BRAND IMAGE & GREENWASHING

Master's Thesis, M.Sc. Marketing & Sales

Line Nørgaard Pedersen

Aalborg University Business School

AALBORG UNIVERSITY BUSINESS SCHOOL

Title: How companies can manage, and prevent, crises caused by greenwashing with the aim of rebuilding and maintaining their brand and image.

Theme: Brand Image & Greenwashing

Supervisor: Holger Roschk

Place of Education: Aalborg University Business School

Master's Program: Marketing & Sales - Master's Thesis

Characters: 139.634

Date of Submission: June 3rd, 2024

Project by: Line Nørgaard Pedersen, 20195292

Line Nørgaard Pedersen

Abstract

The phenomenon of overconsumption, which has been observed in numerous industries, has reached a point where it is becoming a critical issue. Overconsumption is driven by a culture of economic growth and consumerism. Fast fashion enables mainstream consumers who cannot afford the original designs to obtain a new look at a budget-friendly price. This has led to a tendency among manufacturers to reduce the quality of clothing items, as they are no longer expected to be durable and last indefinitely. Additionally, this type of fashion is frequently associated with the use of textiles that have a significant carbon footprint. In response, governments and international bodies have enacted regulations to promote sustainable practices and corporate accountability. The analysis of this thesis draws upon surveys and market studies to provide insights into consumer behavior, preferences, and the influence of social media and influencers in shaping fashion trends.

In the context of contemporary business, Corporate Social Responsibility (CSR) has emerged as a pivotal concept, integrating social and environmental concerns into business operations. CSR offers numerous advantages, including enhanced brand reputation and consumer loyalty. However, as CSR becomes a central part of corporate strategy, the issue of greenwashing has become more prominent. Greenwashing is defined as the act of misleading consumers about the environmental benefits of a company's products or practices. This deceptive marketing strategy frequently involves the use of exaggerated claims, ambiguous language, or selective information disclosure, which is collectively giving a false impression of environmental responsibility. If greenwashing persists, it could undermine the genuine sustainability efforts of responsible companies, erode consumer trust, and cause significant reputational damage when exposed.

This master's thesis therefore examines the consequences of misleading branding, including legal repercussions and long-term damage to consumer trust and financial performance. This thesis examines the strategies that companies can employ to navigate and prevent greenwashing crises while maintaining their brand reputation.

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1. Introduction

In the contemporary world, where social media is a significant and pervasive aspect of everyday life, trends appear and disappear with remarkable rapidity, and industries undergo exponential growth in a relatively short period of time. This phenomenon has led to an intensification of the challenges posed by environmental issues. These challenges are a consequence of human lifestyles and consumption patterns. Overconsumption is a pervasive issue, characterized by the relentless pursuit of material goods and services. The driving forces behind overconsumption include a culture that prioritizes economic growth, consumerism, and the constant desire for new and improved products (GEMET, 2021).

One of the most notable industries contributing to overconsumption is the fashion industry. Over the past 25 years, the clothing industry has experienced significant growth, and it continues to thrive. Fashion is a serious business. The fashion industry is renowned for its rapid pace of change and disposable nature. This has led to a culture of frequent purchasing and a rapid turnover of clothing items. Fast fashion, in particular, exemplifies this issue, with brands producing large quantities of inexpensive, trendy clothing that consumers quickly discard (Statistics Denmark, 2022). This has led to a tendency among manufacturers to reduce the quality of clothing items, as they are no longer expected to be durable and last indefinitely. Instead, they are designed to be worn until a new trend emerges. This model not only results in significant waste and environmental harm but also perpetuates a cycle of overproduction and overconsumption.

In response to the detrimental impacts of overconsumption, governments and international bodies have implemented a range of regulations aimed at mitigating these negative effects. These regulations are designed to promote sustainable practices and hold corporations accountable for their environmental footprints. The EU Parliament has taken action and committed to several EU directives to improve sustainability within the Union. A 'directive' is a piece of legislation that sets a goal for EU countries to achieve. However, it is up to the individual countries to make their own laws on how to achieve these goals (European Union, n.d.). Policies such as carbon pricing, waste management laws, and sustainability reporting requirements encourage businesses to adopt more responsible production and consumption practices.

Amidst this regulatory landscape, Corporate Social Responsibility (CSR) has emerged as a pivotal concept. CSR, also known as social accountability or sustainability, involves companies demonstrating responsibility to their communities. It integrates social and environmental concerns and integrates them into business operations (Dansk Erhverv, 2024b). CSR includes economic responsibilities, such as profitability and job creation, environmental responsibilities, such as reducing waste, emissions, and social responsibilities, such as fair labor practices, community engagement, and human rights. The advantages of CSR include improved brand reputation, increased consumer loyalty, and investor interest (Dansk Erhverv, 2024a). CSR differentiates companies from their competitors, and aids in risk management by proactively addressing social and environmental issues. CSR involves companies taking responsibility for their societal and environmental impacts beyond financial and legal obligations (Dansk Erhverv, 2024c). In contrast, Environmental, Social, and Governance (ESG) evaluates a company's sustainability based on ESG criteria impacting financial performance and risk (Erhvervsstyrelsen, n.d.). While both CSR and ESG promote sustainable practices, CSR focuses on a company's overall responsibility to society with voluntary actions, whereas ESG is concerned with measurable criteria impacting financial performance and risk, driven by investor demands for transparency.

However, as CSR becomes increasingly integral to corporate strategy, the phenomenon of greenwashing has also risen to prominence. Greenwashing refers to the practice of companies misleading consumers about the environmental benefits of their products or practices. This deceptive marketing strategy frequently involves the use of exaggerated claims, vague terminology, or the selective disclosure of information in order to create a false impression of environmental responsibility. If greenwashing is not brought to an end, it has the potential to undermine the genuine sustainability efforts undertaken by aware companies, while eroding consumer trust and leading to significant reputational damage for companies when exposed.

2. Field of Research

The rising awareness of environmental issues has led to a phenomenon where companies falsely claim their products or practices are environmentally friendly. This deceptive practice, known as greenwashing, can lead to severe consumer backlash, affecting a company's reputation and trust. Understanding the intersection of greenwashing and marketing, especially in creating unique selling propositions, is crucial to grasp how branding strategies can either support or undermine a company's image.

The Danish Consumer Ombudsman (DCO) plays a significant role in this landscape. As an independent authority, the DCO ensures that businesses comply with the Danish Marketing Practices Act (DMPA), which prohibits misleading and aggressive marketing. By protecting consumers from deceptive practices, the DCO promotes fair competition and helps maintain market integrity. In the event that a company fails to comply with the legislation set forth by the DMPA, it is reasonable to anticipate that the DCO will file a police report regarding the company. This could potentially lead to more serious accusations and, consequently, the conviction of the company for misleading marketing practices. Such a conviction could result in the destruction of the company's brand image and reputation (Danish Consumer Ombudsman, 2024).

How can the wrong branding destroy your company? Branding missteps, particularly through greenwashing, can have catastrophic consequences for a company. The consequences of a company's misguided branding efforts can be severe. Misleading consumers about the environmental benefits of a product can erode trust and damage credibility. When exposed, greenwashing not only brings potential legal repercussions but also jeopardizes relationships with consumers, investors, and other stakeholders. The resulting reputational damage is often long-lasting and challenging to repair, leading to a decline in customer loyalty and financial performance.

So, how can companies navigate and prevent crises caused by greenwashing while maintaining their brand reputation through several key strategies? This thesis will examine the strategies that companies can employ to navigate and prevent crises caused by greenwashing while maintaining their brand reputation. It will also consider the nature of greenwashing within the fashion industry and its constituent companies. While it could be argued that greenwashing is not the most pervasive and significant issue within the industry, it is evident that some companies have been adversely affected

by their exaggerated claims regarding their green marketing. This makes the research question even more pertinent to investigate, as these false exaggerating companies undermine customer trust in sustainability and cast doubt on the industry as a whole.

2.1 Research question

"How can companies manage, and prevent, crises caused by greenwashing with the aim of rebuilding and maintaining their brand and image?"

2.2 Delimitation

This master's thesis begins with a delimitation of the field of research. To ensure a focused and thorough analysis, several specific boundaries will be applied. The geographical scope of this thesis is confined to Denmark, as this allows for an in-depth examination of greenwashing and branding within a distinct national context, accounting for local cultural and legal factors. The analysis will specifically address the Danish Marketing Practice Act, which is selected to understand the regulatory framework and how greenwashing issues are managed within Danish legislation.

Furthermore, the primary industry focus will be on clothing and wearables. These sectors are chosen due to their substantial impact on both the environment and consumer perceptions related to greenwashing. Finally, this thesis will exclusively consider greenwashing cases, the laws of the Danish Marketing Practice Act, and other relevant subject areas that exist prior to May 1st, 2024. This temporal boundary ensures that the analysis remains up-to-date and relevant while allowing for a comprehensive review of existing literature and cases up to this date. By adhering to these delimitations, the thesis aims to provide a detailed and context-specific exploration of branding and greenwashing within the defined scope.

2.3 Research design

This thesis will address the ways in which companies can manage and prevent crises caused by greenwashing, with the overall aim of rebuilding and maintaining their brand and image. In order to provide a qualified answer to the research question, some specific theoretical aspects have been used throughout the study in order to analyze possible situations.

The thesis begins with an introduction to the topic and a first look at greenwashing. Further on, the field of research is presented, where Danish legislation and the DCO are presented. In the following, a delimitation has been applied in order to clarify the limits of certain areas within the field of activity. Next, the scientific paradigm is presented. This is presented first due to its overall importance in understanding the thesis. Afterwards, the theoretical background is presented in which the theory used in this thesis is to be found. Then the methodical framework in which the methodology of this thesis is presented. This is followed by the operational paradigm, explaining how this has shaped the thesis and how solutions and analysis are conducted.

Based on the methodical framework, theories about pricing services have been applied to the thesis, in order to analyze how companies can manage, and prevent, crises caused by greenwashing with the aim of rebuilding and maintaining their brand and image? This will be derived within the analysis through an investment of the clothing industry as well as results from a survey on how people perceive greenwashing. This will be followed by a look at how lawsuits are conducted as well as an overview of the consequences of greenwashing. Thereby an analysis of greenwashing management will be conducted as well as through investigation of the most remarkable cases of greenwashing. The analysis will be completed with the presentation of rebranding strategies. Finally, the discussion will present implications, limitations, future research and an overall conclusion.

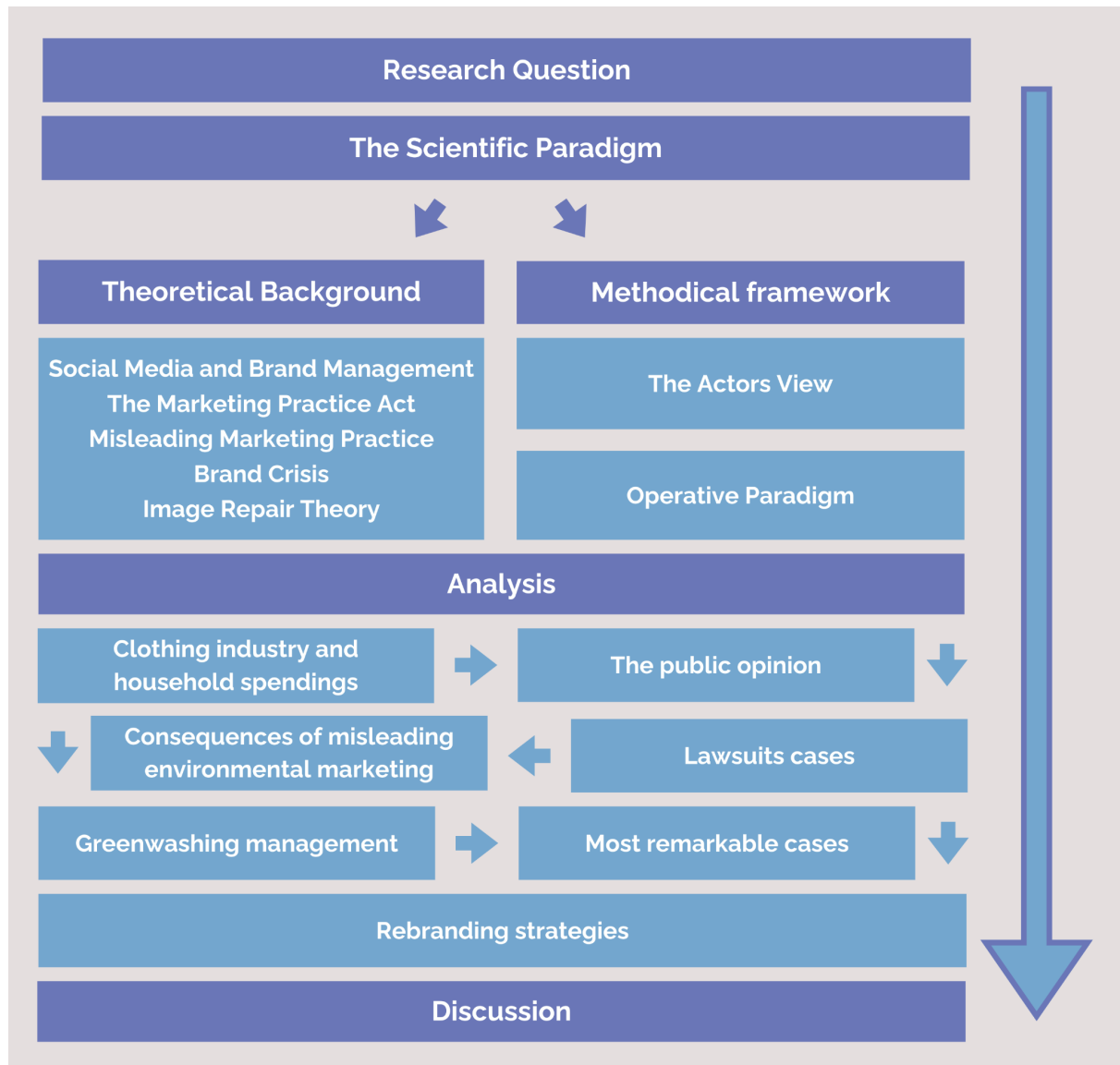An illustrated version of the structure within this master's thesis can be found in Figure 1.

Figure 1, *Research design*, (own illustration)

3. The Scientific Paradigm

In the next section, the scientific paradigm of this thesis will be explained. The chosen paradigm will be relaxed to the thesis in the matter of beliefs and biases. The ontology and epistemology of the scientific paradigm will also be explained.

3.1 Fundamental pragmatism

This master's thesis is based on pragmatism as a scientific paradigm. Pragmatism is not a classical theoretical orientation or scientific approach, but rather a central ideology that argues that there is not only one true scientific paradigm. Pragmatism can be described as a philosophical tradition with the basic assumption that one cannot know the world without being an agent in it. In other words, it is through action that people acquire knowledge. In the pragmatic approach, the researcher is concerned with investigating how reality unfolds in concrete, practical contexts. In order to gain insight into this kind of knowledge, pragmatism focuses on the optimal methodology for studying practice. In the pragmatic approach, there are infinitely many sides to a case and no preconceptions about it. Pragmatists aim to interpret each idea by looking at both its respective and practical consequences. Each side of reality influences our practice, and this influence affects the way we approach and create knowledge (Egholm, 2018).

Each scientific paradigm is constructed and defined by ontology and epistemology, and has various perspectives on these terms. These two logics address fundamentally different questions: ontology concerns the nature of being, and epistemology concerns the nature of knowledge. Both play a crucial role in influencing how we come to understand our perceived world and how we should act within it.

3.2 Ontology

Ontology is concerned with the nature of being and existence. It explores different categories of being and how entities within those categories relate to each other. In essence, it asks questions such as 'What exists?' and 'What does it mean to exist?' Ontology is concerned with concepts such as reality, existence, and the nature of objects, properties, space, and time. Thus, ontological questions are not abstract speculations but are addressed in terms of their practical implications. Reality and existence are assessed based on their functionality and application in concrete situations. In a pragmatic context,

ontology emphasizes the utility and functional role of individuals and concepts in solving problems. It is concerned with the categories of existence that are most effective for particular purposes (James & Sheffield, 2019).

Pragmatic ontology highlights the dynamic and ever-changing nature of reality, viewing entities as processes rather than static beings. In contrast to traditional ontology, which often seeks unchanging essences, pragmatism posits that essence is a result of human activities and interactions, emerging through use and function. Pragmatic philosophers prioritize understanding how concepts and objects work in practice over determining their metaphysical status. This approach is inherently fallibilistic, treating all assumptions and theories, including ontological ones, as provisional and open to revision in light of new experiences and evidence. Pragmatic ontology verifies reality and truth through practical applicability and outcomes. It values utility and experience over abstract and static definitions of reality and existence (James & Sheffield, 2019).

3.3 Epistemology

Epistemology is the study of how we know or perceive knowledge and the world in which we live. It is concerned with the nature, sources, limits and validity of knowledge. Epistemology addresses questions such as 'What is knowledge?', 'How is knowledge acquired?', and 'How do we know what we know?'. It examines the criteria for what constitutes knowledge, the reliability of different sources of knowledge, and the extent to which knowledge depends on the subjective beliefs of individuals acting in the perceived world. Epistemologically, pragmatism assumes that all knowledge has a bodily sensation as its starting point and is achieved through the interpretation of signs that represent the world (Egholm, 2018). For pragmatists, truth is not a static correspondence with reality but something that is tested and confirmed through experience and action.

Pragmatic epistemology emphasizes the continuous investigation and adaptation of knowledge in light of new experiences and data. It is thus fallibilistic and open to revision, meaning all understandings and truths are seen as provisional and temporary. Rather than seeking absolute certainty, pragmatism focuses on the practical application of knowledge and its consequences for action. Additionally, pragmatism underscores the social and contextual nature of knowledge. Understanding occurs within a social context and is shaped by interactions with others and the world.

This implies that knowledge is related to the specific situations and problems people face and develops through collective effort and dialogue.

Truth is thus understood as what works best in practice and leads to the most satisfactory outcomes. This functionalist approach to truth and knowledge implies that pragmatism views understanding as a process closely tied to human needs and purposes, continually evolving and improving through practical application and experience. This analytical practice is based on abduction, also known as 'qualified guessing'. By making analogous connections between previous knowledge and experience and the phenomenon we are trying to understand, we create ways of understanding and identifying unknown objects (Egholm, 2018).

4. Theoretical Background

In this section, the theories of this master's thesis will be outlined. The subjects are as follows, Social Media and Brand Management, The Marketing Practice Act, Misleading Marketing Practice, Brand Crisis, and Image Repair Theory.

4.1 Social Media and Brand Management

Social media has revolutionized the way people communicate and consume information. It has a significant impact on social interactions, business, marketing, and even politics. For businesses, social media has become an essential tool for marketing, customer service, and audience engagement. It enables brands to reach large audiences, gather insights through social listening, and build relationships with customers. Social media management is an aspect of modern digital marketing, involving the oversight and operation of a brand's social media platforms. The primary objective of this practice is to create, curate, and manage content across social media platforms, including Facebook, Instagram, TikTok, and LinkedIn.

This management requires a strategic approach to increase brand awareness, drive traffic to the company's website, and ultimately boost product sales or customer engagement. Effective social media management also involves understanding and leveraging the algorithms of various platforms to maximize reach and engagement. This may involve optimizing posting times, using hashtags strategically and tailoring content to the preferences of a target audience. Furthermore, social media managers play a crucial role in maintaining the company's brand identity and voice across platforms. This consistency helps to build a reliable and relatable brand image that resonates with users.

Brand management is a strategic approach to creating, developing, and maintaining a consistent image of a company's products or services across all marketing initiatives and customer interactions. It encompasses a broad range of activities designed to improve the perceived value of a brand over time. Brand identity is related to how the company defines its own brand, while brand image is related to how consumers perceive the brand (Kotler, 2019). The need for a perfect match between brand image and brand identity, thereby perfect brand equity, is greater than ever. Effective brand management helps to ensure that the public's perception aligns with the company's intended identity and strategic goals. At the core of brand management is the development of a strong brand identity, which consists of a consistent theme throughout all marketing communications. To do so, it is

essential to build a recognizable brand image that evokes specific feelings and associations in consumers, thereby fostering brand loyalty.

In addition, brand management involves careful analysis of the brand's performance through consumer feedback and market research. This data enables the development of strategies that better meet consumer needs and manage the brand's reputation effectively, especially in crisis situations. Ultimately, successful brand management not only supports a clear and appealing brand image but also enhances customer loyalty and advocacy, which are critical to long-term business success.

4.2 The Marketing Practice Act

The DMPA, Danish Marketing Practices Act, plays a pivotal role in regulating fair marketing and competition in Denmark. It ensures that all marketing communications are honest and transparent, prohibiting misleading or false advertising. Companies are required to substantiate any claims they make in their promotions, safeguarding consumer trust. The Marketing Practice Act sets the minimum standard for business conduct in the marketplace, ensuring that business owners adhere to fair trading practices and commercial usage (HjulmandKaptain, n.d.). The DMPA contains some specific rules, including guidelines on how companies can conduct their marketing activities, rules that prevent marketing from being aggressive or misleading, and rules for digital marketing, such as the requirement to obtain consent when sending emails (Erhvervsministeriet, 2017). The DMPA is further based on the EU competition law (Gorrissen Federspiel, n.d.).

Central to the act is the concept of 'good marketing practice,' which stresses the importance of business transparency, and respecting consumers' rights and the interests of competitors. This principle discourages aggressive marketing tactics that could coerce or unduly influence consumer decisions. In addition, the act permits comparative advertising but mandates that it be fair and not misleading. Advertisements must clearly identify the competitor or the competitor's product and only compare products that serve the same needs or purposes. Specific rules are also laid out for direct and online marketing. These rules require clear identification of advertising materials and ensure that recipients can easily opt out of further communications. This covers various online marketing practices, including email marketing, social media promotions, and other online advertisements, protecting consumers from deceptive marketing tactics. Enforcement of these regulations is managed by the DCO, who ensures compliance and can impose sanctions like fines or cessation orders on non-compliant companies. For businesses involved in e-commerce or marketing within Denmark,

adherence to the Marketing Practices Act is essential for legal and ethical operations (Erhvervsministeriet, 2017). The Danish Parliament has determined that as of January 1, 2022, the imposition of fines for violations of the Marketing Practices Act will be contingent upon the revenue generated by the individual business in question (Gorrissen Federspiel, n.d.).

One of the pillars of the DMPA is that companies must not use misleading or false information in marketing or omit information that is material to the consumer. Nor may information be concealed or presented in an inappropriate manner in marketing. This is stated in §§ 5 and 6 of the Marketing Practices Act under 'Misleading actions' and 'Misleading omissions, including invitations to purchase and covert advertising' (Erhvervsministeriet, 2017).

4.3 Misleading Marketing Practice

Greenwashing is a term that refers to a marketing practice where a company or organization misleadingly portrays its products, services, or operations as environmentally friendly or having a positive impact on the environment. This can involve exaggerating the environmental benefits, making false claims about sustainability efforts, or presenting a misleading image of environmental responsibility. The term originates from 'green' for eco-friendliness and 'whitewashing' for obscuring flaws; it criticizes superficial environmental efforts over meaningful action. More and more companies find themselves in situations where they knowingly or unknowingly portray their products as more sustainable than they actually are (Danish Consumer Ombudsman, 2014). According to a 2020 study by the European Commission on corporate environmental claims, 53% of claims were vague or misleading, while 40% of claims were unsubstantiated, so the problem is widespread (Haug, 2023).

Greenwashing can also affect consumers' willingness to buy. This refers to a consumer's propensity or intention to purchase a product or service based on their needs, preferences, and the perceived value of that product or service. This concept implies that the consumer evaluates the benefits of the product against the costs, not only price, but also time, effort, and any alternatives, to determine if they are willing to make the purchase. Willingness to buy is known for being influenced by a number of factors, including the product's price, consumer income and budget, unique selling point, brand identity, marketing efforts, social factors, and personal preferences. Since the early 2010's sustainability has been on the world wide agenda, and the attention has increased ever since. Roughly

after 2016, the public has been aware of the negative consequences of their overconsumption. In Denmark it culminated with the 2019 'Folketing' election being the so-called 'climate-election', where 55% of the voters cited climate as the most important parameter (Øyen, 2019). Increased public interest in sustainability has the potential to influence companies that may not be the most sustainable to adopt environmentally friendly practices. This could be driven by a desire to retain customers or to appear to be contributing to a more sustainable world.

Greenwashing can also be acknowledged as a brand crisis. Organizations may engage in overtly and subtly greenwashing, seeking to draw the attention of environmentally conscious consumers, investors, and stakeholders, while not making substantial adjustments to their environmental impact. Greenwashing is best known for being part of the fashion industry but can be found in a wide variety of sectors such as food, energy, and automotive.

Social media has revolutionized marketing by enabling personalized and direct engagement with consumers, introducing powerful tools, and allowing for real-time feedback and adaptation of strategies (Feria, 2023). This transformation facilitates deeper connections and higher conversion rates, but it also brings challenges like the higher engagement of sustainable products and the need for environmentally friendly acts from the companies. With social media's vast reach, companies can easily spread claims about their environmental practices, even before these are fact-checked, often using eco-friendly imagery and buzzwords without substantial actions to back them up (Lyon & Montgomery, 2013). Heidi Helveg Højmark, lawyer specializing in marketing, including online marketing and greenwashing: *"It's often the subtleties that go wrong. But it often seems that the people in the marketing department or agency are a little too creative" (Haug, 2023).*

This superficial engagement and selective transparency make it difficult for consumers to assess the true environmental impact of a brand. As the demand for corporate transparency and accountability grows, marketers face the dual challenge of harnessing social media's potential ethically and sustainably (Lyon & Montgomery, 2015).

4.4 Brand Crisis

The phenomenon of brand crises is a pivotal challenge in today's digital world, where reputations can be made or broken overnight. On today's fast-changing digital platforms, a company's message to its customers must be clear, direct, and easy to understand, to not end up in a potential crisis regarding one's brand, products, or other relevant message to the public. Within brand crisis, there are both theories about the different types of crisis, but also theories about how to manage and overcome these.

'Situational Crisis Communication Theory' (SCCT) is a framework developed by Timothy Coombs to help organizations communicate effectively during crises. It outlines how businesses can assess a crisis to decide on the best communication strategy. The general steps are 'determining the level of threat', 'identifying responsible parties', and 'understanding stakeholder impacts'. SCCT emphasizes the importance of quick, strategic communication in mitigating damage to an organization's reputation and maintaining stakeholder trust. The theory categorizes crises and suggests tailored response strategies, including rebuilding, diminishing, denying, and bolstering approaches to protect or repair an organization's image (Coombs, 2007). The seven types of situational brand crises are 'Victim Crisis', 'Accidental Crisis', 'Preventable Crisis', 'Financial Crisis', 'Personnel Crisis', 'Natural Crisis', and 'Technological Crisis'.

The vulnerability of an organization's reputation frequently hinges on the entity's historical dealings with crises and its standing among stakeholders. Under such circumstances, companies may resort to embellishing the environmental credentials of their products and the ethos of their corporation. In this given situation, where companies tend to greenwash their products and the company's brand and known identity, this will be described as a 'Preventable Crisis' due to the company actively violating the law and choosing to not speak the truth. A preventable crisis tends to occur when the organization intentionally takes a risk that leads to a negative outcome or event. A preventable crisis is the worst possible threat to an organization due to the level of reputational threat to the business. In such scenarios, the organization faces intense scrutiny over its immediate response and subsequent actions. Although the brand may implement steps to address the issue, restoring its reputation after such an event is an exceptionally challenging task.

4.5 Image Repair Theory

Developed by William Benoit, this theory concentrates on strategies for repairing a brand's image following a damaging incident. Image Repair Theory was introduced in 1995, and is a prominent framework in the field of communication studies, particularly within the context of crisis communication and public relations. This theory delineates strategies that individuals or organizations can employ to mitigate damage to their public image following a crisis or when facing accusations or wrongdoing. Benoit's framework is grounded in the premise that maintaining a positive public image is crucial for individuals and organizations, as it directly influences their credibility, trustworthiness, and the overall perception by their audience or stakeholders. The choice of strategy is contingent upon the situation and the desired outcome. The theory outlines five primary strategies for image repair, each encompassing various tactics. These strategies are 'Denial', 'Evading Responsibility', 'Reducing Offensiveness', 'Corrective Action', and 'Mortification'. Companies often tend to use the 'Denial', 'Evading Responsibility' or 'Mortification' strategy when trying to overcome their crises (Benoit, 2024).

The strategy of Denial involves outright denying any wrongdoing or involvement in the crisis. It can be further subdivided into two tactics: Simple denial, where the accused outright denies the act, or shift the blame, where the accused denies responsibility but suggests another individual or organization is to blame (Benoit, 2024).

Within the Evading Responsibility strategy, the accused acknowledges the issue but evades full responsibility. It includes four tactics: Provocation, suggesting the action was a response to another's wrongdoing; Defeasibility, claiming a lack of control over the situation due to information, ability, or resources; Accident, arguing the incident occurred unintentionally; Good intentions, maintaining that the actions were motivated by good intentions, despite the negative outcomes (Benoit, 2024).

Lastly, the strategy of Mortification is where the accused admits guilt and asks for forgiveness. The accused may admit the wrongful act and ask for forgiveness, engaging in mortification. If we believe the apology is sincere, we may choose to pardon the wrongful act. This can be done by apologizing and admitting wrongdoing to the public in various ways. This strategy is often used as a last resort when the evidence of wrongdoing is undeniable (Benoit, 2024).

Image Repair Theory is applicable across various contexts, including politics, sports, business, and entertainment. There is empirical evidence supporting the effectiveness of apologies in the context of Image Restoration Theory, particularly in corporate settings. Several studies have found that apologies can positively influence consumer perceptions and behaviors when they are perceived as sincere and accompanied by appropriate remedial actions (Roberts, 2006). Overall, the research supports the notion that apologies can be an effective tool for restoring a company's image if they are done correctly. However, when trying to find evidence of cases from the fashion-, clothing-, and wearables industry, it does not seem to be documented and empirically proven. This will be taken into consideration and looked into later on in the thesis.

5. Methodical framework

In order to examine the research question and create a structure for the research, it is necessary to clarify the methodological approach of the thesis. The following section is intended to provide insight into the operational paradigm and methodological considerations behind the development of the master's thesis and the investigation of the research question.

The methodological aspect of this thesis is inspired by the approach of Arbnor and Bjerke. Methodology is concerned with the formation and understanding of methods. It encompasses various concepts that help to describe and explain how new knowledge is explored and produced. Philosophy of science and methodology are linked by the methodological approach, which is the prerequisite for the development of the operative paradigm (Arbnor & Bjerke, 2009). The operative paradigm configures the basis for how empirical data are collected and analyzed, which plays an important role in this master's thesis.

5.1 The Actors View

Arbnor and Bjerke propose three different perspectives in their methodology: the analytical, the systemic, and the actor perspective. Each of these perspectives offers a unique framework for approaching research, with different underlying assumptions. They serve as guiding principles for the understanding, explanation, and development of research areas (Arbnor & Bjerke, 2009).

In this thesis, in accordance with the scientific paradigm of the thesis, the pragmatic approach, the observations, data, and conclusions are based on the actors' perspectives. In this perspective, reality is seen as a social construct, characterized by both chaos and stability and influenced by the thoughts and actions of individuals who are the perpetrators of these structures. It emphasizes the human-centered nature of the world, with knowledge creators being the active shapers of reality. Pragmatism does not consider individuals to be mere passive recipients of information; rather, it views them as agents who engage with their environment, interpret experiences, and adjust their actions based on practical outcomes. Knowledge arises from direct experiences and interactions, making it deeply personal and contextual. The actor view emphasizes the importance of emotional engagement and interactions between individuals in shaping reality. It advocates a re-evaluation of pre-scientific concepts in knowledge creation (Arbnor & Bjerke, 2009).

In the actor's view, knowledge design is seen as a creative process with a strong emphasis on being present and taking action rather than passively observing. This view places a strong emphasis on practical problem-solving, where individuals seek to address real-world issues through their actions, valuing knowledge that helps achieve desired outcomes. The process of learning is an iterative one, involving the testing of hypotheses, the observation of results, and the refinement of understanding. It advocates action-oriented research aimed at achieving deeper understanding and greater freedom within the research domain. At the same time, the research is intended to improve the understanding of the complexity of human society (Arbnor & Bjerke, 2009). The knowledge of the actor is shaped by specific contexts and social interactions, with collaboration and communication playing critical roles. Pragmatism emphasizes the agency and responsibility of individuals in examining their beliefs, adjusting actions, and contributing to collective knowledge. Pragmatic actors are flexible and adaptable, prepared to modify their beliefs and strategies in response to new evidence and changing circumstances. This adaptability is crucial for navigating the complexities of real-world situations.

5.2 Operative Paradigm

The operational paradigm clarifies the perception and construction of methods and consists of two components: Methodological Procedures and Methodology. In this study, the methodological approach shapes the operational paradigm by utilizing the actor's view. This perspective helps to explain the specific methods and analyses used throughout the research. The operational paradigm aims to outline the essential relationships and steps involved in the search for and generation of new knowledge (Arbnor & Bjerke, 2009).

5.2.1 Methodological procedure

The methodological procedures pertain to the involvement, development, and adaptation of techniques used in studying the chosen field of research (Arbnor & Bjerke, 2009). The methodological procedures of this study consists of a survey, as well as collected empirical data on the general fashion industry. The primary focus of the survey is branding, buying patterns, willingness to buy, and greenwashing. The methodological procedures also form the basis for the theoretical background of this thesis and consists of theory on Situational Crisis Communication Theory and Image Repair Theory.

Furthermore, this thesis will have a focus on knowledge telling and knowledge transforming (Rienecker & Jørgensen, 2022). Knowledge telling involves directly retrieving information from memory and writing it down without significant modification or analysis. This method focuses on recounting facts or events as they are remembered. Knowledge transforming requires analyzing, synthesizing, and reworking information to generate new insights or arguments. It results in more complex and insightful writing, offering original perspectives and solutions.

This master's thesis is based on case studies as the methodological framework, which is based on Robert K. Yin's approach and perspective on case studies as a research method. According to Robert K. Yin, a case study is an empirical investigation that examines a contemporary phenomenon in depth and within its context to the real world. The purpose of a case study is to uncover a phenomenon within frames, procedures, and structures, by understanding a real-world case and thus assuming that the understanding will involve issues that will be relevant to the selected case. The essence of a case study is to illustrate how decisions are made, implemented and what the outcome is (Yin, 2014).

This thesis therefore provides the opportunity to through theory understand how companies can manage, and prevent, crises caused by greenwashing with the aim of rebuilding and maintaining their brand and image. The purpose of using case studies is not to come up with extrapolate probabilities but rather to expand and generalize existing theories. Therefore, a case study is not a sample but instead the opportunity to 'shed empirical light on some theoretical concepts or principles' (Yin, 2014). The purpose of using the fashion industry as a case study throughout this thesis is therefore to shed empirical light on the possible consequences greenwashing will have on one's brand.

Furthermore, a survey was conducted on the respondents' average spending on clothing and their prioritization of more sustainable choices. The majority of the answers consisted of females, ages between 25-29, living in, or in the surrounding area of Aalborg and the 45,5% of the employment type was students. Though the majority of the ages was 25-29, 89,1% of the respondents was between the age of 18 and 39. Furthermore 43,6% of the employment type was fulltime. Through these answers one must consider these responses to be sided to females, but not in any particular age, nor employment. The survey consists of four sections, each with their own new subject.
The first section was about the individual of the respondent. It consisted of questions about gender, age, place of residence and employment.

The second section was about the respondents' shopping habits and what one considers in certain shopping situations with a focus on clothes, wearables and other textiles. This section includes questions about the frequency of clothing purchases, the amount of money spent, the most important parameters for new items, clothing materials and finally the importance of brands.

The third section was about sustainability and marketing. This section included questions to gauge the respondents' knowledge and thoughts on environmental sustainability with a focus on marketing, social media, advertising and responsibility. The questions were about sustainable brands and shopping at certain brands due to sustainability, social media posts about sustainability branding and which brand one recalls for having such campaigns and social media posts.

The fourth section was about misleading marketing. This section consisted of questions about greenwashing, or misleading marketing. These questions are asked to gain knowledge about how a potential consumer perceives this information and how it affects the public when it is reported in different media. The questions are about greenwashing, cases and lawsuits, convicted companies, perceptions based on media publicity and shitstorms. This section also included questions about the company's brand after a greenwashing incident, considering whether consumers would perceive the company as dishonest and stop doing business with the company.

This survey is included in Appendix A and will be discussed in greater detail later in the thesis. The observations from the survey will be used freely and referenced in the appendix.

5.2.2 Methodology

The second key aspect of the operational framework is the methodology. Methodology differs from the methodological procedure in that it determines not only the choice of techniques and analytical tools for conducting the thesis but also how these techniques are implemented. Methodology refers to how researchers deal with and apply their chosen methodological procedures throughout their research (Arbnor & Bjerke, 2009). In practice, it refers to the methodological view of this master's thesis, the actors' view.

5.2.3 Reasoning

The concept of abduction is the key to pragmatism. A thesis based on abduction observes and uses all signs, especially small and not immediately significant clues from the incomprehensible situation's context, and requires a detective's flair for establishing hypotheses. Abduction heralds a new way of working, in which it is possible to identify an unknown object whose being cannot be proved but is possible. The interesting thing about abduction is not that it proves that something is true, but that it seeks, in a creative way, to say something about the world that reveals new or unknown phenomena (Egholm, 2018).

Abduction is primarily known for being the concept of 'qualified guesses'. Deduction is the movement from theory to result. It therefore serves as a theoretical framework for arranging observations, assuming that the method by which we reach conclusions is compelling and necessary. In other words, we study whether the theoretical hypotheses hold when we look at reality. In contrast, induction is a movement from result to theory, a movement that remains incredibly close to the source and has difficulty rising above the source of the knowledge. One look at reality and use our previous experience to develop a probable theory (Egholm, 2018).

Abduction combines elements of deduction and induction to produce one or more largely plausible assumptions about correlations. Abduction is similar to induction because it uses the encounter with reality to develop new theories about the world. The crucial difference is that abduction implies a less formal and more immediate approach to the world that focuses on obtaining new knowledge of specific situations and phenomena (Egholm, 2018). Though abduction, induction, and deduction all play important roles, abduction is the only method of reaching conclusions that allows us to identify a truly unknown phenomenon in the light of the knowledge we already possess. Truth, therefore, is not universal, but is related to and changes with specific situations. Abduction is the first step toward truth.

5.2.4 Validity and Reliability

To ensure a high level of quality in the master's thesis, a strong emphasis on the concepts of validity and reliability is necessary. According to the pragmatic approach, pragmatists generally value facts and concreteness, observing the truth in specific cases and deriving generalizations from them (James

& Sheffield, 2019). The pragmatic approach, which values facts, concreteness and truth in specific cases, suggests that it is difficult to adhere strictly to traditional reliability constraints.

Validity, crucial for the credibility of a master's thesis, addresses whether the research question has been thoroughly investigated and satisfactorily answered, as well as the significance of the thesis' findings (Yin, 2014). From an actor's perspective, establishing concrete criteria for validation is challenging because reality is perceived as socially constructed and highly interactive. This perspective limits traditional validation methods. Therefore, the importance of a pragmatic approach to validation is often emphasized for the results obtained by the actors' method. This approach suggests that the true value of the results lies in their practical applicability (Arbnor & Bjerke, 2009). Therefore, in this context, the need for validity is guided by the data requirements of pragmatists, who place a higher value on the practical applicability of the results.

Reliability in a thesis pertains to the quality and dependability of the empirical data collected. This aspect is greatly influenced by the data collection and processing methods employed. If experiments conducted under identical conditions generate the same results, then data is considered highly reliable (Yin, 2014). The concept of reliability is rarely applied when conducting a master's thesis from an actor approach. The pragmatic approach, which values facts, concreteness and truth, suggests the difficulty of strictly adhering to traditional reliability constraints while investigating social life, which has been assumed to interact continuously (Arbnor & Bjerke, 2009).

6. Analysis

The objective of this analysis is to provide a comprehensive understanding of the evolution of the clothing industry over the past two decades and its impact on household spending. The analysis then presents the rise of fast fashion and its significant impact on the volume of clothing purchased and the frequency of new fashion collections. The analysis examines the implications of these trends, including the increase in clothing production, the proliferation of fast fashion giants, and the dichotomy between consumer demand for trendy, affordable fashion and the growing awareness of sustainability issues. It then considers how companies, through their rapid production and distribution models, have contributed to a surge in clothing consumption while also being implicated in environmental degradation due to the use of non-responsible materials and high carbon-emission textiles. Subsequently, an examination of the social and economic implications of these spending trends will be presented. Through surveys and market studies, the analysis will also provide insights into consumer behavior, brand perceptions and preferences, as well as the influence of social media in shaping fashion trends. The environmental consequences of increased clothing production, such as the rise in textile waste and its impact on global CO_2 emissions, will also be addressed.

Finally, the chapter considers the sustainability efforts within the industry and the public's perception of these initiatives. By incorporating survey data from Appendix A, insights will be provided into consumer attitudes towards sustainable fashion, the willingness to pay for eco-friendly products, and the effectiveness of current sustainability claims by major fashion brands. Moreover, the analysis addresses the critical issue of greenwashing within the industry. It examines public opinion on sustainability claims and the consequences for companies caught engaging in deceptive practices. By examining notable cases and consumer perceptions, this study aims to clarify the intricate relationship between consumer expectations, corporate practices, and the persistent challenges of achieving genuine sustainability in the fashion industry. As the industry continues to evolve, this analysis offers a comprehensive overview of the key factors driving change, the challenges of sustainable fashion, and the potential pathways for companies to navigate the future responsibly. This chapter will conclude with a presentation and exemplification of rebranding strategies for companies facing significant and controversial challenges.

6.1 Clothing industry and household spendings

The clothing industry has boomed over the last 25 years and shows no signs of slowing down any time soon. Fashion is serious business. Figure 2 presents a graph of household spending on clothing from 2004 till 2022. The graph includes total clothing spending, as well as spending on women's and men's clothing. The difference between the total spending on men's and women's clothing and the total spending on clothing and footwear is due to the inclusion of children's and teenagers' clothes. These figures will not be considered further. The graph was created by Statistics Denmark (Statistics Denmark, 2022).

Since 2004, the average household spend on clothing and wearables has increased, reaching a peak in 2008. In 2016, it reached a new low not seen since 2004, when the average annual household spend on clothing and wearables was DKK 11,600. From 2016 to the most recent year, 2022, expenditure has increased again. By 2023, the global industry will be worth an estimated $ 1.7 trillion (McKinsey, 2023). According to the survey in Appendix A, 83.6% of the respondents said they have a yearly spending between DKK 2,500 and DKK 15,000 on clothing and other wearables.
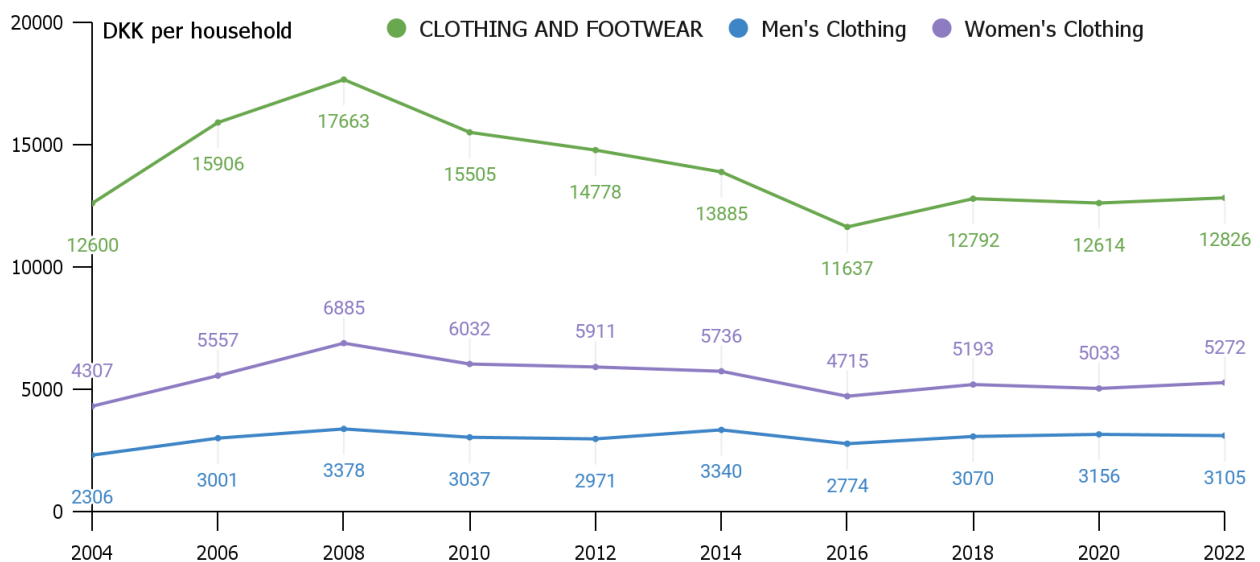

Figure 2, *Household spendings on clothing*, (Statistics Denmark, 2022).

Although the increase is nowhere near the level of spending in the years from 2005 to 2012, the average cost of clothing has fallen, so that the average amount of clothing bought in 2022 is significantly higher than the amount of clothing bought in the late 2000s. Clothing production doubled

between 2000 and 2014. The number of garments purchased per capita increased by around 60%. The rise of fast fashion is partly responsible for this (McKinsey, 2023).

Fast fashion describes low-cost, stylish clothing that moves quickly from design to retail in response to trends. Collections are often based on styles seen on the catwalks of fashion week or worn by celebrities. Fast fashion allows mainstream consumers who cannot afford the original designs to get a new look at a budget-friendly price (Hayes & Eichler, 2024). This kind of fashion is also often characterized by the use of textiles with high carbon emissions. Some of these materials are what we call non-responsible materials, which can be natural and animal-based fibers such as cotton, wool, leather, and cashmere, or synthetic and semi-synthetic fibers like polyester, rayon, viscose, modal, bamboo, and vegan leather (Sustain Your Style, 2024a).

Over the years, companies have grown into fast fashion giants such as Zara and H&M. The fast fashion companies are known for releasing new collections very often, whereas H&M has 16 annual collections (Howland, 2017). This means that every 3-4 weeks a new collection is released online and in stores. Both of these brands are a part of two large cooperations. Zara is a part of Inditex, which is a Spanish multinational fashion group comprising approximately 100 companies engaged in the design, production and distribution of textiles (Krebs, 2022). H&M is the largest company within the H&M Group, which oversees 10 other companies (H&M Group, 2024a).

In recent years the world has seen the rise of SHEIN, the Chinese ultra-fast fashion company. SHEIN is an online fashion retailer headquartered in Singapore. The company ships to over 150 countries, and in 2022, SHEIN's revenue was $ 24 billion (SHEIN Group, 2024). Although SHEIN is a huge company and very popular among all age groups, their clothes are known to be ill-fitting, of very poor quality and always made from virgin polyester, the material with the highest carbon emissions. In addition, SHEIN reportedly adds new items to its webshop every day, making them a ultra-fast fashion brand (Ferguson, 2024).

Furthermore, it is important to recognize that fashion companies and manufacturers do not bear sole responsibility for the development of new trends. In fact, it is often the customers and influencers online who are responsible for introducing these new trends, or simply reinventing old trends (Johnson & Misiaszek, 2022). In the years between 2022 and 2023, the trend has been fashion from

the 2000s, also known as #Y2K. This trend began with the resurgence of 90s fashion trends in 2020 during the lockdown period. The general public exhibited a proclivity towards purchasing garments that were more loosely fitted, thereby aligning themselves with the aesthetic of the 90s. This phenomenon led to a resurgence of baggy streetwear and the emergence of a highly unisex fashion, wherein the more baggy the attire, the more favorable it was perceived to be (Chokrane, 2023).

The shifts in major fashion trends are becoming more and more apparent today, which could be due to the rise in the number of fashion influencers. Many of these influencers set the trends, and they have a lot of power because their followers simply follow the influencer's fashion style without asking any questions (Johnson & Misiaszek, 2022). This shift was perceived as a departure from the prevailing trends observed between 2015 and 2020, during which time the style was characterized by fitted and 'nicer' garments adorned with a plethora of logos and other quality-related embellishments. These new trends are being disseminated on social media.

TikTok is a relatively new media platform that allows users to create and share short videos, typically lasting between 10 and 20 seconds (TikTok, 2024). This platform has been known to facilitate the emergence and disappearance of trends with remarkable rapidity. Fashion companies, such as H&M and SHEIN, have identified a market opportunity in the fast-fashion industry. The demand for certain types of clothing is often immediate, which has led to the creation of new trends that last for varying lengths of time, from two weeks to several months. This has resulted in a tendency among manufacturers to lower the quality of clothing items, as they are not expected to last forever but only until a new trend is discovered.

With these factors in mind, one can expect to see a lot of wastage with this type of fast and ultra-fast fashion brand. In 2021, 116,000 tones of textiles were placed on the market in Denmark. In the same year, 53,000 tones were incinerated, and 30,000 tones shipped out of the country (Fick et al., 2023). The fashion industry alone is responsible for an estimated 10% of global CO2 emissions. At the same time, the processing of clothes causes pollution from pesticides, hazardous chemicals and microplastics. Furthermore, with this new addition of fast fashion to our wardrobes, polyester has come to be the most common fiber in your garments. It is estimated that 52% of our wardrobes are made of polyester (Sustain Your Style, 2024b).

In light of these observations, the Danish Consumer Council, TÆNK, an independent non-profit organization, has highlighted that Danish consumers are among the largest purchasers of clothing in the world. Despite the increased focus on sustainability, the consumption rate has continued to rise. Between 2016 and 2021, the amount of textiles on the Danish market increased by 36%. TÆNK suggests that this is an example of a throw-away culture, which can also be problematic because consumers have no demand for clothes that are worth repairing (Fick et al., 2023). If companies produce clothing of poor quality and customers are unwilling to repair their garments due to the low price and inferior workmanship, one will find themselves in a vicious and problematic cycle.

6.2 The public opinion

The public perception of greenwashing can vary. Some people believe that greenwashing is simply not true, while others view it as a groundbreaking concept. The significance of this concept can be debated, but its applicability cannot. Greenwashing is a more pressing concern than ever, despite the fact that some still fail to acknowledge the concept, which is becoming increasingly prevalent. A review of numerous surveys, questionnaires and interviews reveals that greenwashing is a factor that can hold customers from spending money at a company.

The 2021 Global Sustainability Study, conducted by Simon-Kucher & Partners in collaboration with the data company Dynata, presents responses from 10,281 customers in 17 different countries. Of these, 771 customers are from Denmark. These nearly 10,000 customers were asked about their attitudes towards sustainability, their views on the importance of sustainability in consumption, and their willingness to pay extra for sustainable products and services. The study indicates that alongside the bargain hunters, there is a very large segment of climate-conscious customers. And the climate-conscious have a willingness to pay that is much greater than the average customer. However, the study shows that the most important factor for Danes when shopping for new clothes is still 'trendy and popular', followed by 'attractive price', 'overall quality', 'easy to use and has the desired functionality'. Only then ranks sustainability and then ethical production. Furthermore, the study also indicates that Danish retailers may derive particular benefits from offering sustainably produced clothing and footwear to young customers. On average, Danish young people between the ages of 18 and 29 indicate a willingness to pay up to 71% more for sustainable alternatives (Simon-Kucher & Partners, 2021).

This correlates with the survey conducted during the research for this thesis. In Appendix A, Question 2.3, the question was: 'Choose which parameters are most important to you when going shopping.' Please note that the answer of 1 is of no significance and that 5 is the most important. The results are presented in percentage form in Figure 3. The more green colors, the less important, and the more blue colors, the more important.
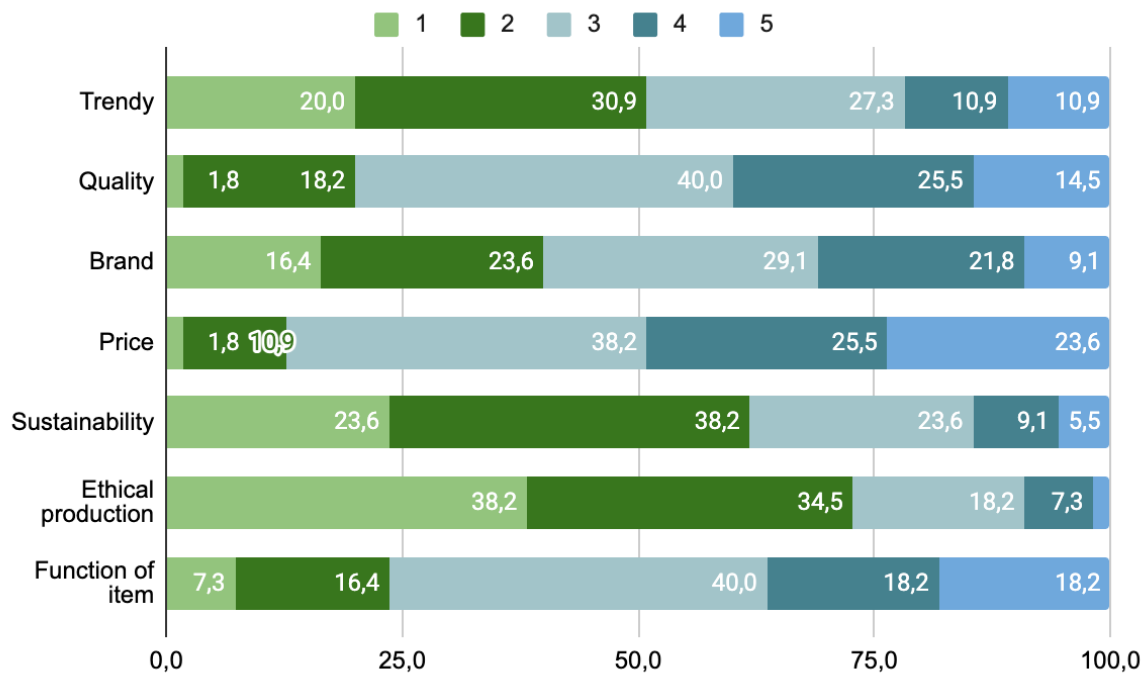
Figure 3, *Important parameters when shopping*, (Appendix A, Question 2.3).

The importance of the parameters varies greatly. Looking at the ranking of the different parameters, ethical manufactured ranked last with 27,3% of the votes being 3 or above. Thereafter comes environmentally sustainable with 38,2% of the votes being 3 or above. Then trendy and popular with 49,1%, and brand with 60%. The parameters in which the respondents find the most relevant is desired function with 76,4% of the votes being 3 or above, quality of the product with 80% and lastly with 87,3% of the votes being attractive price.

In addition, according to Question 2.4, 2.5, and 2.6 in Appendix A, when going shopping 67,3% of the respondents find themselves thinking about the environment almost every time or sometimes, while 38,2% avoid certain materials due to sustainability or the clothes carbon emission. Out of the 69.1% who answered yes in Question 2.5, they were asked which materials they avoided. The highest ranked materials were polyester, nylon and viscose/rayon. Surprisingly, conventional cotton was not one of the materials that people avoided, despite the fact that this type of cotton is specifically known to be one of the materials that requires the most water to produce. This may indicate that the average consumer lacks sufficient knowledge regarding the emissions of specific materials.

To follow up, in Question 2.7 the respondents were asked if they did anything to reduce their environmental impact when shopping. 34.5% replied that they use online secondhand portals such as Trendsales, Vinted, Tise, where 30.9% replied that they have drastically reduced their shopping needs. Furthermore, 23.6% replied that they shop in physical Second-Hand shops and 20% replied that they avoid certain materials. However, 25.5% replied that they do not do anything to reduce their environmental impact when shopping. This indicates that the general public desires a change in the practices of companies, and that the average customer wishes to reduce their carbon footprint. In the past, there was a common perception that those who wanted a chance were hippie-like individuals who were not interested in fashion and had a zero-waste lifestyle. However, this is not the case in the current state of affairs (Madsen, M. B., 2020). Now, everyone, from students to business people who are making enough money, wants to have a more sustainable everyday life. In this case, the respondents either choose to shop more secondhand or have drastically reduced their average spending on clothing.

In Questions 2.8 and 2.9, the subject of branding is addressed. Question 2.8 is regarding the importance of knowing the brand you shop at, where 72,7% of the respondents answer a 3 or above ranking in importance of knowing the brand one shop at. In addition, Question 2.9 asks respondents to identify the most important attributes of the clothes they tend to buy. By far the most popular answers were attractive prices and high quality items. Furthermore, the follow up was 'have a pleasing aesthetic', 'Must pay attention to environmental sustainability' and lastly 'Must treat its employees in a responsible manner'. This indicates that the company, brand and overall identity of the shopping destination are of significant importance, as are sustainability promises. Therefore, customers place a considerable degree of trust in the company's actions and activities.

The emergence of this new desire among the population presents a unique opportunity for companies with a climate-conscious mindset. The rest of the Danish business community must invest, innovate and change business models to ensure long-term profitability and viability. According to the 2021 Global Sustainability Study, it is predicted that product reuse and upgrading in the fashion industry will increase by 23% over the next five years, while the purchase of new products will decrease by 4.5% (Eriksen, 2022). This may be open to question due to the recent increase in fast- and ultra-fast fashion companies emerging.

6.3 Lawsuits cases

Over the years, the number of reported cases has seen a significant increase. Despite the rising number of reported instances, a vast majority do not culminate in fines or substantial penalties (Nielsen, 2024). Beginning in 2019, the DCO initiated the process of the public being able to report cases about companies deliberately violating The Marketing Practices Act, often in pursuit of augmented revenue (Østergaard, 2024). Companies tend to brand their products as being more sustainable and better for the environment than they actually are. This becomes greenwashing.

The development of reported and concluded cases is illustrated in Figure 4. From 2019 to 2023, 374 cases of environmental marketing have been reported to the DCO. This number of cases is rapidly increasing as customers become more aware of misleading marketing practices. Customers are now more likely to report companies for minor infractions and accusations than they were previously. The customer base is demanding transparency in a company's actions and marketing, and is less inclined to accept loose statements.
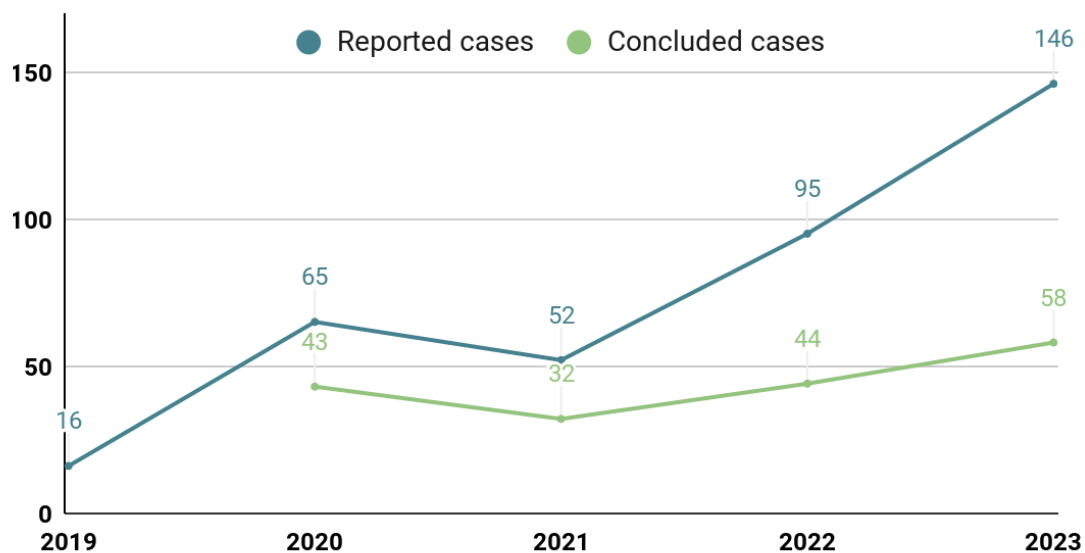

Figure 4, *The Development of Reported and Concluded Cases*, (Østergaard, 2024).

The year 2020 saw the conclusion of the first Danish cases of a violation of the marketing practice act regarding greenwashing. Yet these cases ended without the imposition of fines or any notable penalties other than negative publicity (Østergaard, 2024). It was not until December 2022 that a reported company was fined as a consequence of its marketing practices. The case in question involved the company Liewood, which had advertised swim rings as environmentally friendly on its website and in two posts on Instagram and Facebook, using statements such as 'made from BPA-free

eco-friendly PVC' and '#ecofriendly'. However, given that PVC is an environmentally harmful product, the Copenhagen City Court imposed a fine of DKK 25.000 on the company (Osbæck, 2022).

The effects of greenwashing in the fashion industry extend deeply into the fabric of a brand's image and operations. This industry, known for its substantial environmental footprint due to high water usage, waste production, and greenhouse gas emissions, is under increasing control from consumers who demand genuine sustainability (World Bank, 2019). When a fashion brand engages in greenwashing it risks a significant erosion of consumer trust. Modern consumers tend to be more informed and concerned about sustainability than ever before. The discovery of deceptive practices can drive them to abandon the brand in favor of competitors who are transparent about their environmental impact (Bladt, 2022).

The reputational damage from greenwashing can be severe and long-lasting, particularly given the high visibility of the fashion industry. Negative exposure can deter not only consumers but also influencers and celebrities who prefer associating with ethically responsible brands. Furthermore, regulatory bodies around the world are intensifying their scrutiny of environmental claims, which can result in significant financial penalties and the implementation of corrective measures. These consequences not only impose a financial burden but also disrupt the operational efficiency of businesses (Bladt, 2022).

In the last few years, the media have taken it upon themselves to follow these shitstorms and write about them rather aggressively to create a public opinion. According to Appendix A, Question 4.5, 45.5% of respondents feel that the publicity and media coverage of these cases has had a negative impact on them. Some of these companies with greenwashing scandals are quickly forgotten, while others stick around and end up with the negative identity of greenwashing. There are two sides to this. Firstly, customers become more aware and informed about the fraudulent companies. Secondly, the media often employs a specific discourse about the company, which aims to influence customer sentiment. This can range from anger to deception or simply feeling lied to.

A recurring theme in the survey, in Appendix A, was which companies respondents remembered cases from. This was primarily H&M and Zalando. The two companies share a commonality in that they are non-Danish based entities. Consequently, they are not subject to the jurisdiction of the

DMPA. However, this does not preclude them from being held accountable for their actions under the practice act of the European Union or in their respective countries of origin. Although the DMPA would regulate the activities of companies on Danish territory, both physically and online, the company would not be subject to trial in Denmark. Instead, the case would be referred to the court in which the company is originally registered. In some cases, the Consumer Ombudsman will handle the case against the accused company in co-operation with the European Commission and the consumer protection authorities in other relevant countries.

In the Zalando case, Denmark participated together with the European Commission, Norway, Sweden and Germany (Forbrugerombudsmanden, 2024a). However, in the case of H&M, there were no Danish participants.

6.4 Consequences of misleading environmental marketing

Greenwashing can have severe consequences for a company's reputation and financial health. The effects in the fashion industry, known for its significant environmental footprint due to high water usage, waste production, and greenhouse gas emissions, are particularly profound. Consumers increasingly demand genuine sustainability, placing this industry under intense scrutiny.

The book KlimaKommunikation (eng. ClimateCommunication) by Danish social media expert Astrid Haug, provides insights into the potential outcomes for companies in the sustainable sector. In the book Haug introduces a number of negative core consequences for companies with greenwashing accusations. Accusations of greenwashing can lead to significant negative media coverage, damaging a company's reputation. This exposure raises questions about the company's honesty and commitment to sustainability, spreading negative perceptions widely (Haug, 2023).

Beyond media backlash, companies accused of greenwashing often face severe criticism on social media from both customers and non-customers. These platforms amplify critics' voices, leading to widespread condemnation and viral campaigns. This rapid spread of negative sentiment makes managing the company's public image challenging. Customer loyalty to both the product and the industry can be significantly affected by greenwashing allegations. Misleading environmental claims not only damage the company's credibility but also cast doubt on the entire industry's integrity. This erosion of trust leads customers to favor competitors that demonstrate genuine sustainability.

Greenwashing accusations also hinder staff recruitment. Potential employees may be deterred by the negative reputation and ethical concerns. Talented individuals prioritizing ethical and transparent employers may seek opportunities elsewhere, reducing the company's ability to attract and retain top talent. Retailers and partners are likely to sever ties with companies involved in greenwashing. Business partners, concerned about their reputations and potential association with unethical practices, may distance themselves. This can disrupt supply chains, distribution channels, and collaborations, leading to operational challenges and financial losses. Even without legal convictions, the accusation of greenwashing can have lasting effects. The mere suggestion of unethical behavior can linger, casting a shadow over the company's reputation and affecting consumer perceptions and business relationships long after the initial allegation.

This type of crisis can have an impact not only on the business, but on the brand itself. When companies engage in greenwashing, whether actively or inadvertently, they risk damaging consumer trust. This erosion of trust can lead to reduced loyalty and patronage, as consumers are likely to feel misled and may choose to support more transparent competitors. The impact of greenwashing goes beyond consumer perception; it also exposes the company to reputational damage (Madsen, L. B. & Grunte-Sonne, 2023).

Negative media coverage and public scrutiny tarnish the brand image, potentially affecting relationships with business partners, regulators, and other stakeholders. Reputational damage from greenwashing can be long-lasting and difficult to repair. Investor relations are also impacted. The growing emphasis on CSR and ESG factors means investors are vigilant about the authenticity of sustainability claims. A history of greenwashing can make a company less attractive to investors, affecting its share price and ability to attract future capital.

One of the most immediate consequences of greenwashing is the significant damage to a company's brand and credibility. A fashion brand that engages in greenwashing risks a significant erosion of consumer trust. The survey for this thesis included a number of questions designed to ascertain whether the average customer considers greenwashing to be a relevant issue and, if so, whether it would alter their perception of a brand.

Within the survey, the respondents were asked to answer questions regarding greenwashing, or misleading marketing. These questions were asked to gain knowledge about how a potential customer perceives this information and how it affects the public when it is reported in different media. The questions were about greenwashing, cases and lawsuits, convicted companies, perceptions based on media publicity and shitstorms. This section also included questions about the company's brand after a greenwashing incident, considering whether consumers would perceive the company as dishonest and stop doing business with the company. The most relevant points from Appendix are illustrated in Figure 5.
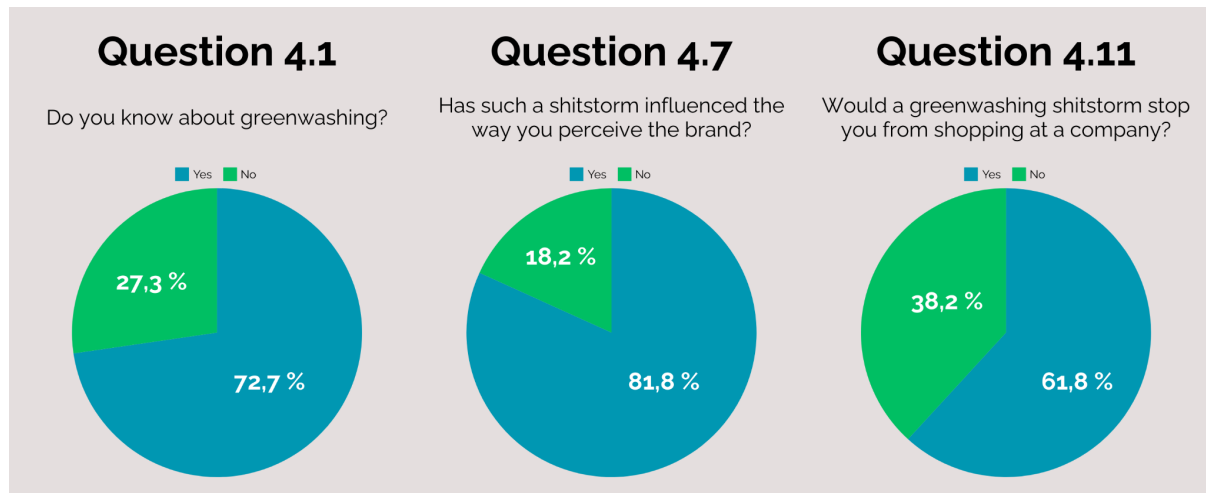
Figure 5, *The influence of Greenwashing*, (Appendix A, Section 4).

According to Appendix A, Question 4.6, 50.9% of respondents indicated that they had ceased patronizing a brand due to a negative publicity incident. In Question 4.7, 81.8% of respondents indicated that the negative publicity incident had influenced their perception of the brand.

Furthermore, in Question 4.8, 72.7% of respondents indicated that following the occurrence of the aforementioned events, they began to question other statements made by the brand. In Question 4.9, 74.1% of respondents stated that they began to perceive the brand as being dishonest.

In Question 4.11, respondents were asked to indicate whether a greenwashing scandal would affect their decision to do business with the brand. The fictional background story was that the company marketed their products as 100% recycled organic cotton. However, it was 100% conventional cotton, which emits 80% more CO2 than recycled organic cotton. 61.8% of respondents answered 'yes'. This indicates that greenwashing is a significant concern for the average consumer, and therefore a matter that companies must address with great seriousness.

Modern consumers, who are more informed and concerned about sustainability, tend to abandon brands that engage in deceptive practices in favor of transparent competitors. This sense of betrayal can lead to a strong backlash, damaging the company's reputation both short and long term. Given the high visibility of the fashion industry, negative exposure can deter not only consumers but also influencers and celebrities who prefer associating with ethically responsible brands. Rebuilding a damaged brand can take many years, if it is possible at all.

The response to a greenwashing crisis significantly impacts recovery. Analyzing financial statements from when the crisis emerged compared to previous years provides a clear picture of how consumer trust and purchasing behavior have been affected. Regulatory bodies are intensifying scrutiny of environmental claims, resulting in significant financial penalties and mandatory corrective measures. These consequences impose financial burdens and disrupt operational efficiency, increasing costs and reducing profit margins. Greenwashing affects customer purchasing behavior to such an extent that it should not be beneficial for companies. As consumers become more conscious of their decisions and prioritize genuine sustainability, they are likely to switch to transparent competitors. This shift can result in significant financial losses and a long-term decline in market share for companies exposed for greenwashing.

In summary, the consequences of greenwashing can be catastrophic. It damages the company's brand and credibility, directly affecting customers' purchasing behavior and financial performance. Regulatory scrutiny and financial penalties add to the burden and disrupt business operations. Failure to adhere to the company's values and promises can damage brand equity, reducing the perceived value of a brand over time.

It is therefore crucial for companies, especially in the fashion industry, to find the perfect balance between brand image and brand identity, avoiding greenwashing and focusing on genuine sustainable initiatives that build long-term customer trust and loyalty.

6.5 Greenwashing management

When a company is accused of greenwashing, it has two main options: to manage the crisis and act in favor of mortification, or to take the risk of a higher revenue. In some cases, the latter may end up leading to the former. Crisis management and risk management are both essential components of organizational resilience, but they serve different purposes and are applied at different stages of potential adverse events. Crisis management is the process of addressing a disruptive and unexpected event that poses a threat to the organization, its stakeholders, or the general public. The objective is to respond promptly and facilitate recovery. Risk management is the process of identifying, assessing, and prioritizing risks, followed by coordinated efforts to minimize, monitor, and control the probability or impact of unfortunate events. The objective is to prevent and prepare for such events. Both will be examined within this section.

6.5.1 Risk Management

Although it has been previously established that greenwashing is a negative phenomenon, some companies may still pursue the sustainability trend with minimal to no alterations to their operations or production processes (Noel, 2024). As discovered, it is mostly happening due to the wish and high chance of an increased revenue. It might seem simple, that to mislead customers, falsely advertise ones products and directly lie to everyone is not just wrong, but also very illegal, though companies are still doing it. Risk management is crucial for a company attempting to brand itself as sustainable and eco-friendly, even if it currently does not fully meet these criteria (Tucci, 2023). The focus points are illustrated in Figure 6.

Figure 6, *Risk Management Factors*, (own illustration).

First, the company should conduct a comprehensive reputation risk assessment (Harvey, n.d.). This will identify potential risks such as greenwashing allegations, public backlash from customers and activists, and regulatory scrutiny. To mitigate these risks, the company needs to ensure some sort of transparency in its marketing and communications efforts. The objective of achieving sustainability can be met by defining and communicating the steps being taken in a clear yet flexible manner, setting and publicly communicating incremental and mediocre achievable sustainability goals.

One of the most crucial considerations for the company is financial risk management (Tucci, 2023). The company needs to assess the financial impact of transitioning to sustainable practices and consider potential market risks if customers perceive the company to be disloyal. Mitigation strategies should include allocating a budget for sustainable initiatives and ensuring that these investments are strategically planned. Conducting cost-benefit analyses can help understand the financial impact of sustainable practices versus the potential cost of reputational damage.

Operational risk management is also essential (Noel, 2024). The company needs to identify gaps between its current practices and its brand claims. This involves conducting a thorough audit of its operations and determining the resources required to truly improve sustainability practices. Mitigation strategies should include developing a plan to progressively improve the sustainability of operations, such as reducing waste, increasing energy efficiency and sourcing environmentally friendly materials. In addition, the company should work closely with its suppliers to ensure that they adopt sustainable practices, which may involve reviewing supplier contracts and establishing sustainability criteria. The company should address the concerns of investors who may be wary of the costs associated with becoming truly sustainable, and assess the risk of employee disengagement if internal practices do not match external claims.

Creating programs to engage employees in sustainability efforts and building a culture of environmental responsibility can mitigate these risks. This may result in the employees at the upper levels of management being the only ones who are aware of the company's actual operations. In addition, communicating the long-term benefits and strategic importance of sustainability to investors can help balance short-term costs with long-term benefits.

In the event that the misleading advertising of the company is discovered, the company should have prepared for crisis scenarios through crisis management planning (Tucci, 2023). This involves

developing a crisis management plan specifically for accusations of greenwashing and preparing for operational failures that could contradict sustainability claims. The branding of a company as sustainable and eco-friendly without the implementation of current practices to support such claims is fraught with ethical and reputational risks. Nevertheless, it is of the utmost importance that the company makes a genuine commitment to implement tangible changes that align its operations with its branding in order to prevent any long-term damage.

6.5.2 Crisis management

Despite the prevalence of crises among businesses, many lack the requisite skills to effectively manage them. This thesis will present a concise overview of the Situational Crisis Communication Theory (SCCT), which offers a framework for navigating such challenges (Coombs, 2007). Many companies find themselves unprepared when a crisis hits. An informal LinkedIn poll found that 67% of executives surveyed did not have a crisis communications plan (Hughes, 2021). Similarly, a survey by PR Newswire found that while 62% of companies had a plan, many were unsure about regularly updating it (Arenstein, 2020). SCCT provides a framework for creating an effective crisis communications plan that can be invaluable in managing a crisis. When a crisis occurs, quick action is essential. Allowing the situation to spiral out of control can make it much harder to repair the damage. SCCT can guide you through the creation and implementation of a crisis communications plan to ensure a structured and effective response. The focus points are illustrated in Figure 7.

- Identify the crisis that is being faced
- Internal crisis communication strategy
- Objective on the other side of the crisis
- Determine the publicly respond
- Formulation of a response strategy.
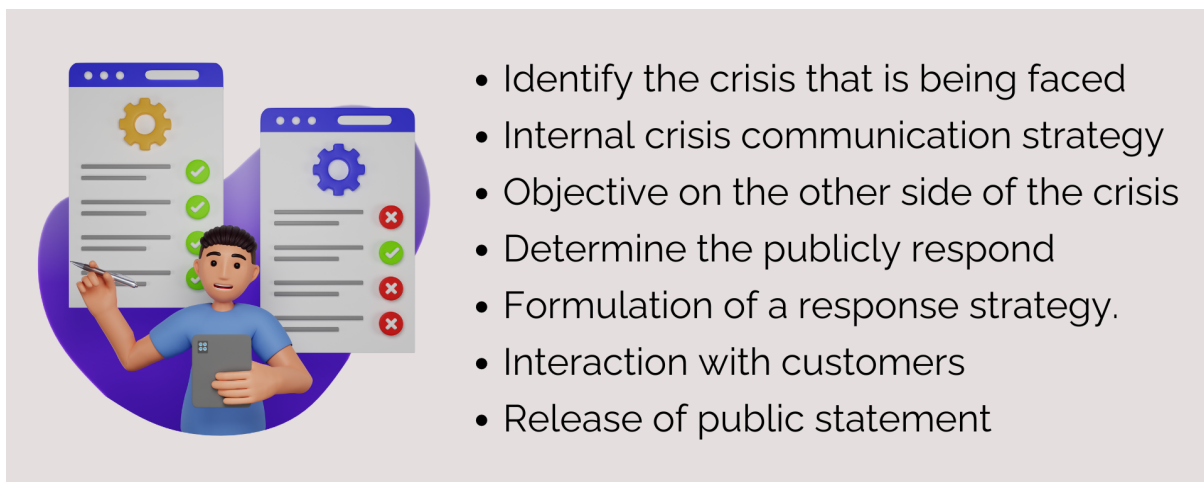- Interaction with customers
- Release of public statement

Figure 7, *Crisis Management Steps*, (own illustration).

Firstly, it is important to identify the type of crisis that is being faced (Coombs, 2007). Understanding the nature of the crisis is crucial as it determines the most appropriate public communication strategy. For instance, a natural disaster may not require a public statement to protect the company's reputation, while a product failure would necessitate a more direct public response. Before responding publicly on social media, writing a notice on the company website, or sending a press release, it is essential to determine the type of crisis that is being faced. This step will shape the subsequent communication strategy. From the previous theory aspect of this thesis, is it known that one assumes that greenwashing cases fall under a 'Preventable Crisis'. Although some businesses may unintentionally contravene the Marketing Practices Act and consequently find themselves in a crisis that they were unable to anticipate, this perspective on the greenwashing crisis will not be further considered.

Secondly, select an internal crisis communication strategy (Coombs, 2007). It is crucial to maintain transparency with stakeholders, even if the message differs from that communicated to the public. Be as transparent as possible with employees involved in the crisis. If the crisis affects the entire company, everyone should be informed about what has happened. This clarity can prevent mistrust and speculation. Using SCCT internally, such as adopting a rebuilding strategy, allows you to acknowledge faults while assuring employees of their job security.

Thirdly, define your objective on the other side of the crisis (Coombs, 2007). It is crucial to establish a clear goal for what your business will look like after the crisis. This goal will directly inform your SCCT strategy. Whether your objective is to retain customers, protect your public reputation, or reestablish trust in your brand, having a specific objective will help you respond more effectively.

Fourthly, determine who you need to publicly respond to (Coombs, 2007). Determine whether you need to address your current customers, the general public, or only your employees. In the event of a natural disaster, you may wish to first communicate with employees and then apologize to customers for any service disruptions. If the crisis involves a product issue, a public response is necessary to address both current and potential customers.

Furthermore, it is advisable to select two or three trusted advisors to assist in the formulation of a response strategy (Coombs, 2007). The selection of a few trusted advisors to help develop the response strategy is recommended. These advisors can provide valuable insights and assist in crafting

appropriate messaging. Ideally, this group would include a freelance crisis communication specialist, an attorney, and a stakeholder such as a board member. Collaborating with advisors ensures a well-rounded and effective response.

An alternative approach would be to send an email to all customers (Coombs, 2007). If the crisis directly affects customers, it is advisable to contact them before they hear about it from the media. It may be beneficial to offer compensation, if applicable, and to allow direct contact with a member of the company's team for any questions. This proactive approach helps to maintain trust and to manage the situation more effectively.

Finally, it is necessary to issue a press release or public statement (Coombs, 2007). Once the relevant employees and customers have been informed, a press release should be written and distributed to the general public. The press release should include a brief summary of the situation, the cause of the crisis (or a note that it is under investigation), the steps being taken to resolve it, and how the company will change moving forward.

By following these steps and utilizing SCCT, businesses can effectively manage crises, mitigating damage and restoring trust with stakeholders.

6.6 Most remarkable cases

In the next section we will look at the most notable greenwashing cases that the average Danish customers found the most remarkable. These cases were found during the survey, which can be found in Appendix A, Question 3.4 and 4.4. The companies which will be looked into are H&M, Copenhagen Cartel and Planet Nusa.

6.6.1 Case of H&M

Hennes & Mauritz (H&M) is a Swedish multinational clothing retailer known for its fast-fashion clothing for men, women, teenagers and children. Founded in 1947, H&M has grown into one of the world's largest fashion retailers, operating in many countries and offering a wide range of clothing, accessories, footwear and home products. H&M operates thousands of stores worldwide and has a significant online presence that reaches customers in many countries (H&M, 2024a). H&M is known for its fast-fashion business model, which focuses on bringing the latest fashion trends from the catwalk to the store quickly and at affordable prices. This model involves rapid design processes and frequent stock turnover to keep up with changing fashion trends.

The company offers a wide range of products including casual wear, formal wear, sportswear, lingerie, accessories, footwear and home furnishings. This broad product range caters for different customer needs and preferences (H&M Group, 2024b). H&M is known for offering fashionable clothes at accessible prices, making high street fashion accessible to a wide audience. This affordability is a key factor in its popularity and success. H&M engages with its customers through a variety of channels, including social media, loyalty programs and personalized marketing.

Overall, H&M is a major player in the global fashion industry, known for its extensive retail network, trend-led clothing and efforts to become more sustainable. H&M has made significant efforts towards sustainability and has several initiatives to reduce its environmental impact, including clothing recycling programs and sustainable innovation in materials and production processes (H&M, 2024c). This is better known as the Garment Collection program and was launched globally in 2013 (H&M, 2024b). The fibers from these collected garments are used to make new garments under the label 'Conscious Exclusive Collection'.

This program and thinking has made H&M a first mover in the fast fashion industry, which has led the media to question its actions. The first significant media discussions questioning H&M's sustainability practices date back to around 2012. This was when H&M began to heavily promote the 'Conscious Collection' and other sustainability initiatives (H&M Group, 2013). Media and environmental organizations began to question the company's claims, questioning whether these initiatives were truly sustainable or primarily marketing tactics. In 2012, several articles and reports surfaced that raised concerns about the real impact of H&M's sustainability efforts (Baker, 2012). Critics pointed out that while the company was making progress in certain areas, such as using organic cotton and launching garment recycling programs, these measures might not be enough to offset the environmental impacts of its large-scale fast fashion business model.

H&M was accused of greenwashing for the first time in 2019. The Norwegian Consumer Authority (NCA) criticized H&M for a lack of transparency and insufficient details about the environmental benefits of its 'Conscious Collection'. The NCA's investigation highlighted concerns that H&M was making vague and misleading sustainability claims without providing adequate evidence to support them (Hitti, 2019).

However, 2019 was not the only year in which H&M found itself in crisis. In 2022, H&M faced significant controversies and legal challenges regarding its sustainability claims, particularly involving the use of the Higg Index, a tool developed by the Sustainable Apparel Coalition to measure the environmental impact of apparel products (Cascale, n.d.). Critics argued that H&M misused the Higg Index to exaggerate the sustainability of its products. This led to broader scrutiny and legal actions, including a lawsuit in New York accusing H&M of deceptive marketing practices by providing misleading sustainability profiles for its products. In response to these issues, H&M removed the Higg Index sustainability profiles from its products, and the Sustainable Apparel Coalition suspended the use of its consumer-facing sustainability profiles and product seals to prevent further misuse (Wright, 2022) . These events underscored the need for greater transparency and accountability in sustainability reporting and marketing within the fashion industry.

In addition, two scandals found their way to H&M in 2023. H&M continued to face legal and reputational challenges related to greenwashing. One notable incident involved a class-action lawsuit filed in the United States, accusing H&M of misleading marketing practices regarding its 'Conscious Choice' collection (Shendruk, 2022). The plaintiffs alleged that H&M's claims about the sustainability

of these products were deceptive, leading consumers to believe they were purchasing environmentally friendly items when that was not necessarily the case (Business & Human Rights Resource Centre, 2022). Despite these challenges, H&M managed to have one of the greenwashing lawsuits dismissed. The dismissal was partly due to the court finding that the plaintiffs did not provide sufficient evidence to support their claims that H&M's marketing was intentionally misleading. However, the ongoing scrutiny from regulators and consumer watchdogs highlights the persistent issues H&M faces in convincing the public of its genuine commitment to sustainability (Ponte, 2023).

The other scandal in 2023 was ethical challenges related to its labor practices in garment factories. A major issue involved allegations of worker abuse in Myanmar. A report by the Business and Human Rights Resource Centre tracked numerous cases of wage reduction, wage theft, unfair dismissal, and forced overtime in Myanmar garment factories supplying H&M. H&M has acknowledged these issues and stated that it is working to address and remediate them in cooperation with local stakeholders (Reuters, 2023).

Despite the numerous cases connected to H&M, the company has yet to issue a formal statement. Instead, it has left it up to the store to handle the customers. In Appendix B, a survey was conducted regarding the public opinion on the handling of the cases. Respondents were asked to answer two questions: 'Do you think H&M handled the case in the best possible way?' and 'Do you think H&M gave a good explanation and that it convinced you?' The answers speak for themselves. H&M scores 100% 'no' in both questions.

These controversies underscored the importance of transparency and accuracy in sustainability claims. H&M has been urged to improve its communication strategies and provide clearer, more detailed information about the environmental impact of its products. This situation reflects broader challenges in the fashion industry, where companies must navigate increasing regulatory oversight and consumer expectations regarding sustainability.

These greenwashing scandals damaged H&M's reputation as a leader in sustainable fashion, undermining their consumers' trust, especially among environmentally conscious shoppers. This erosion of trust could have long-term impacts on consumers loyalty and brand perception. While the direct financial impact is not explicitly detailed, potential repercussions include legal costs, reduced

market share, and a negative effect on brand value. Reports indicate that consumer willingness to pay might also be affected, potentially leading to a decline in sales from eco-conscious consumers. Overall, while H&M remains a major player in the fashion industry, these scandals have highlighted significant challenges in maintaining consumer trust and transparency, necessitating steps to improve sustainability communications and rebuild its reputation.

6.6.2 Case of Copenhagen Cartel

Copenhagen Cartel (CC) is a Danish company specializing in sustainable clothing and accessories, with a particular focus on swimwear. The company's products are made from recycled materials, including ocean plastic and fishing nets. The company was founded in 2020 by Katrine Lee Larsen, who has a passion for creating eco-friendly and ethical products while working to clean the oceans of plastic waste. CC has been featured in Løvens Hule, the Danish equivalent of Shark Tank or Dragons' Den. The company participated in the program during its fifth season, during which the CEO presented the company and its mission to fight plastic pollution in the oceans by creating sustainable swimwear. The company received an investment from several of the investors who saw the potential in the business and the CEO's commitment to sustainability. Participating in this nationally broadcast television program afforded CC significant exposure and contributed to an increase in brand awareness, which has facilitated the expansion of the company.

A financial analysis of CC reveals that 2022 commenced with a promising start and experienced a surge in sales during the summer months. CC achieved a turnover of DKK 7.7 million, representing a 15% growth from 2021. However, the summer period was followed by a challenging period for sales, due to the prevailing market conditions, including rising interest rates, inflation, and the energy crisis. The result for the year, which is a loss of approximately DKK 3 million, is unsatisfactory. In 2023, the objective is to identify which sales channels are profitable. The focus remains on supporting our loyal customer base and community, and their commitment to our social responsibility and mission to help the oceans. The expectation is for top-line growth of approximately 15% (Copenhagen Cartel ApS, 2023).

In the company's 2022 annual report, it is written that:

In 2022, Copenhagen Cartel received a letter from the DCO regarding communication and their 'statement products'. This case is still ongoing, but management decided to remove these products from the catalogue and the communication was clarified to avoid it being misinterpreted by the consumer. In March 2023, Copenhagen Cartel became part of a media story due to the strong focus on the green transition and the communication of this primarily related to material composition. The situation had a negative impact on the expected result for the year 2023. However, sales have subsequently recovered and increased compared to previous years, and wholesale distributors continue to act as partners. In order to further clarify the contribution that products, the choice of materials, donations and clean-up events can make to recycling and the green transition, Copenhagen Cartel is endeavoring to communicate more clearly. The company's focal point remains the continued positive contribution to cleaning up the world's oceans.
(Copenhagen Cartel ApS, 2023).

CC even mentions that the current situation with the accusation of greenwashing has a negative impact on the expected financial situation in 2023. Although they mention that sales have recovered, their brand may have been seriously damaged. The public's attention was now focused on a well-known company participating in 'Løvens Hule', a nationally popular TV show.

Although the company was aware of the accusation and changed its tone, it did not meet the DCO's expectations. On 18 January 2024, Copenhagen Cartel was reported to the police by the DCO for misleading marketing. The company was accused of giving consumers a false impression of the proportion of their products that were made from recycled plastic from the sea, especially fishing nets. The DCO believed that the statements that their products were made from 78% plastic recovered from the sea were misleading, as the company could not provide sufficient documentation to substantiate this claim. The DCO highlighted that such marketing practices could influence consumer behavior, given that many consumers prioritize products that contribute to the green transition (Forbrugerombudsmanden, 2024b).

In response, CC posted a formal apology on their Instagram to reach their closest customers. This apology is to be found in Appendix C. In this apology CC emphasizes their ambition to make a difference for people, nature, and the environment, and acknowledge that legal mistakes can happen for a new company. They assert that their intentions were genuine and express their focus on moving

forward and looking ahead. The best thing to do when being accused for greenwashing is to apologize and give the followers and customer a prover and formal apology. In the apology CC uses the strategy of 'Corrective Action', 'Reducing Offensiveness' and 'Evading Responsibility'. They have acknowledged the need to address past mistakes and have expressed their commitment to rectifying them. While they have not explicitly apologized, they have acknowledged the issue and expressed their desire to make a positive impact as well as their good intentions. In some instances, their response seems to be one of avoidance, suggesting that they recognize the problem but are unwilling to address it directly.

Additionally in Appendix B, a survey was conducted regarding the public opinion on the handling of the case. Respondents were asked to answer two questions: 'Do you think Copenhagen Cartel handled the case in the best possible way?' and 'Do you think Copenhagen Cartel gave a good explanation and that it convinced you?' In the first question about the handling of the case, 17% answered 'yes', while 83% answered 'no'. And the second question, regarding the explanation, received a 100% 'no'. Furthermore, CC has subsequently removed the disputed statements from their marketing. While CC may have removed the statement from their marketing, the facts that were once there remain as lies to customers.

6.6.3 Case of Planet Nusa

Planet Nusa is Danish a sustainable sportswear brand founded in 2018. The brand focuses on creating a community-driven environment and produces its sportswear from recycled materials, primarily in Europe, aiming to balance style, performance, and sustainability. They emphasize ethical production and have built a loyal customer base through active engagement and transparency. Planet Nusa has made significant strides in the market by leveraging social media and influencer marketing, which helped them achieve notable sales growth since their strategic shift in 2020. The brand's products are designed to be both functional and fashionable, with a strong emphasis on inclusivity and making women feel comfortable and confident during exercise (Arnedal, 2021).

Planet Nusa is one of the most talked about brands among Danish women at the moment. In February of this year, a sports brand held a warehouse sale. The event attracted approximately 3,000 attendees, despite the frigid temperatures (Schuldt, 2024). Planet Nusa's popularity in Denmark can be attributed to its strong emphasis on sustainability, ethical production and community involvement. The brand's

use of recycled materials and local manufacturing fits well with the environmentally conscious values of Danish consumers. Furthermore, Planet Nusa is committed to promoting body positivity and inclusivity, as well as fostering a strong community among its customers. The brand focuses on creating a welcoming environment for women of all shapes and sizes, promoting the idea that everyone should feel good about themselves while exercising. Planet Nusa also places a strong emphasis on building a community around their brand. They engage with their customers through social media, community events and by encouraging customers to share their own experiences and photos of them wearing Planet Nusa products. This approach helps to create a sense of belonging and loyalty among their customer base, which is a core part of their brand identity. The combination of high quality, stylish sportswear designed by women for women, coupled with transparent business practices and excellent customer service, has made Planet Nusa a favorite in Denmark.

The case of Planet Nusa differs from the two other cases in that it was never formally accused nor convicted of greenwashing. However, some of their social media followers began to question their statements and created forums on social media Reddit to discuss their honest opinions about the brand's sustainability commitments and communications (Kendisgossip, 2023). Thereby in Appendix B, a survey was conducted regarding the public opinion on the handling of the case. Respondents were asked to answer two questions: 'Do you think Planet Nusa handled the case in the best possible way?' and 'Do you think Planet Nusa gave a good explanation and that it convinced you?' For Planet Nusa, the first question about handling the case received 29% 'yes' and 71% 'no'. And the second question about their statement, 43% answered 'yes' and 57% 'no'.

This case has been brought to light due to the actions of Planet Nusa in order to avoid being officially reported as a case of greenwashing. In March 2024, Planet Nusa decided to remove all sustainability claims from its website, social media and all marketing (Schuldt, 2024). This was in response to the introduction of a new directive called 'Green Claims'. This directive builds on and complements the EU's recent ban on greenwashing and misleading environmental claims, demonstrating a clear commitment to eliminating misleading green claims (Jurcenoks et al., 2024). This policy is therefore designed to ensure that sustainability claims are not used in too general a manner. One could argue that Planet Nusa has employed terminology which could be perceived as misleading. In its marketing and communication, Planet Nusa has previously employed terminology such as 'sustainable core

values', 'sustainably made from salvaged fishing nets', and 'sustainable sportswear.' However, it is these terms which have since been removed (Larsen, 2024). In addition, Planet Nusa stated that:

"That's why we'd much rather go down to each individual product and be specific. [...] It's important for us to be transparent. We choose to communicate in a different way and be specific about how our production takes place" (Larsen, 2024).

This is part of a broader trend where many companies have faced backlash for overstating their environmental credentials to appeal to eco-conscious consumers. Despite the greenwashing scandal, where the brand faced accusations of overstating its sustainability claims, Planet Nusa continues to be well-regarded for its community engagement and customer service. They offer repair services for their products to promote longevity and discourage waste, aligning with their sustainability goals. However, Planet Nusa claims that the processes used to make their clothes are still the same, they have just stopped using sustainability in their marketing (Schuldt, 2024). One could argue that due to the massive interest in Planet Nusa, not all of their customers actually care about sustainability, but rather buy the clothes based on trend and popularity.

Financially, such scandals often result in reduced sales and increased costs related to legal defenses and public relations efforts to restore the brand's image. While specific financial data for Planet Nusa is not detailed in public sources, due to the recent being of this scandal, it is reasonable to infer that the scandal likely led to a similar pattern of financial strain, including possible declines in revenue and increased operational costs to comply with stricter regulations and rebuild consumer confidence.

6.7 Rebranding strategies

In the event that a company's brand is significantly damaged as a consequence of a crisis, it is of the utmost importance that the company's management takes the initiative to implement a rebranding strategy with the objective of rebuilding the company's reputation and brand. In certain instances, it may be necessary for a company to rebrand certain aspects of its business. In such scenarios, there are six ways in which this can be achieved. By implementing one or more of these strategies, companies can rebuild their reputation and demonstrate their genuine commitment to sustainability.

These rebranding strategies and opportunities can be grouped into three categories. By categorizing these strategies, companies can better allocate their resources and efforts to effectively address greenwashing scandals, ensuring both internal improvements and transparent external communication. The categories are: 'Online/Social Media', 'Internal Actions' and 'Mixed'. An overview of the selected strategies is to be found in Figure 8.

Online / SoMe	**Internal Actions**	**Mixed**
• Transparency	• Genuine Investments	• Third-party certifications
• Educating the customer	• Internal Policies	• Collaborations
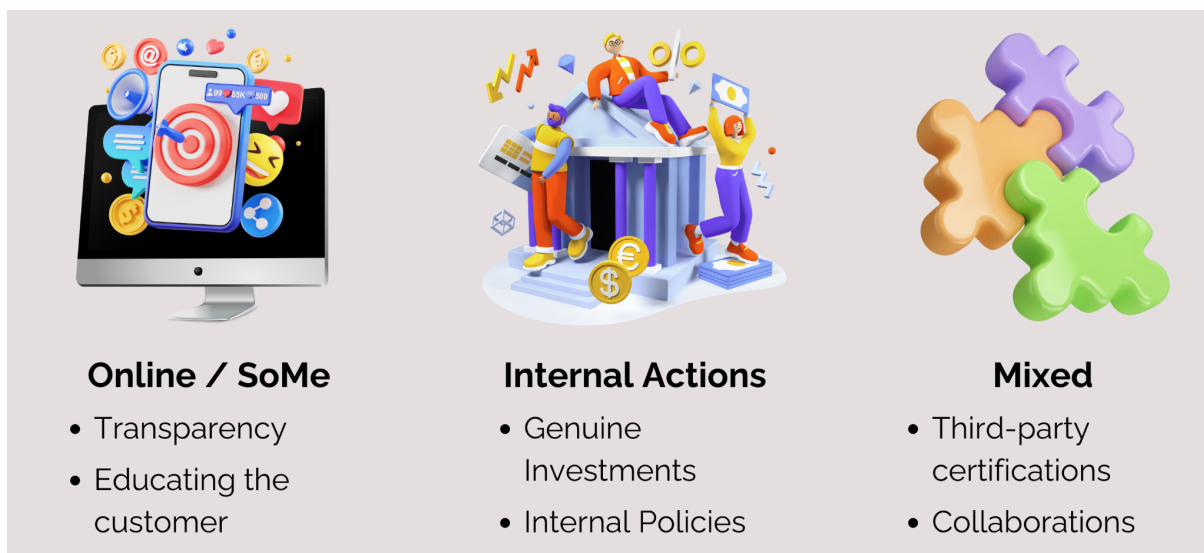
Figure 8, *Overview of Rebranding Strategies*, (own illustration).

The 'Online/Social Media' strategies for a company should include honest communication and transparency. According to the Image Repair Theory, individuals and organizations can utilize strategies such as Evading Responsibility or Mortification to openly admit their mistakes and communicate honestly about what went wrong. This approach involves acknowledging errors, taking responsibility, and outlining clear steps for improvement. To implement these strategies effectively, companies should publish comprehensive reports documenting their past actions and detailing their plans for corrective measures. These reports should be made easily accessible online and include

specific data and timelines for the proposed improvements. Transparency in these communications helps build trust with stakeholders by demonstrating a genuine commitment to addressing issues and preventing future occurrences. It can include video statements, social media posts, and detailed reports published online. While this strategy of honest communication and transparency can be highly effective, it is important to acknowledge that customers may not always accept this form of apology and explanation. In Appendix A, Question 4.10, respondents were asked if they believed that an apology and an explanation would enhance their perception of the brand and its actions. Of the respondents, 61.9% answered 'no'. The companies however find themselves in a situation where their customers and followers might not accept and acknowledge their most sincere apology. Tougher measures must therefore be taken by the company in order to regain their previous brand equity.

Another 'Online/Social Media' strategy can be to focus on enhancing consumer involvement and education, particularly in the context of sustainability. Educating and involving consumers in a company's sustainability journey can build stronger customer relationships and promote brand loyalty. This could be achieved through comprehensive campaigns that not only inform consumers about the company's green initiatives but also show them how they can actively participate. Such campaigns may take various forms, including educational content that highlights the importance of sustainability and provides practical tips for consumers to reduce their environmental impact. Interactive elements, such as social media posts, videos, and online challenges, can be particularly effective.

For instance, a company might create a series of posts that explain different aspects of their sustainability efforts and invite consumers to share their own eco-friendly practices. Videos could demonstrate simple actions that individuals can take to support the environment, such as buying secondhand clothing or repairing their old, damaged clothes. By making sustainability a collaborative and interactive experience, companies can create a community of informed and engaged consumers who are motivated to support and advocate for the brand's sustainability goals. This approach not only educates consumers but also empowers them, making them feel like an integral part of the company's mission to create a more sustainable future.

In terms of the 'Internal Actions', the recommendation is to make a significant investment in order to achieve tangible environmental improvements. To make a significant impact, companies should

consider directing their resources towards tangible and measurable environmental initiatives (Aaker, 2023). These initiatives could encompass a range of strategies, from investing in renewable energy sources and carbon reduction projects to adopting sustainable practices across all areas of operation. Sustainable practices encompass a wide range of activities, from reducing waste and water usage to ensuring that products are sourced and manufactured in environmentally friendly ways. The success of these efforts hinges on the development and enforcement of robust sustainability policies.

This necessitates comprehensive internal coordination and a strong commitment at all levels of the organization. Leaders must set clear sustainability goals and allocate resources to achieve them, while employees at every level must be educated and motivated to adopt sustainable practices in their daily work. Regular training and transparent communication about the company's sustainability initiatives can foster a culture of environmental responsibility.

Moreover, these internal actions should align with the company's brand and values, ensuring that the sustainability efforts are not only effective but also resonate with stakeholders. By making genuine investments in green initiatives and embedding sustainability into the corporate ethos, companies can demonstrate their commitment to environmental stewardship. Such actions not only benefit the planet but can also enhance the company's reputation, attract environmentally conscious consumers, and potentially lead to cost savings in the long run through more efficient operations.

In addition, the 'Internal Actions' could include the implementation of robust internal policies (Miller, 2014). It is advantageous for an organization to develop and enforce strong internal sustainability policies and guidelines, ensuring adherence across the entire organization. This creates a unified approach to sustainability, where every department and employee is aligned with the company's environmental goals. This process involves not only the initial investment but also the continuous monitoring and improvement of these initiatives to achieve optimal results. While these efforts are managed internally, it is equally important to communicate progress and results externally. Transparency in sustainability efforts builds trust with consumers, investors, and other stakeholders. Regular updates through sustainability reports, social media posts, and press releases can highlight the company's genuine commitment and achievements in environmental stewardship. Sharing success stories and challenges alike provides a realistic view of the company's journey towards sustainability, enhancing its credibility.

Overall, the combination of strong internal policies, significant investments in environmental initiatives, and transparent external communication forms a holistic strategy for achieving and showcasing real environmental improvements. These approaches not only believe to help the organization meet its sustainability goals but also strengthens its brand reputation and builds long-term value.

Finally, one of the 'Mixed' strategies is to seek third-party certification. Obtaining certification from reputable environmental organizations can validate a company's sustainability claims and provide an additional layer of credibility. These certifications serve as an external endorsement of the company's efforts, assuring stakeholders that the organization's sustainability practices meet high standards. Pursuing certification involves a rigorous internal process. Companies must thoroughly document their practices, undergo audits, and meet the criteria set by the certifying body. This process often requires significant effort and commitment from various departments within the organization.

Once the certification is achieved, it is essential to communicate this accomplishment externally. Sharing this achievement through social media, press releases, and other communication channels can significantly enhance the company's reputation. It shows customers, investors, and other stakeholders that the company is not just making claims about sustainability but has also been independently verified. This builds credibility and trust, as consumers are more likely to support and engage with companies that have proven their commitment to environmental responsibility.

Additionally, promoting the certification can differentiate the company in a competitive market. It signals to consumers that the company takes its sustainability promises seriously and has taken concrete steps to ensure its operations are environmentally friendly. Highlighting certifications in marketing materials, on the company's website, and through customer communications can further strengthen the brand's image within sustainability.

The second 'Mixed' strategy is to collaborate with environmental organizations. The formation of partnerships with reputable environmental organizations for the purpose of developing and implementing sustainable initiatives serves to demonstrate that a company is genuinely committed to the principles of sustainability and environmental stewardship. This commitment is evidenced by the company's willingness to go beyond mere online rhetoric and to engage in tangible actions that are in alignment with these values. This strategy can also be applied to omnichannel marketing. This

phenomenon is about providing a seamless and integrated customer experience across various channels and touchpoints. When companies collaborate, they can leverage each other's strengths and channels to create a more robust and cohesive omnichannel marketing strategy.

While the formation of these partnerships is an internal process, it is crucial to communicate the collaboration and its results externally. Sharing the details of these partnerships through press releases, social media updates, and website content helps build credibility and trust with stakeholders. Highlighting the expertise and reputation of the environmental organizations involved can further validate the company's commitment to sustainability. Externally communicating these collaborations not only demonstrates a commitment to genuine environmental action but also enhances the company's reputation. While developing these partnerships requires internal coordination, effectively communicating the collaboration and its outcomes externally helps build trust and credibility. This approach ensures that the company's sustainability efforts are seen as genuine and impactful, strengthening its overall reputation and relationship with stakeholders.

7. Discussion

This discussion will review the key findings of the thesis and link them to new viewpoints in order to challenge the existing claims in our society. It will explore the balance between creative freedom and responsible marketing, the potential consequences of greenwashing, and how consumers can play an active role in combating misleading environmental claims. In addition, the limitations of this thesis and suggested directions for future research will also be touched upon. In conclusion, the principal findings will be summarized, and the ways in which businesses and consumers can work towards a more transparent and sustainable future will be identified.

7.1 Implications

This section presents the most significant findings in a broader context. In a world where economic inflation, overconsumption, sustainability, greenwashing and numerous other issues are prevalent, it can be challenging to know how to act. For many, it can be difficult to form conclusions when the majority of information is intangible and difficult to quantify. In today's world, companies are increasingly expected to be environmentally responsible. Consumers are more aware than ever of the environmental footprint of products and services. In this context, sustainability communication is becoming a key component of many companies' marketing strategy. But this communication walks a fine line, with the risk of being accused of greenwashing always lurking in the background.

Greenwashing remains a blurred line, and despite the hard work of the DCO in setting out many clear guidelines on what constitutes greenwashing, companies are still unable to comply. The guidelines are designed to protect consumers from misleading marketing and ensure that they are properly informed about the environmental claims made by companies. But where is the line between greenwashing and legitimate sustainability initiatives? This is the challenge. To avoid greenwashing, companies need to ensure that their environmental claims are accurate, substantiated and transparent, but at the same time they risk stifling the creative freedom needed to create engaging and differentiating marketing.

Creative freedom is essential for businesses that want to stand out from the crowd. In the context of marketing, where creativity is a fundamental aspect of any successful campaign, the freedom to innovate is of paramount importance. Marketing is not merely the act of selling products; it is also

about the construction of narratives, the establishment of emotional connections, and the shaping of brand identity. It's through creative marketing that companies can communicate their unique values and attract their target audience. The freedom to be creative allows marketers to explore new ideas, take risks, and create engaging content that can capture the attention of consumers in an environment where media saturation is a significant challenge.

However, when it comes to sustainability, this creativity must be balanced with honesty and precision to avoid greenwashing. As Heidi Helveg Højmark previously said: *"It's often the subtleties that go wrong. But it often seems that the people in the marketing department or agency are a little too creative."* Though, It is important to consider where the boundaries of creative freedom lie and the potential consequences of limiting this freedom.

The restriction of creative freedom within the marketing industry can have significant consequences. Limiting creativity can result in the homogenization of marketing messages, where campaigns lose their uniqueness and become less engaging for consumers. This can lead to a reduction in the effectiveness of marketing efforts and a weakening of brand loyalty. Furthermore, it can inhibit innovation within the industry, where the fear of crossing the line into greenwashing leads to caution and conservatism in campaign development.

In this fast-moving market, it is necessary for companies to stand out from the crowd and to practice a slightly alternative form of marketing. This is where the concept of 'freedom with responsibility' becomes relevant in this context. It means that companies have the freedom to shape their marketing strategies and messages, but this freedom comes with a responsibility to be truthful and accountable to their consumers and society at large. To meet this responsibility, companies should be transparent by sharing detailed information about their sustainability initiatives, including challenges and areas where they are working to improve. This builds credibility. Any environmental claims should be backed up by verifiable data and third-party certification, reducing the risk of accusations of greenwashing.

It is crucial that the environmentally friendly marketing and sustainability claims do not become the company's sole unique selling point. In order to maintain credence in the marketplace, a company must demonstrate a certain degree of credibility in other areas, such as community involvement, physical locations, and online engagement. This is essential for the business to withstand the potential

impact of a greenwashing accusation. Rather than exaggerating small improvements, companies should invest in substantial changes that have a real positive impact on the environment. It's important to communicate honestly, using clear and concise language, without promising more than can be delivered. Exaggerations and vague terms such as 'environmentally friendly' without context should be avoided.

While greenwashing is a real risk, it shouldn't stop companies from striving for sustainability and communicating their progress. By taking a transparent, data-driven and honest approach, companies can positively differentiate themselves and build long-term trust with their consumers. Creative freedom can and should be used to communicate authentic and meaningful sustainability stories that inspire and engage consumers without falling into the trap of greenwashing. By embracing 'freedom with responsibility', companies can be both innovative in their marketing and credible in their sustainability efforts. This balancing act ensures that they not only gain market advantage, but also make a positive contribution to society and the environment.

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How can a company make its sustainability initiatives more credible - both to avoid the DCO and to win over customers? CSR initiatives can be a good start. One of the many CSR initiatives is to make donations to organizations that focus on environmental causes. While there are numerous potential initiatives to consider, the primary decision is whether to support locally, nationally or globally. '1% for the Planet' is a global organization that encourages businesses to donate at least 1% of their annual sales to environmental causes. Their mission is to accelerate smart environmental giving and prevent greenwashing (1% for the Planet, 2024b).

This initiative aligns with CSR principles by promoting environmental stewardship, economic responsibility, and social well-being. By joining this community and receiving their certificate, companies demonstrate a commitment to reducing their environmental impact and contributing to

broader societal goals (1% for the Planet, 2024a). The advantages of participation in initiatives such as '1% for the Planet' include enhanced brand reputation, increased consumer trust and loyalty, improved employee satisfaction, and a competitive edge in the market. Companies that are perceived as socially and environmentally responsible often enjoy greater support from customers and employees alike. However, it is essential that companies ensure their participation is genuine and transparent to avoid accusations of greenwashing. It is crucial to clearly communicate commitments and the tangible impacts of their contributions. This transparency helps maintain credibility and trust.

However, CSR faces a number of challenges, including the cost of implementing initiatives and the difficulty of measuring their impact. A significant risk within CSR is greenwashing, whereby companies falsely or exaggeratedly claim their products or practices are environmentally friendly (IMD, 2024). This practice undermines genuine CSR efforts and can lead to consumer skepticism and mistrust. To be effective, CSR requires transparency and accountability, ensuring that all social and environmental claims are accurate and verifiable. Genuine CSR not only contributes to societal goals but also builds trust with stakeholders and supports long-term business success.

In light of the numerous challenges that companies face, it can be challenging for them to adhere to the principles of SCCT and effectively manage crises. Therefore, it is recommended that companies seeking assistance in crisis management engage the services of communication consultants. Many communication companies specialize in assisting companies facing sustainability and greenwashing issues (Medie Gruppen, n.d.). These companies often provide discreet guidance to their clients, helping them navigate complex situations in a manner that aligns with their needs and preferences.

But what happens if greenwashing and fraudulent marketing become the new normal? One could argue that today's customers feel neglected and confused in terms of what is eco-friendly practice. At one time, the public was told that bamboo was a good fiber to purchase, and later, that it was just as environmentally harmful as polyester. The customer should be led to participate in the right practices and be told right from wrong, although this is far from the truth and actions of today. If this situation could escalate, one could argue that the world will become a place where the most thoughtful cases are perceived as fraudulent if customers do not speak up against such practices. As a customer, what are the potential solutions to this issue?

Firstly, customers should enhance their awareness and education about sustainability. By grasping the true meaning of sustainability, consumers can more effectively evaluate the legitimacy of a company's claims. This necessitates a commitment to learning about certifications, eco-friendly practices, and the various ways in which companies can make a positive contribution to the environment.

Secondly, customers should request - or should one say demand - transparency. By wanting detailed documentation and asking questions, consumers can encourage companies to be more transparent about their sustainability initiatives. This should include requesting specific information about PLC (Product Life Cycles), production methods and the concrete steps the company is taking to minimize its environmental impact.

Furthermore, customers can leverage their purchasing power to support companies that are transparent and honest in their sustainability efforts. By selecting products and services from companies that demonstrate a genuine commitment to environmental protection, consumers can send a clear message that greenwashing is not acceptable.

Finally, customers can engage in discussions and debates about sustainability. By sharing information and experiences with others, consumers can help to create a more informed and critical market. Social media and other platforms can be used to showcase both positive and negative examples of companies' environmental practices.

By taking these steps, customers can play an active role in combating greenwashing and promoting a true culture of sustainability. By working together, companies and customers can contribute to a more transparent and environmentally friendly future.

7.2 Limitations and Future Research

This section will acknowledge the limitations of the master's thesis as well as propose prospective research directions. The focus points are illustrated in Figure 9.
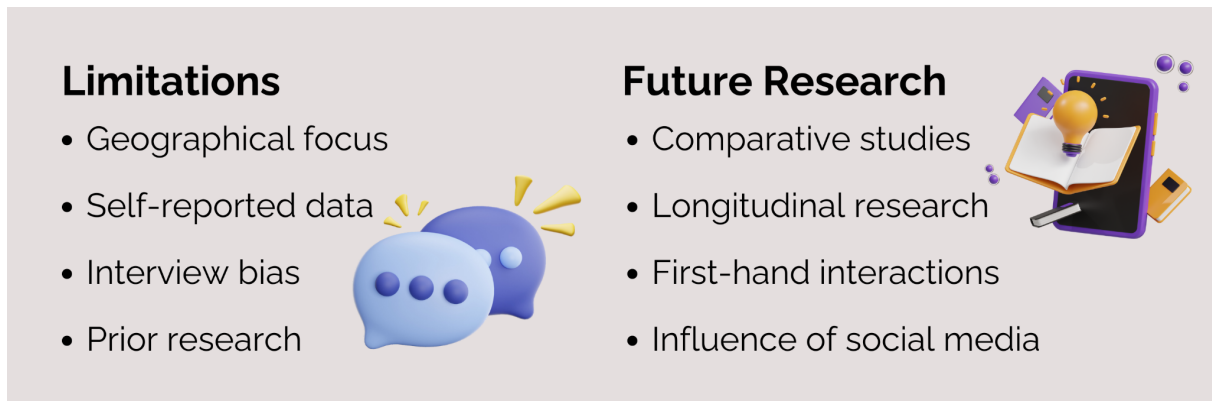

Limitations
- Geographical focus
- Self-reported data
- Interview bias
- Prior research

Future Research
- Comparative studies
- Longitudinal research
- First-hand interactions
- Influence of social media

Figure 9, *Overview of Limitations and Future Research*, (own illustration).

One significant limitation of this master's thesis is its geographical focus on Denmark, which may not capture global dynamics of greenwashing and consumer behavior. Different cultural, economic, and regulatory environments in other regions could lead to different patterns of greenwashing and consumer responses. To gain a broader understanding, it would be useful to conduct similar studies in various geographical contexts, including both developed and emerging markets.

Additionally, the study relies on self-reported data from surveys, which can introduce biases. Respondents may overstate their environmentally friendly behaviors due to social desirability bias or inaccurately recall their past behaviors, leading to an overestimation of their concern about greenwashing. Moreover, the subjective nature of survey questions can result in different interpretations among respondents, complicating data analysis.

One could argue that the need for first-hand experiences and interviews would be paramount when discussing such sensitive topics. However, the outcome of such interactions would be open to question. Greenwashing is a highly controversial topic, with companies preferring not to be associated with it. If one were to do an interview at a company accused of greenwashing, they can be expected to react in different ways depending on their PR strategy and the specific situation. The interviewee may deny the accusations and strongly defend their environmental policy. Alternatively, they may acknowledge mistakes and promise improvements. They may also attempt to deflect from

controversial issues by focusing on positive aspects, or even attack the credibility of the accusers. Consequently, one could argue that the interview would end up being filled with denial and the interviewee attempting to reduce the offensiveness and evading the company's responsibilities. Therefore, this aspect of the thesis was not a priority for investigation. The rationale for this decision was that the time required to conduct empirical research that would not yield significant results would be better spent elsewhere.

Furthermore, a potential bias in the analysis is rooted in my prior research and writing on greenwashing during my bachelor's thesis. Having previously researched this topic, I have a clear understanding of how greenwashing affects both consumers and the industry. This pre-existing viewpoint could influence my interpretation of new data and evidence, potentially leading to confirmation bias where I may unconsciously seek out information that aligns with my established beliefs while disregarding contradictory evidence. This bias has been identified and acknowledged throughout the entire writing and research process. In light of this, an objective and open-minded approach has been maintained throughout my current research to ensure a balanced and comprehensive analysis.

For future research, it is important to consider what would be interesting and beneficial to investigate. For instance, a broader geographical scope that encompasses diverse cultural and regulatory environments could be interesting to investigate. Comparative studies across different countries can provide valuable insights into how local contexts influence consumer reactions to greenwashing. By examining countries with varying levels of environmental awareness, regulatory strictness, and cultural attitudes towards sustainability, researchers can identify factors that exacerbate or mitigate the impact of greenwashing.

In addition, longitudinal studies would be interesting to investigate further. These studies can track changes in consumer behavior and brand perception over time, offering a dynamic view of the long-term effects of greenwashing scandals (Solano, 2021). Such studies can reveal whether initial consumer outrage leads to lasting changes in purchasing habits or if the effects diminish as new issues emerge. Understanding these temporal dynamics can help companies develop more effective strategies for recovering from greenwashing incidents.

It would also be interesting to interact first hand with a company which has either been accused or convicted of greenwashing, or a company that is seeking to improve its practices before facing any legal issues. Engaging with a company that has been somewhat associated with greenwashing can provide firsthand insights into the motivations, challenges, and consequences of their actions. Additionally, investigating companies proactively seeking to improve their practices before facing legal issues can highlight effective strategies for genuine sustainability efforts and transparency.

Furthermore, it would be beneficial to explore the role of social media in shaping consumer perceptions of greenwashing. Analyzing how information spreads and how public opinion is formed online can offer insights into the mechanisms behind customers reactions and the influence of digital activism.

7.3 Conclusion

The aim of the master's thesis has been to investigate the research question:

"How can companies manage, and prevent, crises caused by greenwashing with the aim of rebuilding and maintaining their brand and image?"

The answer is clear. Consumers do not tolerate any forms of greenwashing. The thesis highlights that greenwashing can lead to long-term reputational damage and a loss of consumers loyalty. The findings imply that companies must develop marketing strategies that emphasize transparency and authenticity. In a world where trends emerge and dissipate with remarkable rapidity, consumers are confronted with a constant stream of information, some of which is verifiable and some of which is not. It is challenging for the average consumer to discern when a company is being candid and when the customer is being misled. Brands need to invest in real sustainable practices rather than superficial green initiatives. This shift can help in rebuilding consumer trust and fostering long-term loyalty. The role of third-party certifications and transparent reporting mechanisms can be pivotal in this context. Furthermore, marketing campaigns should focus on educating customers about the specific steps the company is taking towards sustainability, rather than making broad, unsubstantiated claims.

The master's thesis concludes that managing and preventing crises caused by greenwashing is critical for maintaining and rebuilding a company's brand and image. The thesis underscores the need for stronger regulatory frameworks to prevent greenwashing. It is recommended that the DCO implement more stringent and transparent guidelines and penalties for the dissemination of misleading environmental claims. It is important to ensure that the creative freedom that is essential for effective marketing is not compromised. This can help create a level playing field where genuinely sustainable companies are rewarded for their efforts, while those engaging in deceptive practices face significant repercussions. The key to success lies in the implementation of genuine, sustainable practices and transparent communication. Companies must prioritize long-term trust over short-term gains, aligning their operations with their sustainability claims.

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9. Appendix

Appendix A: Questionnaire survey

Throughout this appendix the answers and other relevant findings from the questionnaire will presented. The questionnaire consisted of 28 questions relating to the respondents' purchasing behavior and decision-making process, their thoughts on sustainability and their considerations in cases of greenwashing. The questionnaire consisted of four sections, each with a new topic.

A total of 55 responses were received for the questionnaire, although the number of answers to some questions was lower than expected due to the non-mandatory nature of the questions. The questionnaire was open for answers from April 15th to May 2nd. It was shared on several platforms including LinkedIn, Instagram and Facebook to get a wide range of possible respondents.

Section 1

The first section was about the individual of the respondent. It consisted of questions about gender, age, place of residence and employment.

Question 1.1

Gender

55 svar

- Mand / Man
- Kvinde / Woman
- Andet / Others

76,4%

23,6%

Question 1.2

Age
55 svar

- 18 - 24
- 25 - 29
- 30 - 39
- 40 - 49
- 50 - 59
- 60 +
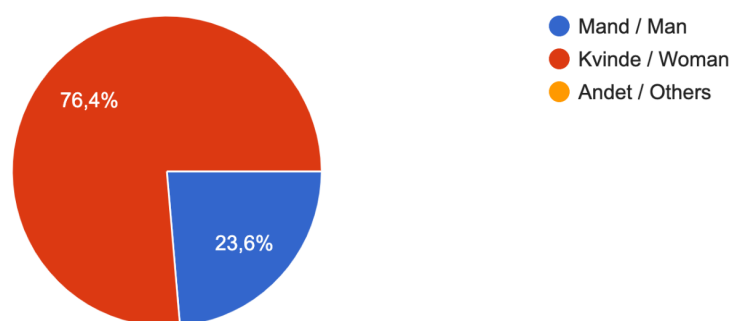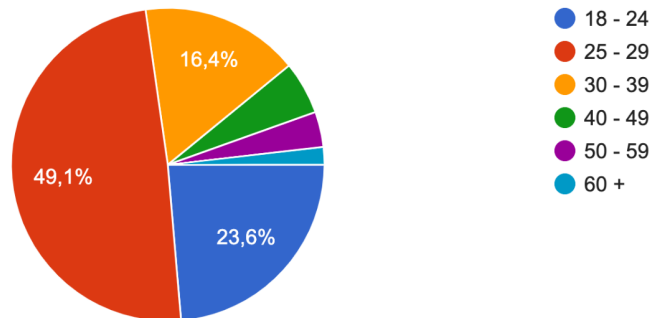
Question 1.3

Place of residence
55 svar

- Aalborg + omegn / Aalborg + suroundi…
- Århus + omegn / Århus + surounding…
- Odense + omegn / Odense + suroundi…
- København + omegn / København + s…
- Nordjylland
- Midtjylland
- Sønderjylland
- Sjælland

△ 1/2 ▽
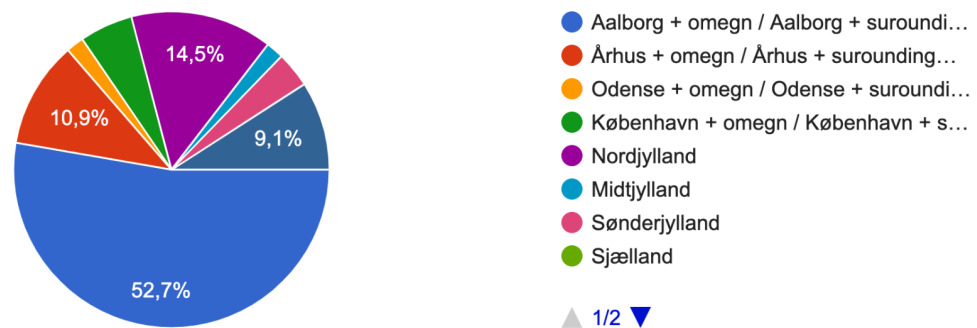
Question 1.4

Employment
55 svar

- Fuldtidsarbejde / Full-time job
- Studerende / Student
- Arbejdsløs / Unemployed
- Pensioneret / Retired
- Barsel / Maternity leave
- Flere deltidstillinger / Multiple part-time jobs
- Andet / Others
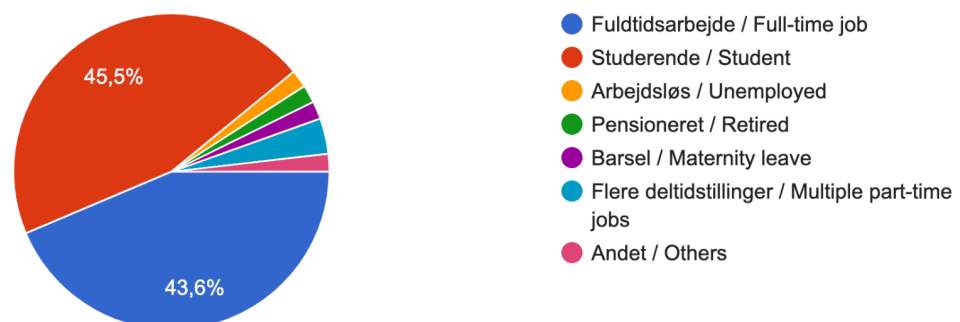
Section 2

The second section was about the respondents' shopping habits and what one considers in certain shopping situations with a focus on clothes, wearables and other textiles. This section includes questions about the frequency of clothing purchases, the amount of money spent, the most important parameters for new items, clothing materials and finally the importance of brands.

Question 2.1

How often do you shop for clothes, wearables and other textiles? This applies both physically and online
55 svar

- Flere gange om ugen / Multiple times a week
- En gang hver uge / Once every week
- En gang hver anden uge / Once every other week
- En gang om måned / Once every month
- En gang hvert kvartal / Once every 3 months
- En gang hverthalve år / Once every 6…
- En gang hvert år / Once every year

91% of respondents shop between once every two weeks and once every three months.

Question 2.2

Approximately how much money do you spend on clothes, wearables and other textiles? 💰
55 svar

- Under DKK 2.500 pr. år (pr. year) ~ D…
- DKK 2.500 - 7.500 pr. år (pr. year) ~ D…
- DKK 7.500 - 10.000 pr. år (pr. year) ~…
- DKK 10.000 - 15.000 pr. år (pr. year) ~…
- DKK 15.000 - 20.000 pr. år (pr. year) ~…
- DKK 20.000 - 25.000 pr. år (pr. year)~…
- DKK 25.000 - 30.000 pr. år (pr. year) ~…
- DKK 30.000 - 35.000 pr. år (pr. year) ~…

🔼 1/2 🔽
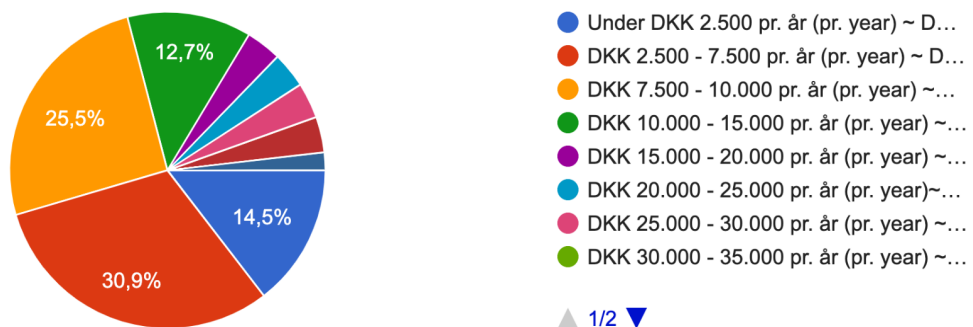
Regarding the money spent on clothing and wearable, 83.6% of the respondents answered that their yearly spend on clothing is between DKK 2,500 and DKK 15,000.

Question 2.3

Choose which parameters are most important to you when going shopping🛍️
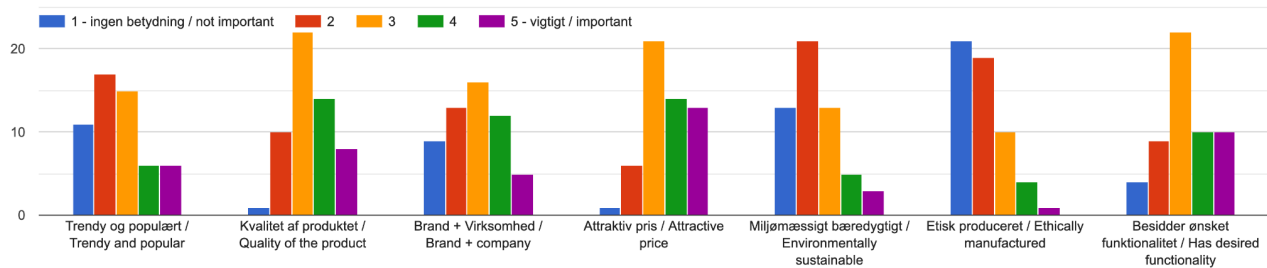
Question 2.4

Do you think about the environment when shopping for clothes, wearables and other textiles?
55 svar
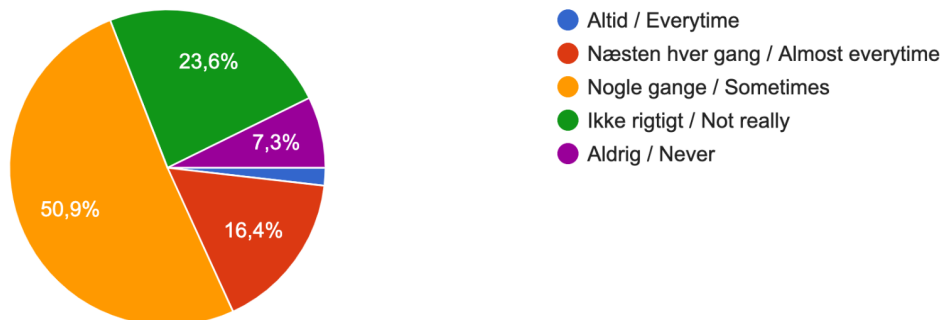
- Altid / Everytime
- Næsten hver gang / Almost everytime
- Nogle gange / Sometimes
- Ikke rigtigt / Not really
- Aldrig / Never

When going shopping 67,3% of the respondents find themselves thinking about the environment almost every time or sometimes.

Question 2.5

Are there materials you try to avoid when shopping?
55 svar

- Ja, flere / Yes, multiple
- Ja, men kun i nogle tilfælde / Yes, but only in some cases
- Ja, men ikke pga. miljøet / Yes, but not due to the environment
- Nej, slet ikke / No, not at all
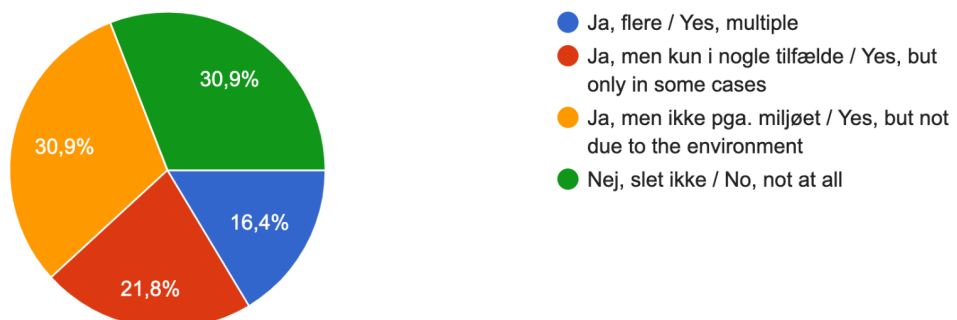
Question 2.6

If you answered Yes to the previous question, please select which materials you are trying to avoid (All the options are ment as non-organic and non-recycled)

36 svar
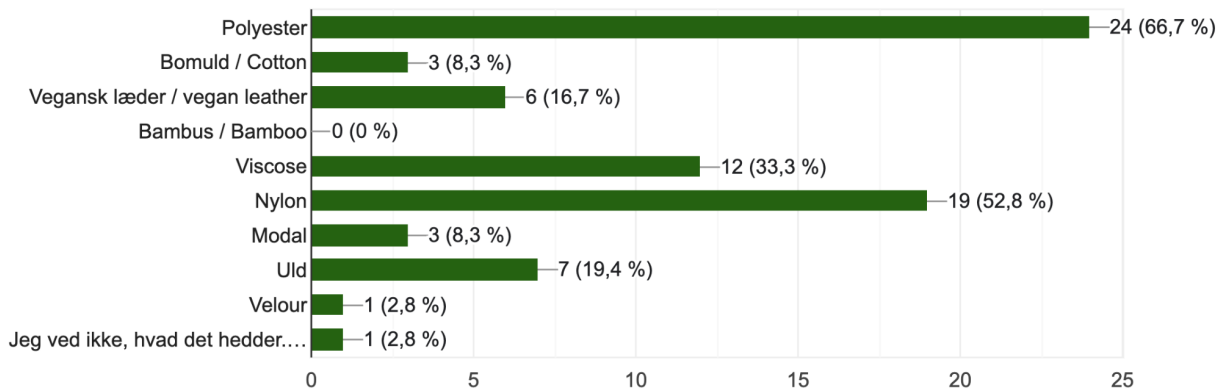
Question 2.7

Are you doing anything to reduce your environmental impact when shopping?

55 svar
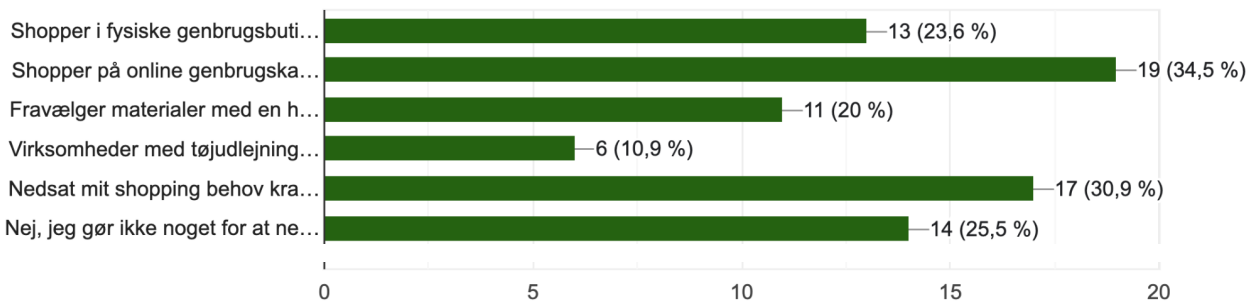
Question 2.8

Is it important to you, that you know the brand you shop at?

55 svar
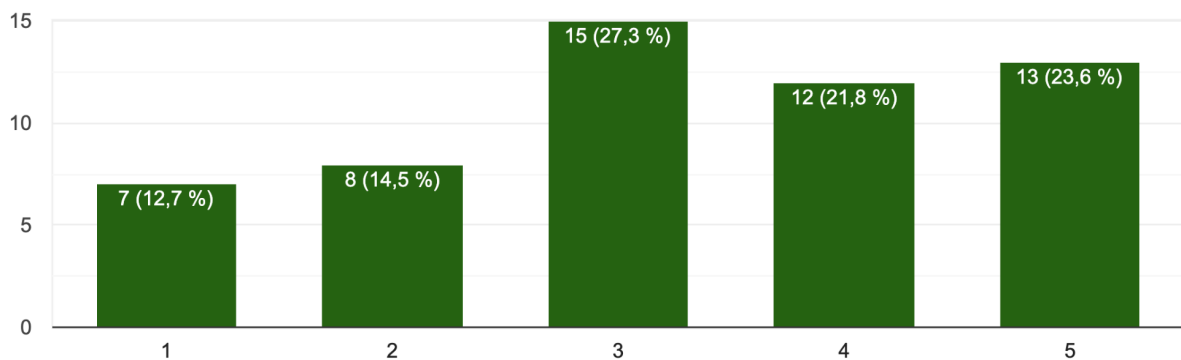
Brand is important when going shopping. 72,7% of the respondents answer a 3 or above ranking in importance of knowing the brand one shop at.

Question 2.9

What are the most important parameters that need to be met for you to shop at a brand?
55 svar
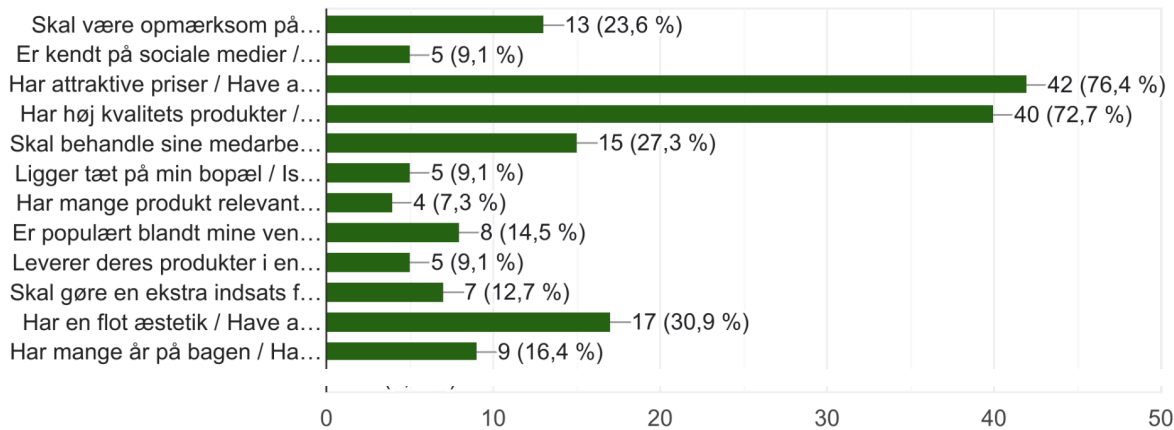
The final question in the second section asks respondents to identify the most important attributes of the clothes they tend to buy.

By far the most popular answers were attractive prices and high quality items. Furthermore the follow up was "have a pleasing aesthetic", "Must pay attention to environmental sustainability" and lastly "Must treat its employees in a responsible manner". Although 27.3% of respondents said it was important to them that the company treats its employees with respect, 'ethically produced' had previously been the lowest ranked factor.

Section 3

The third section was about sustainability and marketing. This section included questions to gauge the respondents' knowledge and thoughts on environmental sustainability with a focus on marketing, social media, advertising and responsibility. The questions were about sustainable brands and shopping at certain brands due to sustainability, social media posts about sustainability branding and which brand one recalls for having such campaigns and social media posts.

Question 3.1

Do you know any brands that market themselves as sustainable?
55 svar

- Ja / Yes
- Nej / No

21,8%

78,2%
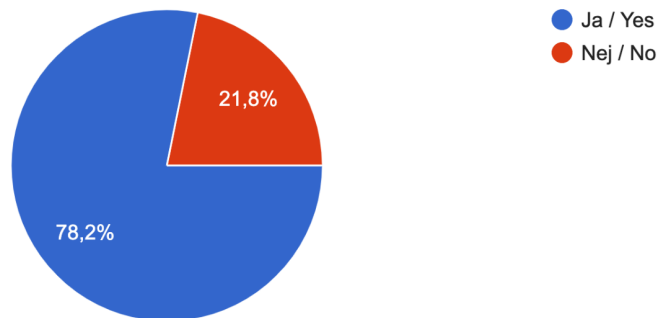
Question 3.2

Have you shopped at a brand purely because of their sustainability agenda?
55 svar

- Ja / Yes
- Nej / No

80%

20%
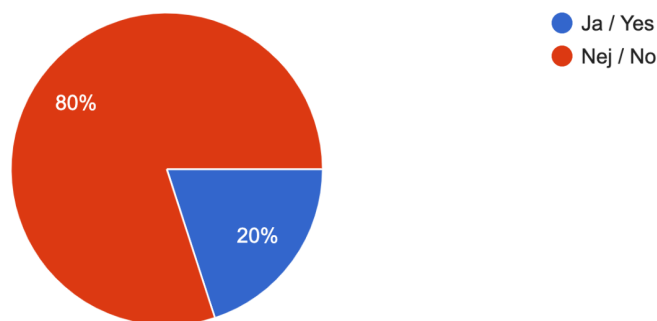
Question 3.3

In 2024, have you seen any social media posts about clothing/fashion companies marketing themselves as sustainable?
55 svar

- Ja / Yes
- No / Nej

34,5%

65,5%
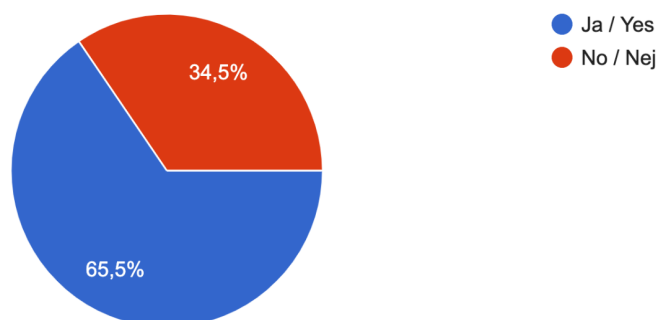
Question 3.4

If yes, can you remember the name of the company(ies)?

22 svar

H&M

Nej

IGEN

Nej, jeg husker ikke navne - men de er overalt

Copenhagen Cartel, HM

Planet nusa, som så ikke er det helt alligevel

Planet Nusa

Zalando

- Planet Nusa, men de har lige ændret i deres formulering af virksomhedsværdier og har vidst fjernet meget af det omkring bæredygtighed.
- Igen.

Cura Clothing, H&M, Aiayu

Nusa

No

Copenhagen Cartel, organic basics, (planet nusa), IGEN, Trendsales, Tise

Patagonia

ArmedAngels

chicago fair trade, athleta (certified B corp)

Patagonia

Panera

Filippa K , Fonnesbech

Munthe, h&m

Section 4

The fourth and final section was about misleading marketing. This section consisted of questions about greenwashing, or misleading marketing. These questions are asked to gain knowledge about how a potential customer perceives this information and how it affects the public when it is reported in different media. The questions are about greenwashing, cases and lawsuits, convicted companies, perceptions based on media publicity and shitstorms. This section also included questions about the company's brand after a greenwashing incident, considering whether customers would perceive the company as dishonest and stop doing business with the company.

Question 4.1

Do you know about "Greenwashing"?
55 svar

Legend: Ja / Yes (blue), Nej / no (red)
27,3%
72,7%
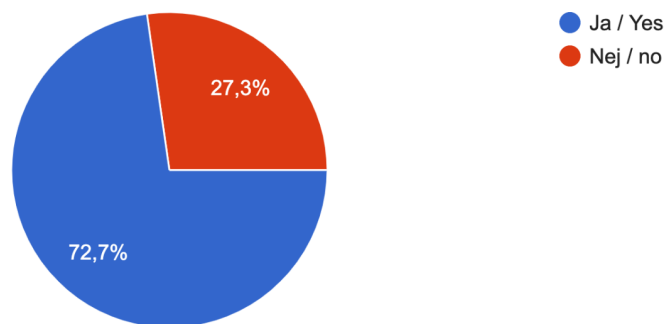
Question 4.2

Did you know that a company can be reported to the police and, in the worst case scenario, fined thousands of DKK if they violate this law?
55 svar

Legend: Ja / Yes (blue), Nej / No (red)
32,7%
67,3%
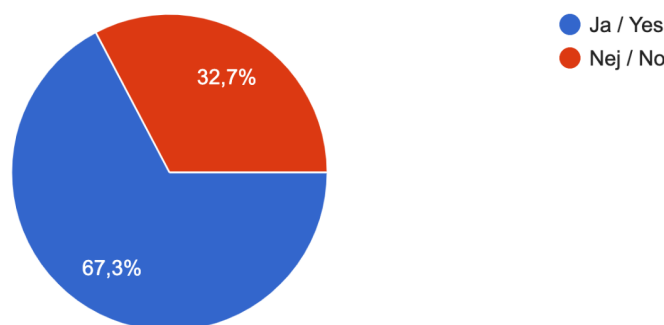
Question 4.3

Can you recall any greenwashing case from the past 4 years?
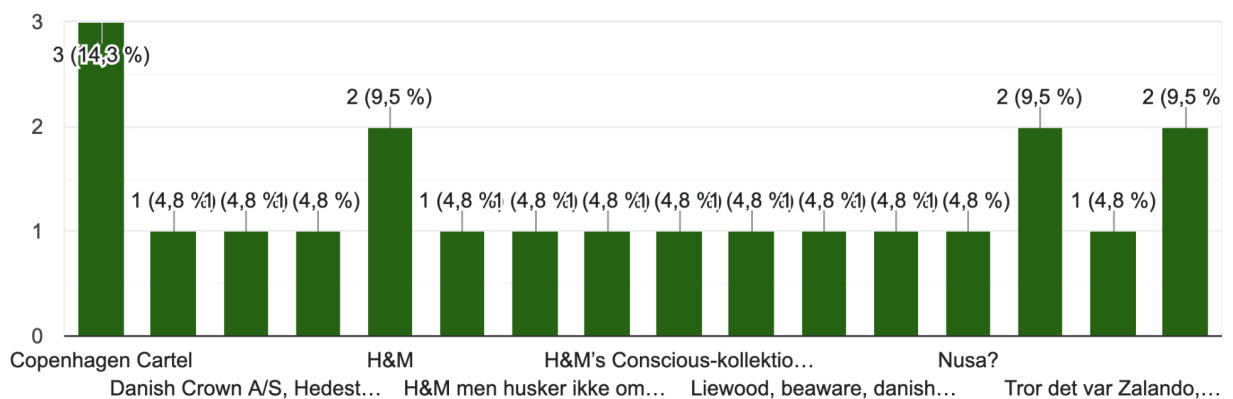
55 svar

- Ja / Yes
- Nej / No

56,4%

43,6%
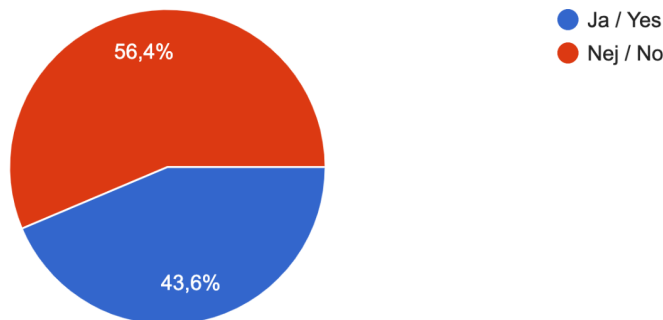
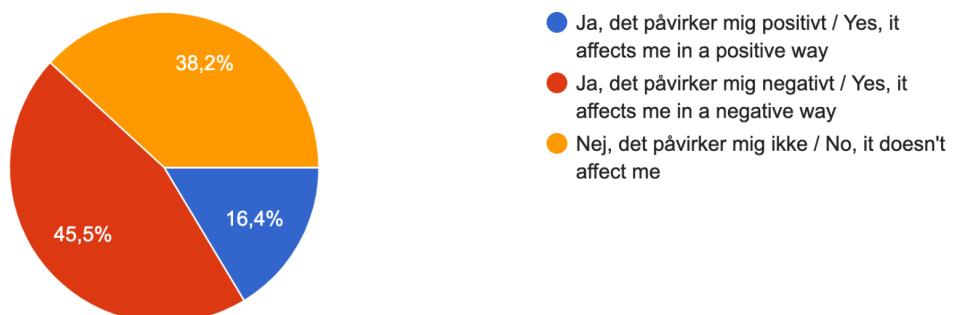## Question 4.4

If yes, please describe here which case it was

21 svar

Question 4.5

Do you feel that it affects you when media (TV, Facebook posts, etc.) report on shitstorms at companies?
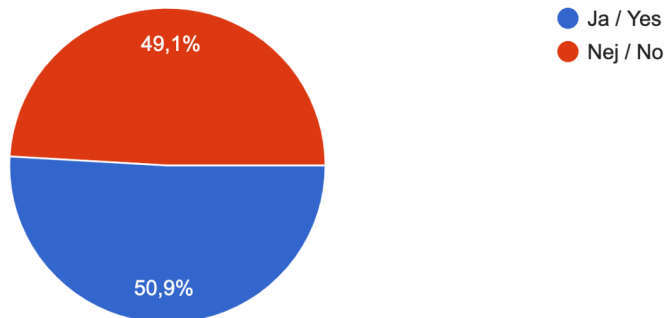
55 svar

- Ja, det påvirker mig positivt / Yes, it affects me in a positive way
- Ja, det påvirker mig negativt / Yes, it affects me in a negative way
- Nej, det påvirker mig ikke / No, it doesn't affect me

38,2%

45,5%

16,4%

Question 4.6

Has a shitstorm ever stopped you from shopping at a specific company?
55 svar

- Ja / Yes
- Nej / No

49,1%

50,9%

Question 4.7

Has such a shitstorm influenced the way you perceive the brand/company?
55 svar

- Ja / Yes
- Nej / No

18,2%

81,8%
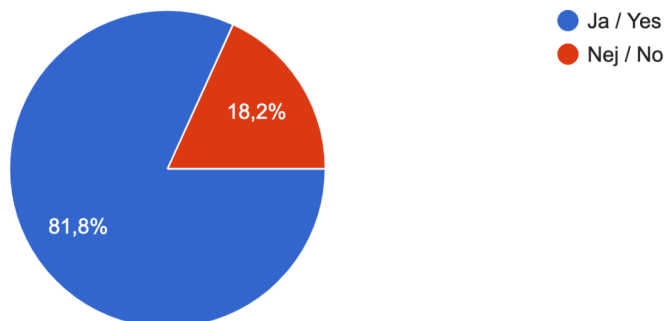
Question 4.8

During the shitstorm, did you start questioning other statements from the company?
55 svar

- Ja / Yes
- Nej / No

27,3%

72,7%
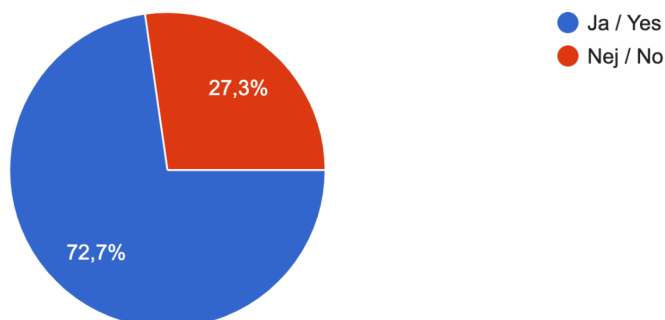
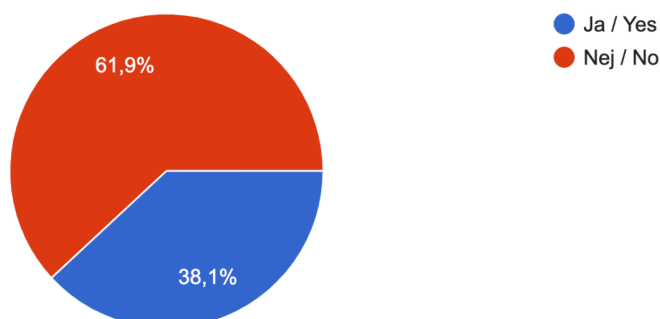**Question 4.9**

During the shitstorm, did you start to perceive the company as being dishonest?
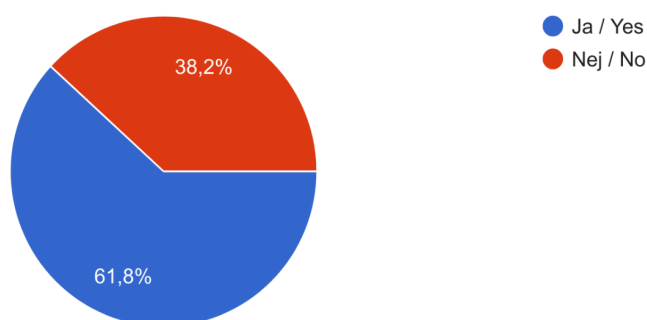54 svar
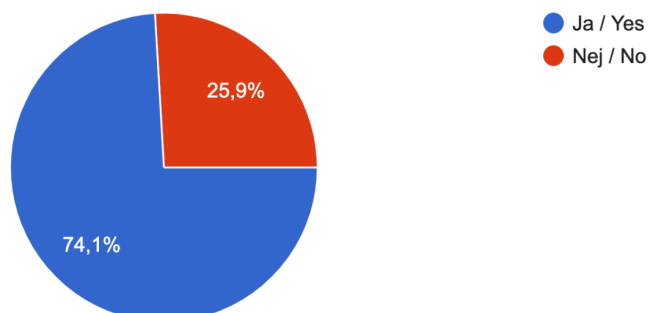
Question 4.10

Do you think your perception of the company and its actions would be improved by an apology and explanation after such actions?
21 svar

Question 4.11

Would a greenwashing shitstorm stop you from shopping at a company?
55 svar

Fictional background story to question 4.11: The company marketed their products as 100% recycled organic cotton. However, it was 100% conventional cotton, which emits 80% more CO2 than recycled organic cotton.

Appendix B, Public opinions on the handling of greenwashing cases

On my personal Instagram, I asked my followers about their perceptions of three greenwashing cases: H&M, Planet Nusa and Copenhagen Cartel.

The first question was: "Are you aware of the greenwashing case(s) involving H&M, Planet Nusa and/or Copenhagen Cartel?"

86 people answered this first question. Here 30% answered 'yes', while 70% answered 'no'.
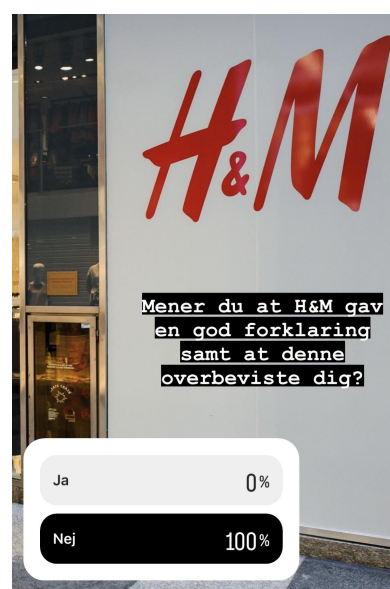
Then I asked my followers the same two questions, with the only change being the company.

- Do you think 'XYZ company' handled the case in the best possible way?
- Do you think 'XYZ company' gave a good explanation and that it convinced you?

For these two questions for each of the three companies, I had 25 followers who answered.

For H&M, both questions received a 100% 'no'.

For Planet Nusa, the first question about the handling of the case received 29% 'yes' and 71% 'no'. And the second question about their statement, 43% answered 'yes' and 57% 'no'.

Finally, for the Copenhagen cartel, in the first question about the handling of the case, 17% answered 'yes', while 83% answered 'no'. And the second question, regarding the explanation, received a 100% "no".

Appendix C, Copenhagen Cartel - Instagram apology

This post was uploaded on 19 January 2024 to the official Copenhagen Cartel Instagram account, @cphcartel. Translation of the Danish written text on Instagram:

"We recognize that our communication has been inaccurate and since the Consumer Ombudsman approached us two years ago, we have worked hard to put things right.

Our ambition has always been to make a difference for people, nature and the environment, but as a start-up company, legal mistakes can happen, and our heart has undoubtedly been in the right place throughout our journey. Now we're focused on moving forward and looking ahead."

The post can be retrieved from this link:

www.instagram.com/p/C2SB21csjzn/?img_index=2