotions are effective in building loyalty, Grab must also focus on strengthening brand image, especially through its driver-partner relationships. The study emphasized the need for brands like Grab to balance promotional strategies with brand integrity to sustain customer loyalty.

Miguel, A., & Miranda, S. (2023) ^[6], aimed to explore the emerging concept of brand activism in response to rising societal expectations from brands to engage in socio-political issues. The study employed a comprehensive literature review to develop a theoretical model evaluating

the effectiveness of brand activism. The findings indicated that not all brands succeed in activism, and multiple factors influence their participation and stakeholder responses. The model identified key drivers for successful engagement in social causes and potential risks. The authors concluded that brand activism must be strategic and authentic to yield positive outcomes, and they outlined future research directions in this evolving domain.

Temitope *et al.* (2025) [8] explored the impact of brand activism on customer loyalty in the Nigerian context, with a focus on the mediating role of consumer perception. Using a descriptive design and quantitative survey, the study was conducted on Domino's Pizza customers in Lagos. The findings revealed that cause-related marketing significantly enhances repurchase intention, while corporate philanthropy had no impact on advocacy behavior. Additionally, customer perception mediates the relationship between brand activism and loyalty, confirming the relevance of perceptual framing. The authors concluded that brand activism can strengthen loyalty in emerging markets when aligned with consumer values.

Bajaj, R., Yadav, P., & Yadav, N. (2025) [2], aimed to investigate how brand signature influences customer loyalty in a market increasingly shaped by social media branding. The study employed a conceptual and analytical approach, emphasizing the role of unique visual and textual elements like logos and taglines in brand identification. Findings showed that a strong brand signature reduces search costs, increases brand recognition, and fosters deeper loyalty. The results support the view that a consistent and distinctive brand identity leads to better customer retention and differentiation. The authors concluded that prioritizing brand signature is vital for building lasting customer relationships.

Research Gap

Existing literature has extensively explored brand-related factors such as brand awareness, brand image, brand personality, and customer satisfaction in shaping customer loyalty, while others have examined branding strategies and loyalty programs. Some recent studies have introduced brand activism as a growing area of interest, yet they primarily focus on its conceptual development or consumer perception in isolation. However, there remains limited empirical investigation linking the effectiveness of brand activism directly to measurable customer loyalty outcomes. Few studies explore the moderating or mediating roles of customer perception, and very few integrate these elements into a unified framework. This creates a clear research gap in understanding "Greenwashed Brand Activism And Its Impact On Customer Loyalty".

Objectives of the study

1. To identify the Effectiveness of Greenwashed Brand Activism in Attracting the Customers Loyalty.
2. To analyse the impact of Greenwashed Brand Activism on Customer Loyalty.

Hypothesis

- **H₀:** There is no significant effectiveness of Greenwashed Brand Activism in Attracting the Customers Loyalty.
- **H₀:** There is no significant impact of Greenwashed Brand Activism on Customer Loyalty.

Scope of the study: The study focuses on examining the impact of greenwashed brand activism on customer loyalty, specifically among Indian consumers who engage with brands accused of misleading sustainability claims. It explores how different dimensions of brand activism-social, legal, business, economic, political, and environmental-are manipulated for greenwashing and how these influence customer loyalty. The scope includes sectors such as fast fashion, consumer goods, food and beverages, and energy, where greenwashing practices have been publicly criticized. The research limits itself to consumer loyalty responses toward such brands.

Research methodology: The study adopts a quantitative research design to examine the relationship between greenwashed brand activism and customer loyalty. A structured questionnaire was used to collect primary data from 145 respondents who are customers of brands previously associated with greenwashing practices in India. A non-probability purposive sampling technique was employed to target consumers familiar with sustainability-related brand claims. The collected data were analyzed using Discriminant Analysis to classify loyalty patterns and Regression Analysis to determine the strength and direction of the impact. These tools provided empirical insights into the effectiveness and consequences of greenwashed brand activism on consumer behavior.

Data analysis

To identify the Effectiveness of Greenwashed Brand Activism in Attracting the Customers Loyalty

Table 1: Wilks' Lambda of Effectiveness of Greenwashed Brand Activism

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 2	.603	59.429	24	.000
2	.859	17.906	11	.084

The Table 1 presents the Wilks' Lambda values assessing the effectiveness of greenwashed brand activism on customer loyalty. The significant Chi-square value ($p = 0.000$) for the first function indicates that the discriminant model meaningfully differentiates among groups based on the greenwashing factors. However, the second function's p -value (0.084) is not statistically significant, suggesting limited additional discriminating power beyond the first function.

Table 2: Structured Matrix of Effectiveness of Greenwashed Brand Activism

	Function	
	1	2
Exaggerated Claims	.534*	
Irrelevant Activism	.363*	
Inconsistent Messaging	.351*	
Brand Involvement Only During Social Trends	.315*	
Mismatch Between Words and Actions	.290*	
Use of Activism as a Marketing Gimmick	.207*	
No Long-Term Commitment	.201*	
Ignoring Core Issues in Practice	.124*	
Contradictory Business Practices		.604*
Lack of Transparency		.450*
Contradictory Business Practices		.448*
Third-Party Criticism or Exposure		.232*

The Table 2 presents the structured matrix of greenwashed brand activism factors and their correlation with the two discriminant functions used to assess their effectiveness in attracting customer loyalty. The data results indicate that in Function 1, Exaggerated Claims (.534), Irrelevant Activism (.363), and Inconsistent Messaging (.351) are the top contributing factors, suggesting that customers are most sensitive to misleading or hollow messages in brand activism. Brand Involvement Only During Social Trends (.315) and Mismatch Between Words and Actions (.290) also show moderate influence, indicating short-term or performative activism reduces trust. In Function 2, Contradictory Business Practices (.604) and Lack of Transparency (.450) are most strongly correlated, highlighting that inconsistency between claims and business conduct damages credibility. The findings suggest that customers critically evaluate both the message and the authenticity behind activism. In conclusion, exaggerated and inconsistent claims, along with contradictory practices, significantly weaken the effectiveness of greenwashed brand activism in building customer loyalty.

To analyse the impact of Greenwashed Brand Activism on Customer Loyalty

Table 3: ANOVA of impact of Greenwashed Brand Activism on Customer Loyalty

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.620	11	4.420	3.102	.008 ^b
	Residual	189.580	133	1.425		
	Total	238.200	144			

The ANOVA results in Table 3 reveal a statistically significant model ($F = 3.102$, $p = .008$), indicating that greenwashed brand activism variables collectively have a meaningful impact on customer loyalty. The regression sum of squares (48.620) versus the residual (189.580) suggests that a portion of the variance in customer loyalty is explained by the predictors. Thus, the findings support that customer loyalty is influenced by specific elements of greenwashed brand activism practices.

Table 4: Coefficients of impact of Greenwashed Brand Activism on Customer Loyalty

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.791	.054		14.648	.029
	Contradictory Business Practices	-6.127	.392	-.127	15.630	.017
	Mismatch Between Words and Actions	-4.001	.586	-.001	6.828	.046
	Irrelevant Activism	-5.132	.494	-.127	10.389	.012
	Inconsistent Messaging	3.036	.387	.038	7.845	.034
	Exaggerated Claims	1.047	.091	.049	11.505	.008
	Use of Activism as a Marketing Gimmick	-7.092	.392	-.090	18.092	.037
	Lack of Transparency	-5.105	.094	-.108	54.309	.025
	Third-Party Criticism or Exposure	-4.035	.495	-.034	8.152	.012
	No Long-Term Commitment	-5.020	.888	-.021	5.653	.022
	Ignoring Core Issues in Practice	-7.136	.399	-.134	17.885	.019
	Brand Involvement Only During Social Trends	-4.081	.582	-.086	7.012	.023
	a. Dependent Variable: "Customer Loyalty."					

The coefficients table presents the impact of various dimensions of greenwashed brand activism on customer loyalty. The regression model reveals that several predictors significantly influence customer loyalty, with a combination of both negative and mild positive effects. Notably, Contradictory Business Practices ($B = -6.127$, $p = .017$), Irrelevant Activism ($B = -5.132$, $p = .012$), Mismatch Between Words and Actions ($B = -4.001$, $p = .046$), and Ignoring Core Issues in Practice ($B = -7.136$, $p = .019$) exhibit strong negative effects, indicating that such practices diminish customer trust and long-term loyalty. Additionally, Use of Activism as a Marketing Gimmick ($B = -7.092$, $p = .037$) and Lack of Transparency ($B = -5.105$, $p = .025$) also significantly contribute to reduced loyalty, as customers perceive these as signs of inauthentic branding. On the other hand, variables like Exaggerated Claims ($B = 1.047$, $p = .008$) and Inconsistent Messaging ($B = 3.036$, $p = .034$) show mild positive coefficients, but these may be due to limited contextual awareness or temporary brand appeal. Overall, the data results indicate that misleading activism tactics harm brand credibility. The findings suggest that when brands engage in socially performative behavior without genuine commitment, customers are less likely to stay loyal. Therefore, authentic and value-aligned activism is critical for retaining customer trust and sustaining loyalty.

Hence, Reject the Null Hypothesis and Accept the Alternative Hypothesis i.e., There is a significant impact of Greenwashed Brand Activism on Customer Loyalty.

Findings of the study

1. The findings indicate that Exaggerated Claims are the most influential factor in Function 1 (correlation = .534), suggesting that overstated activism narratives substantially reduce brand authenticity in the eyes of customers.
2. The results show that Irrelevant Activism strongly correlates with Function 1 (correlation = .363), highlighting that activism perceived as off-topic or opportunistic weakens customer trust.
3. The analysis reveals that Inconsistent Messaging (correlation = .351) significantly affects Function 1, implying that lack of message coherence over time undermines consumer belief in brand sincerity.
4. The data indicate that in Function 2, Contradictory Business Practices exhibit the strongest correlation (.604), demonstrating that misalignment between business conduct and activist claims damages customer loyalty.
5. The results confirm that Lack of Transparency (correlation = .450) is a dominant factor in Function 2,

- emphasizing that limited openness in operations leads to diminished consumer credibility and trust.
6. The results reveal that Contradictory Business Practices have a significant negative impact on customer loyalty ($B = -6.127$, $p = .017$), highlighting that inconsistency between brand activism and actual operations erodes consumer trust and weakens long-term brand relationships.
 7. The findings indicate that Lack of Transparency substantially reduces customer loyalty ($B = -5.105$, $p = .025$), as consumers interpret opaque or hidden motives in activism as inauthentic and manipulative.
 8. Insights suggest that Ignoring Core Issues in Practice critically damages brand credibility ($B = -7.136$, $p = .019$), implying that customers are quick to disengage from brands that engage in shallow or performative activism without addressing root causes.
 9. The analysis shows that using Activism as a Marketing Gimmick significantly deteriorates brand loyalty ($B = -7.092$, $p = .037$), as consumers reject promotional tactics disguised as purpose-driven engagement.
 10. The findings highlight that Irrelevant Activism contributes to a notable decline in customer commitment ($B = -5.132$, $p = .012$), underscoring that disjointed or misaligned social messages reduce brand integrity.
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Conclusion of the study

The study presented an in-depth examination of the impact of greenwashed brand activism on customer loyalty, with a particular focus on Indian consumers across sectors such as fast fashion, consumer goods, food and beverages, and energy. The results presented through discriminant and regression analyses revealed that exaggerated claims, inconsistent messaging, and contradictory business practices significantly influence customer perception. The findings confirmed that customers are critically evaluating both the authenticity and consistency of brand activism efforts, reacting negatively to any signs of opportunism or lack of transparency. The conclusions drawn from the analyses indicate that greenwashed activism leads to damage to brand reputation, erosion of consumer trust, and reduced long-term loyalty. The study further suggested that in order to regain customer loyalty, brands must embrace increased transparency and accountability, ensure alignment between claims and actions, and support genuine sustainability initiatives. Additionally, the study highlighted the role of increased consumer awareness and the need for stronger regulations to curb deceptive activism. Ultimately, brands must demonstrate sincere and value-driven behavior to sustain customer confidence in the age of informed and conscious consumers.

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