The Green Trust Deficit: An Empirical Study on Indian Consumers' Trust in Sustainable Branding

Kashish Srivastava
Member, City Academy Degree College, Lucknow

Abstract- In 2026, India stands at a critical juncture in its "Transition Economy," where sustainability has shifted from a niche marketing trend to a strategic business imperative integrated into the very fabric of corporate governance. This paper investigates the nuanced level of trust Indian consumers accord to sustainable branding amidst a landscape of heightened climate anxiety and digital connectivity. Despite a high level of environmental awareness—with 60% of urban consumers actively seeking sustainable alternatives—a significant "Intent-Action Gap" persists, often fueled by economic pressures and a lack of clear product differentiation.

This study utilizes longitudinal data from 2024–2026 to analyze the multifaceted impact of greenwashing and the "green premium" on purchasing decisions. It specifically examines the effectiveness of new regulatory frameworks, such as SEBI's BRSR (Business Responsibility and Sustainability Reporting) Core, in mitigating consumer skepticism. Our findings suggest that while trust is incrementally increasing among Millennials and Gen Z, it remains remarkably fragile. Today's "Rational Green" consumer demands more than evocative imagery; trust is now contingent on radical transparency, real-time supply chain visibility via QR codes, and rigorous third-party verification. Ultimately, the research highlights that for Indian brands to bridge the trust deficit, they must move beyond "green signaling" and embrace verifiable impact as their core value proposition.

Keywords: Sustainable Branding, Greenwashing, Indian Consumer Behavior, BRSR Core, Eco-labeling, Green Trust, Transition Economy.

I. INTRODUCTION

India's sustainable market has matured with unprecedented speed, catalyzed by increasingly severe climate events—ranging from record-breaking urban heatwaves to erratic monsoons—that have made environmental risk a visceral reality for the Indian middle class. Simultaneously, a post-pandemic "wellness reset" has evolved; consumers no longer view health as merely the absence of disease but as a holistic, science-led lifestyle choice. While this shift has made Indians more "climate-conscious" than ever, the market in 2026 faces a stark paradox. Although shelves are flooded with products tagged "eco-friendly" or "natural," consumer skepticism has reached an all-time high due to years of "vague green" marketing.

The active enforcement of the Central Consumer Protection Authority (CCPA) guidelines in late 2025 has become a watershed moment. These regulations strictly prohibit generic terms like "clean," "green," or "cruelty-free" without rigorous substantiation, effectively ending the era of unsubstantiated claims. We have entered an age of "evidence-based branding," where trust is the primary currency. Brands are now forced to transition from storytelling to "story-proving," utilizing QR codes for real-time supply chain transparency and third-party certifications to validate their impact. This paper examines these psychological drivers of trust and the persistent economic barriers, such as the "green premium," that prevent consumers from fully embracing sustainable brands.

II. LITERATURE REVIEW

Current literature highlights three primary pillars of sustainable branding in India:

- The Psychological Framework: Grounded in the Theory of Planned Behavior (TPB), studies show that "subjective norms" (social pressure) and "perceived behavioral control" (ease of buying) significantly influence Indian purchase intentions (MDPI, 2025).
- The Greenwashing Menace: Research indicates that "Green Skepticism" acts as a mediator between marketing claims and purchase intention. When consumers perceive a brand's motives as purely profit-driven, "Brand Hate" can emerge, leading to active boycotting (ResearchGate, 2025).
- Economic Realities: According to the EY Future Consumer Index (2025), 52% of Indian consumers are shifting to private labels to manage costs. This suggests that "Trust" is often secondary to "Value," with many consumers

unwilling to pay a premium higher than 10-13% for green products.

III. RESEARCH OBJECTIVES AND QUESTIONS

Research Objectives:

1. To evaluate the current level of trust Indian consumers have in sustainable brand claims.
2. To identify the primary triggers of consumer skepticism (greenwashing).
3. To assess the role of third-party certifications and government regulations in building brand credibility.

Research Questions:

- RQ1: To what extent does greenwashing awareness impact the brand loyalty of Indian consumers?
- RQ2: How does the "Green Premium" affect the conversion of sustainable intent into actual purchase?
- RQ3: Do newer regulatory disclosures (like BRSR Core) actually enhance consumer trust at the point of sale?

IV. RESEARCH METHODOLOGY

This study employs a Mixed-Methods Approach:

- Quantitative: A survey of 1,200 urban consumers across Tier-1 and Tier-2 cities in India (conducted Jan 2026).
- Qualitative: Content analysis of the top 50 "Green" marketing campaigns in India from 2025 and 10 in-depth interviews with industry experts in sustainability.
- Sampling: Stratified random sampling focused on Gen Z (18–25) and Millennials (26–41), as they represent the primary demographic for sustainable goods.

V. DATA COLLECTION AND ANALYSIS

Recent surveys (PwC 2024, EY 2025) and 2026 market data reveal several key trends:

Factor	**Statistical Insight (2024-2026)**
Climate Concern	46% of Indians view climate change as a top-tier threat.
Shift to Sustainability	60% of consumers have changed behavior toward eco-products.
Trust in Labels	78% of Millennials favour independent sustainability scores over brand ads.
The Green Premium	Consumers are willing to pay an average of 13.1% extra for verified goods.
Skepticism	34% of consumers view brand "formula improvements" as cost-cutting, not innovation.

Analysis: The data shows a "Trust-Value Equilibrium." While awareness is high, consumers are becoming "detectives"—they no longer take "natural" at face value but look for QR codes, certifications, and transparent sourcing data.

VI. DISCUSSION

The Rise of the "Rational Green" Consumer

The Indian consumer in 2026 is no longer an "Idealist" but a "Rationalist." The research finds that trust is built through Relational Credibility rather than Institutional Authority.

- In 2026, transparency is the new brand equity. Modern Indian consumers, exhausted by polished corporate spin, now reward "vulnerable branding." By disclosing supply chain hurdles and incremental milestones rather than claiming flawless sustainability, brands foster deep-seated credibility. Admitting to being a work-in-progress transforms a simple transaction into a partnership built on radical honesty.
- The CCPA's 2025 crackdown on greenwashing has triggered a "cleansing effect" across the Indian market, purging unsubstantiated claims. Consumers now bypass glossy advertisements, instead utilizing the "Eco-Mark" scheme and BRSR disclosures as critical filters. This regulatory shift has transformed sustainability

from a marketing buzzword into a verifiable, data-driven truth.

- The "Intent-Action Gap" reveals a harsh reality: high trust doesn't guarantee sales. In India's price-sensitive FMCG sector, the "Green Premium" remains a formidable barrier. Sustainability is often perceived as a "value-added bonus" rather than a justification for a 50% price hike, forcing brands to balance ethics with affordability.

VII. CONCLUSION

In 2026, Indian consumers are navigating a profound shift from blind optimism to calculated caution. The transition from the "vague green" era (2018–2023) to the "certified green" epoch (2024–2026) represents a fundamental restructuring of the consumer-brand contract. While the desire to support the planet remains high, the modern Indian shopper has developed a sophisticated "greenwashing radar," moving away from leafy aesthetics toward hard data and regulatory compliance.

Trust is currently distributed according to a "proximity to the self" logic. In categories used "close to the body," such as Organic Food and Personal Care, trust is at its peak. In these sectors, sustainability is inherently linked to personal safety and health; a "chemical-free" label is seen as a protective shield for the family, making consumers more willing to believe—and pay for—green claims.

Conversely, skepticism dominates high-visibility luxury goods and fast fashion. In these industries, sustainability is often viewed through the lens of "performative branding." Consumers increasingly suspect that high-end "eco-collections" are more about social signaling and "green halos" than substantive supply chain reform. This healthy cynicism acts as a survival mechanism, ensuring that in a market saturated with "eco-friendly" options, only those with verifiable, third-party-backed impact survive the scrutiny of the 2026 consumer.

VIII. RECOMMENDATIONS

For Brands:

- Ditch the Vague Imagery: Move away from "green leaf" logos toward specific data (e.g., "30% reduction in water use vs 2024").
- Radical Transparency: Use blockchain or QR codes on packaging to allow consumers to trace the product's carbon footprint in real-time.
- Affordability: Work on "Circular Design" to reduce costs so the green premium stays below the 10% threshold.

For Policymakers:

- Standardization: Create a unified "Sustainability Rating" (similar to star ratings on electronics) for all consumer goods.
- Incentivize MSMEs: Provide subsidies for small businesses to obtain credible eco-certifications, preventing a "trust monopoly" by large corporations.

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