



The Future of Green Marketing: Exploring the Impact of Recent EU Regulation on Brand Building

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Abstract

Title: The Future of Green Marketing: Exploring the Impact of Recent EU Regulation on Brand Building

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The European Union has been working for several years on developing regulations aimed at making them greener and reducing its negative impact on climate change. To achieve this, a variety of regulations are being introduced that will encourage both businesses and consumers to make more sustainable decisions.

One recently introduced directive is the “Empowering Consumers Directive.” This directive establishes clear rules on how companies can market their products’ green performance. The aim of this thesis is to explore the impact of the regulations under this directive, which is set to take effect in 2026, and how companies can navigate these new guidelines both internally and externally to continue thriving and building attractive brands that resonate with consumers.

For the research, an exploratory sequential approach was used, starting with interviews of 10 experts who are involved in various areas influenced by the directive. This was followed by a survey of 154 participants to test some of the hypotheses.

The results show that the directive’s guidelines strengthen consumer trust in brands. Additionally, the regulations indicate that the restructuring phase within companies will be particularly significant, requiring substantial investment in resources to adapt to the new rules. A notable challenge was also identified for smaller companies, which may struggle more with the new regulations.

Keywords: Brand building, Companies reaction to change, Empowering consumers directive

Abstrato

Título: O futuro do marketing ecológico: Explorando o impacto da recente regulamentação da UE na construção de marcas

Autor: Tom Fluder

A União Europeia tem trabalhado por vários anos no desenvolvimento de regulamentos voltados para tornar a UE mais sustentável e reduzir seu impacto negativo nas mudanças climáticas. Para alcançar esse objetivo, uma variedade de regulamentos está sendo introduzida para incentivar tanto as empresas quanto os consumidores a tomarem decisões mais sustentáveis.

Uma diretiva recentemente introduzida é a “Diretiva de Empoderamento dos Consumidores”. Esta diretiva estabelece regras claras sobre como as empresas podem divulgar o desempenho ambiental de seus produtos. O objetivo desta tese é explorar o impacto das regulamentações desta diretiva, que entrará em vigor em agosto de 2026, e como as empresas podem navegar por essas novas diretrizes, tanto internamente quanto externamente, para continuar prosperando e construindo marcas atrativas que ressoem com os consumidores.

Para a pesquisa, foi utilizada uma abordagem exploratória sequencial, começando com entrevistas com 10 especialistas envolvidos em várias áreas influenciadas pela diretiva. Em seguida, foi realizada uma pesquisa com 154 participantes para testar algumas das hipóteses.

Os resultados mostram que as diretrizes da diretiva fortalecem a confiança dos consumidores nas marcas. Além disso, os regulamentos indicam que a fase de reestruturação dentro das empresas será particularmente significativa, exigindo um investimento substancial em recursos para se adaptar às novas regras. Um desafio notável também foi identificado para empresas menores, que podem ter mais dificuldades em cumprir as novas regulamentações.

Palavras-chave: Construção de marca, Reação das empresas à mudança, Diretiva de empoderamento dos consumidores

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List of Abbreviations

C

- CRD.....Consumer Rights Directive
- CSA.....Corporate Social Activism
- CSR..... Corporate Social Responsibility
- CSRDCorporate Sustainability Reporting Directive

E

- ECD.....Empowering Consumers Directive
- EU..... European Union

G

- GCD Green Claims Directive

U

- UCPD Unfair Commercial Practice Directive
- USP..... Unique Selling Points

1 Introduction

Sustainability has become increasingly important to consumers, particularly young people, and those experiencing the effects of climate change. Consequently, companies positioning themselves as sustainable brands are in greater demand (Bar Am et al., 2023). Brands try to take advantage of this. Corporate Social Activism (CSA) describes how companies take stances on political issues such as climate change, which is a behavior that if conducted effectively, can have a positive effect on brands. If the actions are perceived positively by customers, the company may achieve long-term benefits in terms of stock or sales growth through CSA (Bhagwat et al., 2020).

However, brands often struggle to manage and convey their sustainability efforts effectively to be positively perceived by consumers. On one hand, some brands tend to greenwash, portraying themselves as more environmentally friendly than they are to appear responsible, risking the deception of their customers. Alternatively, some companies communicate more cautiously, as they have the opinion that being sustainable is more a moral duty than a marketing strategy (Baldassarre & Campo, 2016). The uncertainties in sustainability marketing have prompted legislators, particularly in the European Union (EU) to regulate green marketing.

Through initial regulations such as the Corporate Sustainability Reporting Directive (CSRD), the EU aims to ensure that companies are honest and transparent about their sustainability efforts, to raise awareness among the company and all stakeholders (European Union, 2022). In early 2024, the EU passed a new directive on sustainability communication regulations, setting clear guidelines on how companies can communicate their sustainability efforts. The Empowering Consumers Directive (ECD) outlines how sustainability initiatives should be communicated, specifying the types of initiatives and the framing required in marketing contexts to prevent misleading information (European Union, 2024).

These directives may pose challenges for marketers developing marketing materials which are attractive and exciting to read. Marketers typically use claims to create distinct points of differentiation in consumers' minds, making their brands appear unique (Keller et al., 2002). One example of this practice in green marketing is the "conscious" campaign by the fashion brand H&M, which used the term "conscious" across various marketing materials, including clothing tags and promotional content, to establish a connection with this claim in consumers' minds. H&M faced criticism for use of the term as greenwashing (Goil, 2022). As the ECD potentially standardizes claims and enforces longer, more detailed articulations to prevent

misleading claims, questions arise about the impact of this legislation on marketers' goals of developing attractive marketing claims. In addition, the changes require companies to adapt internal factors to comply with the new regulations, which the following study also empathizes.

1.1 Legal Relevance of the Study

The following study analyzed the impacts of the upcoming EU sustainability communication guidelines on marketers and their goal to design attractive marketing material. A significant portion of the study is based on the ECD from the European Union (2024), which the European Parliament approved for implementation before the start of the study. Since member states have until March 2026 to implement the ECD into national law, the directive is not expected to be enforced by the time of the study's publication.

1.2 Problem Statement

Although numerous studies investigate the effects of brands engagement in sustainability and the reasons for perceived greenwashing, there are few that examine the impact of the newly developed legal situation within the EU and its effects on companies. This study aims to add insights to an emerging field.

1.3 Purpose of the Study and Research Questions

Based on the complexity of creating interesting marketing claims and the new guidelines on formulating and communicating green marketing claims, the following RQ was investigated. This research question specifically focused on whether marketers perceive any difficulties implementing the guidelines and whether they foresee necessary changes in their communication strategies. Furthermore, the challenges companies will experience internally through the necessary changes were investigated.

RQ: *In the face of the new EU regulations, what main challenges do firms face in marketing communications?*

We seek to determine whether the EU directives will cause changes in brand attractiveness and companies' ability to compete and adapt.

2 Literature Review

As the basis for the research, a literature review was conducted. The foundation for creating attractive brands is explored along with successful implementation of green marketing. The requirements to create attractive brands are analyzed in chapter 2.1 Chapter 2.2 presents how consumers react towards brands conducting sustainability marketing and how green claims should be formulated. Chapter 2.5 describes how companies react toward change and chapter 2.6 describes the current and upcoming regulations that marketers must adhere to when developing successful green marketing.

2.1 Creation of Attractive Brands

To create attractive brands that excite customers, Keller (2001) identified four levels within his brand equity pyramid that need to be managed: brand identity, brand meaning, brand response, and the relationships a brand has with its consumers. In the context of green marketing, it is particularly relevant to examine the level of brand meaning. Keller explains that this level primarily consists of two components: brand performance and brand imagery. Brand performance describes what the brand stands for in terms of performance and functional values, essentially how well the brand meets customers' expectations regarding actual product performance. Since the fulfillment of sustainability measures is a central product aspect for consumers of green marketing products, the credible achievement of sustainability promises is crucial for creating attractive green brands (Ottman, 2017).

The second important aspect within the level of brand meaning is brand imagery, which concerns how consumers perceive the brand. This includes aspects such as the stereotypical customers of the brand and, more importantly, the personality and values of the brand (Keller, 2001). Good performance at the level of brand meaning ensures that customers perceive the brand as credible. Aaker (1997) extended the research on brand attractiveness with the development of five brand personality traits: *Sincerity*, *Excitement*, *Competence*, *Sophistication*, and *Ruggedness*. In the context of green marketing, Sincerity and Competence are particularly significant. According to Aaker, a brand's sincerity is derived from honesty and genuineness, which are key components of the factor of credibility that Ottman (2017) described. Competence, on the other hand, is associated with the expectations consumers have of a proficient brand (Aaker, 1997). Further studies on brand personality, such as the study by Geuens et al. (2009), developed alternatives to Aaker's traits and introduced the personality trait "responsibility" and its positive effect on brand attitude. Subsequent research indicated that

affective, sensory, and intellectual experiences positively affect brands perceived as responsible (Japutra & Molinillo, 2019). Therefore, Japutra & Molinillo recommend that brands communicate honestly and directly about this factor of responsibility. Similarly, minimizing consumer confusion is crucial to increasing trust in brands (Chen & Chang, 2012).

2.2 Sustainability Marketing Communication

Sustainability marketing is a concept that describes how marketing resources are utilized and employed while simultaneously considering environmental, social, and economic aspects (Belz & Peattie, 2012). In the following chapter the reaction of consumers is being described as well as how green claims should be formulated.

2.2.1 Consumer Skepticism in the Face of Green Marketing

In general, the effort a company puts into becoming sustainable and complying with green regulations is recognized by consumers. However, green marketing communication can also negatively impact how consumers perceive a brand. A study by Nyilasy et al. (2013) shows that positive brand attitudes can be reduced when a brand engages in green marketing. Similarly, a lower number of green claims enhances brand attitude, suggesting that consumers might not want to see many of these claims (Olsen et al., 2014). Therefore, it is recommended that companies be very transparent about their real-world environmental performance. However, due to the numerous stages within the supply chain, companies often have difficulties in accurately assessing their own level of sustainability. As a result, they may fall victim to accidental greenwashing (Szabo & Webster, 2020).

When considering the motivation of people to choose green products, there is significant resistance even among those who generally value sustainable consumption. Consumers often believe that making sustainable purchasing decisions is too time-consuming or unaffordable, which discourages them from choosing green products. Additionally, green products are perceived as exclusive and expensive, leading average earners to feel they are not part of the group responsible for making sustainable consumption efforts (Johnstone & Tan, 2015).

2.2.2 Formulation of Green Claims

When it comes to green communication, due to difficulties associated with the accidental creation of negative emotions towards the consumer, firms practicing sustainability marketing tend to design campaigns in a more neutral and less persuasive manner (Villarino & Font, 2015). Furthermore, it has been found that vague claims used in green communication do not

directly increase the perception of greenwashing (Schmuck et al., 2018). To overcome consumer skepticism and encourage the purchase of sustainable products, it is crucial to emphasize how the green marketing message is formulated. Research has found that individuals with a higher awareness of sustainability are more influenced by marketing messages formulated in an assertive way, emphasizing the urgency of certain actions. Conversely, people with less involvement in sustainability are more likely to be put off by such forceful messages and prefer a more subtle tone (Kronrod et al., 2012). Additionally, it has been proven by Ganz & Grimes (2018) that more specific marketing messages create a higher brand credibility compared to vague claims, which according to Ottman (2017), helps create an attractive brand.

Furthermore, it is important to match the construal level of the chosen marketing message with the price range of the product. Green products, which are often more expensive, are recommended to be promoted with high construal wording (Allard & Griffin, 2017). Long-term commitment to green marketing is also strongly associated with an increase in competitiveness (Papadas et al., 2019). To achieve successful marketing communication, it is essential to maintain a strong focus on the entire chain of communication measures and create a consistent voice (Batra & Keller, 2016). Brand credibility can be jeopardized due to previous skepticism toward its green claims (Orazi & Chan, 2018).

2.3 Media for Green Communication

The location where a green marketing measure takes place significantly impacts how the measure is perceived and considered credible. For green claims, it is particularly recommended to use marketing channels that provide the opportunity to offer extensive information. This is especially true for print and online media. Additionally, integrating QR-Codes to provide additional information has also proven to be an effective option (Ganz & Grimes, 2018).

2.4 Competitive Advantage through Sustainability Claims

One of the main goals of a brand in order to become successful is to create a competitive advantage and differentiate itself from others. Differentiation through marketing allows brands to stand out and achieve better financial performance in the long term (Banker et al., 2014). Additionally, competitive advantage can be increased by higher customer satisfaction through engagement in initiatives that have a positive impact on social and environmental factors, also called the Corporate Social Responsibility (CSR) initiatives (Saeidi et al., 2015). Furthermore, similarity in marketing strategies among companies can create significant rivalry, leading consumers to switch brands (Porter, 1979). It is thus crucial for brands to develop one or several

claims that establish a point of difference, making the brand appear attractive and unique (Keller et al., 2002). Often, Unique Selling Points (USPs) can help achieve this objective. USPs help consumers focus on short key claims, allowing them to remember these claims even if they might only pay brief attention, as seen in the case of Griese (1975). Furthermore, a strong brand image positively affects competitive advantage, which can be achieved through the creative development of sustainability solutions and sustainable production (Zameer et al., 2020). The findings of Zameer et al. can be further explained with the resource-based view, which, according to Barney (1991), is another crucial aspect of increased competitive advantage. Barney describes these resources as internal characteristics of a company that are valuable, rare, inimitable, and non-substitutable.

2.5 Firm Strategy as a Reaction to Change

New regulations impact companies and force them to adapt to new situations. In this context, the EU regulations can be seen as a factor that requires firms' dynamic capabilities. Dynamic capabilities, according to Teece et al. (1997), are the ability to change internal and external skills to manage and adapt to change. Furthermore, Barreto (2010) adds that dynamic capabilities are the ability to modify the resource base in a timely manner to react to change. The concept of ambidexterity is also crucial here, comprising both the exploration phase, which involves searching for new risks and opportunities, and the exploitation phase, in which new skills are implemented in the company to control the reaction and adapt to the change (O'Reilly & Tushman, 2008). In the context of new regulations, companies therefore need the ability to recognize upcoming new regulations and then integrate skills needed to succeed in the changing environment.

Teece (2007) described three stages to develop dynamic capabilities: sensing, seizing, and reconfiguring. Sensing means that companies need to recognize that change is required. Seizing further describes that companies also need the motivation to act on the change by investing for it. Finally, companies must reconfigure their resources, thus changing internal resources, habits, etc., to successfully adapt to stay competitive. Barreto (2010) discusses how dynamic capabilities influence firm performance, pointing to gaps between theory and practical implications. He seeks to understand conditions under firms apply dynamic capabilities to achieve superior performance.

Furthermore, the ability to adapt can be described as a core competency of a firm. If a firm develops strong core competencies as the foundation of its business, this will give it the

opportunity to react quicker to changing situations, which in turn will create a long-term competitive advantage (Prahalad & Hamel, 1990).

Finally, the concept of the first mover advantage can be seen as beneficial considering reacting to new EU regulations. It has been analyzed that the first mover has an advantage over competitors if the costs are identical for both firms (Kopel & Löffler, 2008). On the other hand, Kopel & Löffler also stated that there can be a second mover advantage, as the second mover can invest in more efficient processes to achieve goals more efficiently, based upon first movers' observations.

2.6 Complying with Regulations

In 2019, the European Union introduced the Green New Deal, aiming to create a “modern, resource-efficient, and competitive economy where there are no net emissions of greenhouse gases by 2050 and where economic growth is decoupled from resource use” (European Commission, 2019, p.2). However, the implementation of this major task is carried out through a variety of smaller directives and regulations, which are negotiated gradually.

2.6.1 Current Regulations to Protect Consumers from Greenwashing

One of the earliest steps to protect consumers from unfair commercial practices was the introduction of the Unfair Commercial Practice Directive (UCPD) (2005/29/EC). This directive according to the European Union (2005) aimed to help consumers make more informed purchasing decisions and create a fairer competitive environment, particularly in efforts to protect consumers from companies competing for their attention. A key objective of the UCPD was to prohibit misleading claims. Article 6 of the UCPD specifically states that the highlighted benefits of a product must be accurate (European Union, 2005). This means that any product claims emphasizing environmental benefits could be deemed illegal if not adequately substantiated. In 2011, the Consumer Rights Directive (CRD) (2011/83/EU) was introduced to further protect consumers from unfair practices. This legislation required companies to provide essential information to potential buyers before purchase to ensure a fair environment for consumers (European Union, 2011). In December 2022, the EU adopted the Corporate Sustainability Responsibility Directive (CSRD) (2022/2464). The CSRD obliges companies to report on the impact of their business activities on CSR, as well as how these factors affect the company's financial condition. This “Double Materiality” concept aims to increase transparency for all stakeholders, from customers to investors, by providing comprehensive information about the interactions between business activities and CSR aspects (European

Union, 2022). The CSRD states that it enables consumers to better understand the honesty of a company's marketing claims and the impact of its business practices on CSR. While all these directives aim to make competition fairer and protect consumers, they do not precisely target greenwashing and leave room for interpretation.

2.6.2 Future Regulations for Green Marketing Communications

In February 2024, the ECD was confirmed by the European Parliament and is set for implementation by the member states by March 2026 (European Council, 2024). This directive will amend the UCPD (2005/29/EC) and the CRD (2011/83/EU), adding more specific definitions in both directives to ensure higher consideration of the environment during business-consumer interactions and to protect consumers from misleading green claims (Council of the European Union, 2024; Kreibich and Schulze-Steinen, 2023). The following section summarizes the most important aspects of the legislation for marketers.

Precise formulation of sustainability claims

Sustainability marketing measures will have to be precise, and companies will be required to demonstrate the actions they take as a basis for their claims. Generic environmental claims that do not reflect the true environmental performance will be prohibited. The following claims are examples of claims, which according to the directive, will not be permitted:

'environmentally friendly', 'eco-friendly', 'green', 'nature's friend', 'ecological', 'environmentally correct', 'climate friendly', 'gentle on the environment', 'carbon friendly', 'energy efficient', 'biodegradable', 'bio based' or similar statements (European Union, 2024, p.3).

For instance, the regulation states that a claim like "climate-friendly packaging" is considered a generic claim and should be prohibited, while a valid claim is: "100% of energy used to produce this packaging comes from renewable resources" (European Union, 2024, p.3).

Use of sustainability labels

The use of sustainability labels will be regulated. Only labels that are credible and adhere to certain certification schemes will be permitted. These labels must meet minimum standards of transparency and credibility through regular monitoring. The labels used will have to undergo objective review by a third party, unless issued by a public authority (European Union, 2024).

Future sustainable performance claims and product longevity

Sustainability claims based on a future sustainability performance of the company will only be allowed if the company can clearly articulate an implementation plan and verify their measures and strategy through certification by an independent party who can also monitor the company's progress. Furthermore, it will be prohibited to claim that a product has a certain lifespan under a specific way of usage if it is not verified (European Union, 2024).

Reasoning of sustainability claims to increase competitive advantage

The use of marketing techniques that claim a product is more durable, repairable, or recyclable compared to a different or competitor's product must be precisely articulated. The method used for this analysis must be provided, along with the specific products and brands used for the comparison (European Union, 2024).

Carbon offsetting

Claims related to carbon offsetting will be banned since, according to the directive, they can be misleading by implying that the product itself has a good environmental impact. Here the following terms are given as examples: 'climate neutral', 'CO₂ neutral certified', 'carbon positive', 'climate net zero', 'climate compensated', 'reduced climate impact', and 'limited CO₂ footprint' (European Union, 2024, p.4). These decisions are based on a lack of evidence proving the effectiveness of any carbon offsetting for reducing the effect of climate change (West et al., 2023).

Focus of green communication

Green communication will have to focus on the specific aspects of the product it impacts and cannot be generalized to the entire product. The same regulation applies to businesses. For example, a company can only claim and promote the use of renewable energy if, in fact, all business facilities of the manufacturer are running on renewable energy (European Union, 2024).

2.6.3 Directive under Discussion

In January 2024, the European Parliament discussed the initial legislative framework for the Green Claims Directive (GCD), aimed at enhancing fair competition among enterprises within the EU. This directive incorporates numerous regulations already covered by the ECD, while specifically extending to the verification of environmental claims prior to their use (Grace, 2024). However, as the GCD is currently being discussed, changes are likely until the final implementation.

3 Methodology

In the following chapter, the methodology is presented, how the research was structured to gain new knowledge around the research topic and what means were used to collect the data.

3.1 Research Design

To address the research question, an exploratory-sequential approach was chosen. This approach involves conducting qualitative research first, and after analyzing the data and identifying key questions and thematic areas, quantitative research was conducted to gain deeper knowledge of the thematic areas and to proof or reject assumptions made by the experts. Such a system is effective for discovering new, previously unknown insights and then testing them (Edmonds & Kennedy, 2016). In the following Diagram, the research structure is presented.

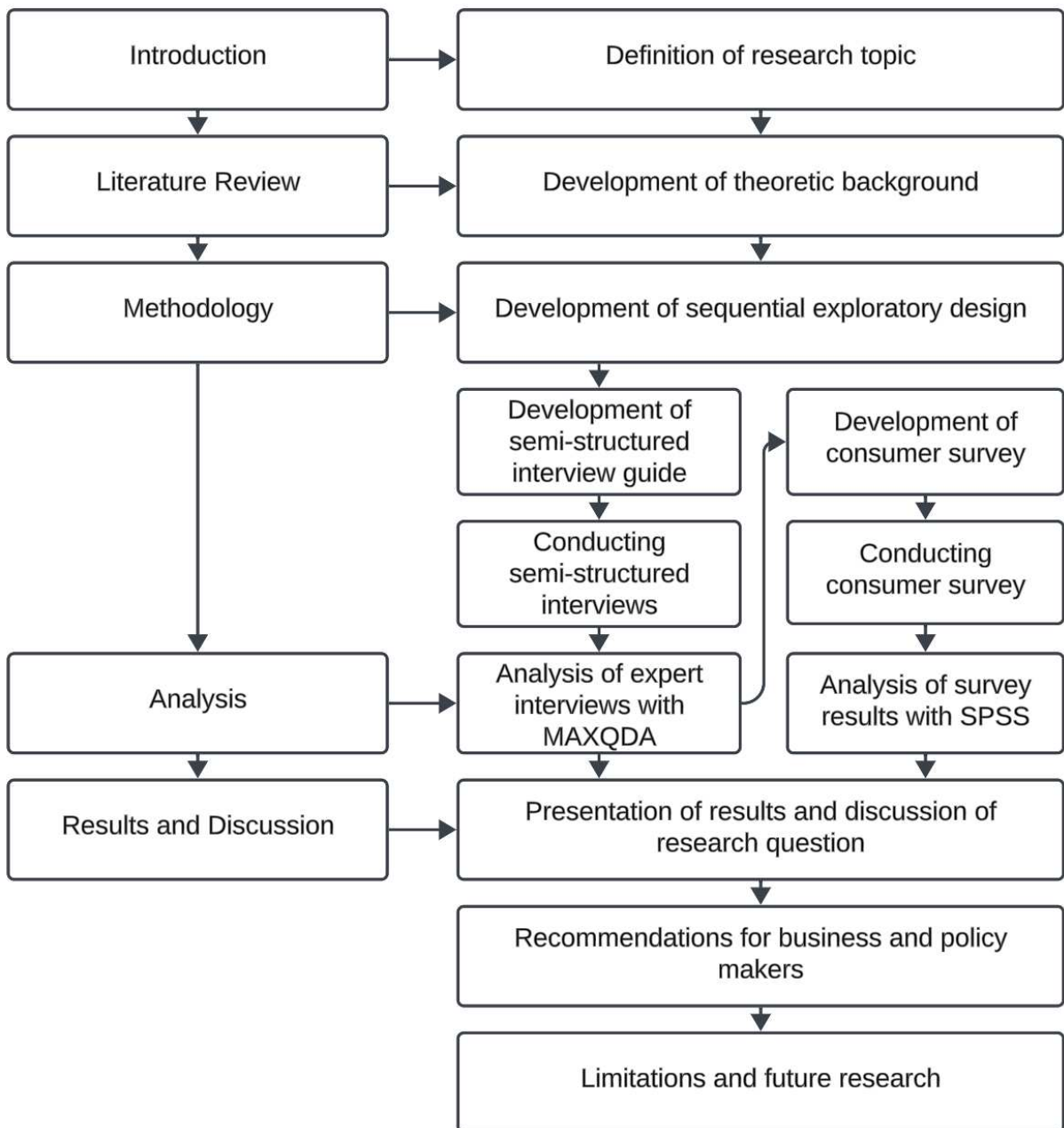


Figure 1: Research design

3.2 Data Collection

The following outline describes the two main data collection methods and their procedures. Expert interviews were chosen as the primary data collection method, and a consumer survey was the secondary data collection method.

3.2.1 Primary Data Collection – Expert Interviews

To conduct the research, a semi-structured interview guide was developed. Semi-structured interviews have the advantage of increasing the potential for deeper insights due to the flexibility for discussion and the opportunity to probe interesting topics that may arise during the interview (Leavy, 2020). The semi-structured interview guide was developed based on the findings from the literature review. LinkedIn, a social network, was mainly used to identify experts in the field of the research topic. By using LinkedIn's search function, core keywords related to the research topic were searched. Experts were sought who, for example, had already published LinkedIn posts on topics such as the ECD, sustainability communications, or other relevant keywords. Based on this LinkedIn search, a three-digit number of experts were contacted. In total, 10 experts were interviewed. The interviews were conducted through Microsoft Teams (9) and in person (1). The experts were divided as follows: 1 lawyer specializing in EU law, 4 management consultants focused on sustainability communication, 1 representative of corporate interests in the EU, 2 sustainability and marketing communications specialists with experience in larger companies, 1 business student with FMCG experience who could provide strong arguments from a consumer perspective, and 1 expert in certifications of supply chains.

Given the fact that the implementation of the new EU directives impacts how companies operate, structure themselves internally, comply with legal requirements, and ultimately how consumers perceive the brand, this diverse range of experts was chosen to uncover challenges for companies at various levels. Table 1 provides a detailed description of the experts.

After conducting the interviews, they were transcribed into text form and analyzed inductively using the analysis software MAXQDA. The transcripts were coded, and the highlighted text passages were assigned to specific themes. Related codes were grouped and structured into main and sub-themes. The strategy of inductive text analysis is suitable for identifying the core themes and the most frequently occurring issues that are most relevant to the research (Thomas, 2006).

Expert Code	Interviewee Description
A	Marketing Communications Specialist with several years of experience in sustainability and reputation building. Specialized education in the area of marketing, sustainable business, and sustainability communication.
B	Lawyer with more than 10 years of experience. Specializing in trademark law, advertising law, environmental advertising, and ESG. Expert in new EU regulations, including the Empowering Consumers Directive and Green Claims Directive.
C	Sustainability Freelance Consultant with more than 7 years of experience in sustainable supply chain management, marketing, and communications.
D	Sustainability Communications Manager with more than 5 years of experience in sustainability and marketing. Holds a strategic marketing degree, is a current PhD student, and is trained as a public relations editor.
E	Graduate in Business Studies with various internship experiences at leading FMCG companies. Chosen to bring a great sense of consumer perspective into the interviews.
F	Sustainability Communications Specialist with experience in proving the green performance of companies. Currently employed at a company focused on certifications.
G	Product Sustainability Manager for a major fashion company with experience in sustainability and compliance. Holds a master's degree in Sustainable Fashion.
H	Sustainability Marketing Consultant with more than 10 years of experience in sustainability and B2B marketing. Holds a bachelor's degree in marketing and design.
I	Public Affairs Consultant in Brussels, specializing in the Empowering Consumers Directive and Green Claims Directive. Supports companies in political positioning and outreach to the European Union. Holds two degrees in politics, international relations, and international security studies.
J	Sustainability and Communications Consultant with more than 25 years of experience in marketing, specializing in sustainability and CSR leadership, sustainability strategy, policy development, and reporting. Holds master's degrees in marketing and Integrated Environmental Management.

Table 1: Description of the experts

3.2.2 Secondary Data Collection – Consumer Survey

After completing and analyzing 8 of the 10 interviews, a survey was created based on the codes and statements provided by the experts. The purpose of the survey was to verify the hypotheses and statements proposed by the experts.

The survey consisted of a total of 27 questions. The first set of questions focused on how the interview participants would respond to the changes brought about by the new laws. Employees were also asked how these changes from the legislator would impact their profession. The second set of questions analyzed the participants views on sustainability and the importance of sustainability in their purchasing decisions. The final set of questions included demographic questions regarding age, gender, employment status, education, income, and country of residence.

The survey was created and distributed using the survey tool Qualtrics. To ensure the accuracy of the responses, a setting was selected in Qualtrics to prevent participants from completing the survey multiple times. To keep participants engaged, some aspects of the matrix tables were designed so that opposite responses were required—for instance, if one item required a “highly agree” response, the corresponding item consequently required a “highly disagree” response. This mix of responses helps to prevent the so-called “fatigue effect”, which occurs when participants, driven by an internal desire to finish quickly, start selecting the same answers consecutively for similar questions in a long survey (Brace, 2018). The survey was completed by a total of 158 participants. Due to incomplete responses, four participants have been removed from the analysis. The sub-question 16, which was only given to survey participants which indicated that they work in a field in which sustainability is relevant, was answered by 93 respondents.

4 Results and Discussion

Based on the exploratory sequential approach of the analysis, the results from both the quantitative and qualitative findings are structured and presented below. The order is based on the qualitative analysis as the primary research methodology. The results begin with the most frequently mentioned topics.

4.1 Demographics of the Quantitative Research

The demographics show that 58.4% of the survey participants that answered this question are female, while 41,6% are male. A majority of 60.4% of the participants indicated that they are employed in some way. 36.4% of the participants stated that they are still studying and 3.1% of the participants reported being either unemployed, retired, or in other situations.

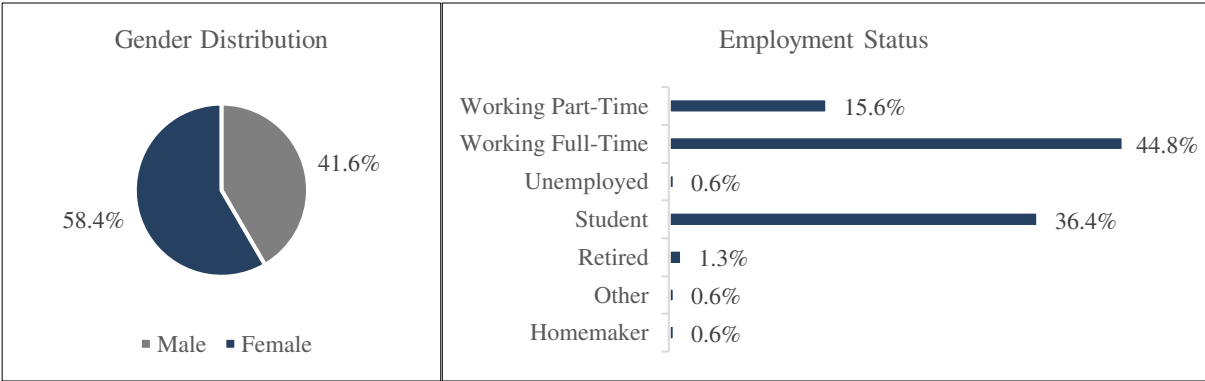


Figure 2: Gender distribution and employment status (N=154)

Regarding EU membership, 90.3% of the participants indicated that they come from an EU country, while 9.7% of the participants denied this. Concerning the important factor of concern for climate change, 63% of the participants stated that they are either extremely or very concerned. 35% reported being slightly or moderately concerned. 1.9% are not concerned about climate change at all.

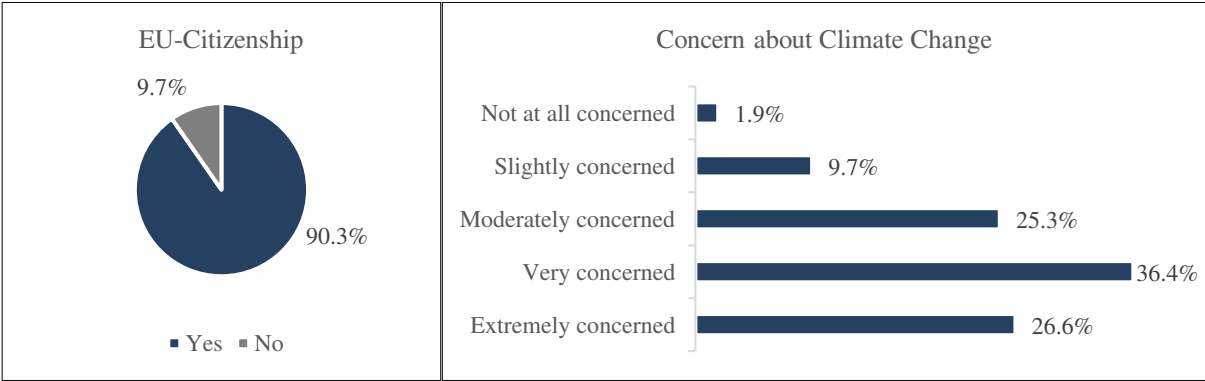


Figure 3: EU-Citizenship and concern about climate change (N=154)

4.2 Effect of the Regulations on Companies

One of the most frequently mentioned topics by the experts is the impact that the new regulations have on companies.

Required resources

The required resources were mentioned by most of the interview participants and make up the most frequently discussed part within the resources category. By far, the most frequently mentioned resource was that *money* is an important factor that plays a role in dealing with the new directives (B, C, E, F, H, I, J). The experts also stated that *knowledge* is an important factor when looking at the handling of the new regulations (C, G, H, J). Since knowledge is sometimes hard to find internally, the experts mentioned the relevant role that *consultants* have on receiving more knowledge (A, C, G, I, J). Additionally, it is relevant to emphasize that consultants cost money, and therefore affect the financial resources. The factor of *human labor* was mentioned due to the labor-intensive task of dealing with the changes brought by the new directives (B, F, H). Finally, respondents G and H stated that *time* is a valuable resource, noting that employees need time to learn how to behave with the changes, as well as to find time within their daily work to handle the additional tasks. When comparing this with the resource-based view from Barney (1991) it can be said that especially the factor of knowledge of the employees can be a valuable, rare, inimitable and non-substitutable resource, and the factors of human labor, time and consultants are more leaning toward the ability of companies to allocate monetary resources into their operations.

Companies' workload

The theme of workload was mentioned by all interview participants. The increased effort due to the necessity for greater coordination between various stakeholders was particularly highlighted (C, D, E, F, G, I, J). Additionally, expert J described that despite the increased workload, there will be an improvement over time as employees gain experience in adapting to sustainability regulations and therefore how to adapt quicker to changes brought by the new directives. Which is especially significant since the different directives from the EU green deal are only being rolled out one after another. This knowledge is as previously mentioned a factor for competitive advantage as described by Barney (1991).

Information about upcoming regulations

Teece (2007) describes the sensing of opportunities and threats as important factors to survive change in markets. Also, the experts highlight the importance of the ability to receive

information on upcoming regulations (A, B, E, G, H, I, J). The experts cited both internal (A, B, E) and external factors as sources of information (B, G, H, I, J). All three experts who referred to internal factors described the legal department of a company as the most important interface for receiving information. Among the experts who mentioned external factors, professional information services such as industry associations were crucial for staying informed (B, I, J). News and broader political discussions were also mentioned as factors (H, I), as well as discussions with colleagues from other companies and business partners (I, J). Furthermore, it was frequently mentioned that especially large companies, due to their resources, often have experts who are well-informed and in addition, through contacts with the EU, can influence legislation already before they are being formulated (A, B, G, I).

Relevance of company size

The idea that the size of a company has a decisive influence on its success in dealing with the new directives was emphasized by many of the experts (A, B, C, G, H, I, J). The experts particularly highlighted that large companies have an advantage due to their strong resources (A, B, C, G, H, I, J). As previously mentioned, companies can therefore take advantage of lobbying power and directly influence the development of new directives (G, I). Smaller companies were primarily seen as having disadvantages due to their limited resources (C, G, H, J).

“I think that for other companies, especially the smaller ones, it can be more difficult. In my previous job, for example, it often fell entirely on the sustainability or CSR department to handle everything.” (respondent G)

“If you’re a small team or an individual working locally within an organization, it can be overwhelming and potentially even crush those smaller organizations.” (respondent H)

However, expert C also pointed out that smaller companies have the advantage to be very agile, quickly adapt their value base, realign, and then rapidly implement changes.

First mover advantage

The first-mover advantage was also a decisive factor mentioned by several interview participants (A, C, D, E, H, I, J). This aspect, which was prompted by the interview guide, elicited a variety of reactions from the experts. On the one hand, it was clearly stated that it would have been wise for companies to have invested in traceable supply chains and similar initiatives in a timely manner (D, H, I). Moreover, there can indeed be an advantage in being a second mover when it comes to the regulations. Which is in line with the findings from Kopel & Löffler (2008). The reasoning behind this is that the EU directives are rather vaguely

formulated, and it will take time and legal rulings in the beginning to determine how far one can go with sustainability claims (C, E, J). However, expert A also mentioned that being a first mover in precise marketing claims can be advantageous for the brand image of green brands, as it clearly shows that the company is taking the issue seriously and leading the way. Additionally, it was noted that there is an advantage if a company has already dealt with other EU directives, as those companies probably already made some learnings in implementing new directives (D, E).

Company structure

The relevance of corporate structure as an important tool for dealing with regulations was also described as a crucial aspect (C, D, H, J). The most important aspect highlighted by the experts here is that the idea of sustainability needs to be well integrated into the company. It is important for marketers, who require good data and transparency inside the value chain, that the processes are sufficiently implemented, and people feel responsible for certain actions to achieve this coordination. A study by Eccles et al. (2024) for example suggests that a company that puts a high emphasis on sustainability structures tends to reward the leadership for good sustainability performance, trying to achieve a better structuring to achieve sustainability performance.

Value chain

The value chain is a highly relevant factor in dealing with the new regulations for sustainability communication (A, C, F, H). Specifically, the challenge lies in measuring and transparently presenting the value chain, which is the biggest difficulty in this context (A, F, H).

“When you consider different scopes Scope 1, 2, and 3. Scope 1 is direct emissions, so it’s the easiest to manage. But Scope 3, which involves your entire value chain, is much more complex. If you’re a large company with both direct and indirect suppliers, especially those outside the EU, like in Africa, the US, or Asia, where visibility is limited, what are you supposed to do?”
(expert A)

Willingness of companies

Lastly, the willingness of companies was described as an important factor among the firm related themes (A, C, G). Expert C highlighted the relevance of employee motivation in the implementation of necessary measures and how much this can influence outcomes. To create this willingness among employees, a spiritual leadership style can be helpful. In addition, this form of leadership can help pull people into the company, which show high motivation to work on sustainability (Della Corte et al., 2017).

Descriptive statistics based on the Likert scale questions of Q16.3, Q16.4 and Q16.5 with 1=highly agree to 5=strongly disagree of the survey show that people who said that sustainability plays a role in their work life feel that there is resistance to make meaningful changes (2.59). Similarly, the respondents indicated that they would wish their company to take the regulations more seriously (2.55). The question whether the coordination between departments to achieve some changes is nearly impossible tends to be answered more on the disagreeing side (3.38).

4.3 Effect on Marketing Communications

How will the brand be seen?

As established in chapter 2.6.2, the new regulations of the ECD have a clear impact on how companies are allowed to formulate their sustainability ambitions. As a result, there will be significant changes in the presence of companies, possibly perception of sustainability claims, and the integration of these claims. The experts were asked about the effects they believe the new regulations will have on the perception of brands. One of the most frequently mentioned aspects was that there is a high tendency that these new regulations create more trustworthiness, which is in line with the findings from chapter 2.2.1 where the skepticism of consumers was described (A, F, H, I).

To analyze the hypothesis of the experts, a repeated measures ANOVA was conducted based on the questions 3.6, 4.6 and 5.6. All these questions assessed the level of trustworthiness of three different ways to phrase green marketing messages on a Likert scale from 1=highly agree to 5=highly disagree. One general claim which was “climate-friendly packaging”, which according to the ECD (*see* 2.6.2) will not be allowed, then the example “100% of energy used to produce this packaging comes from renewable resources” from the EU ECD directive and one purpose claim which was “one little bag can change the world”, which is a phrase which was used by IKEA Canada to encourage people to behave sustainable (Rethink, 2020). The results show that the claim that follows the ECD directive provides the highest trust for the survey participants (2.55). This is followed by the purpose claim (2.77) and general claim (2.97). The Wilks’ Lambda suggests with a significance level of <.001 that the differences between the different formulations are statistically significant. Furthermore, Mauchly’s test with a significance of .821 suggests that the assumption of sphericity was not violated and the data valid.

However, opposed to those findings, interviewee G stated that there might not be more trustworthiness, since customers might notice that something changes in general in companies' communication. Therefore, they might not necessarily reward that higher transparency in the claims since every company does it. The experts also indicated that more "Honesty" will be a major effect of the new regulations. "Credibility" was similarly mentioned by the experts (A, J), which is in line with the findings from Ganz & Grimes (2018), along with "Clarity," "Commitment," "Competence," "Responsibility," and "Authenticity" which help to create great brand perceptions (A, E, J). Additionally, Expert J cautioned companies that during implementation, consistency in marketing messaging is a crucial factor to avoid confusing customers with an overly drastic change in marketing messaging. Which is an argument also supported by the literature, which states that consistency is a crucial factor to achieve brand trust and loyalty (Šerić et al., 2020).

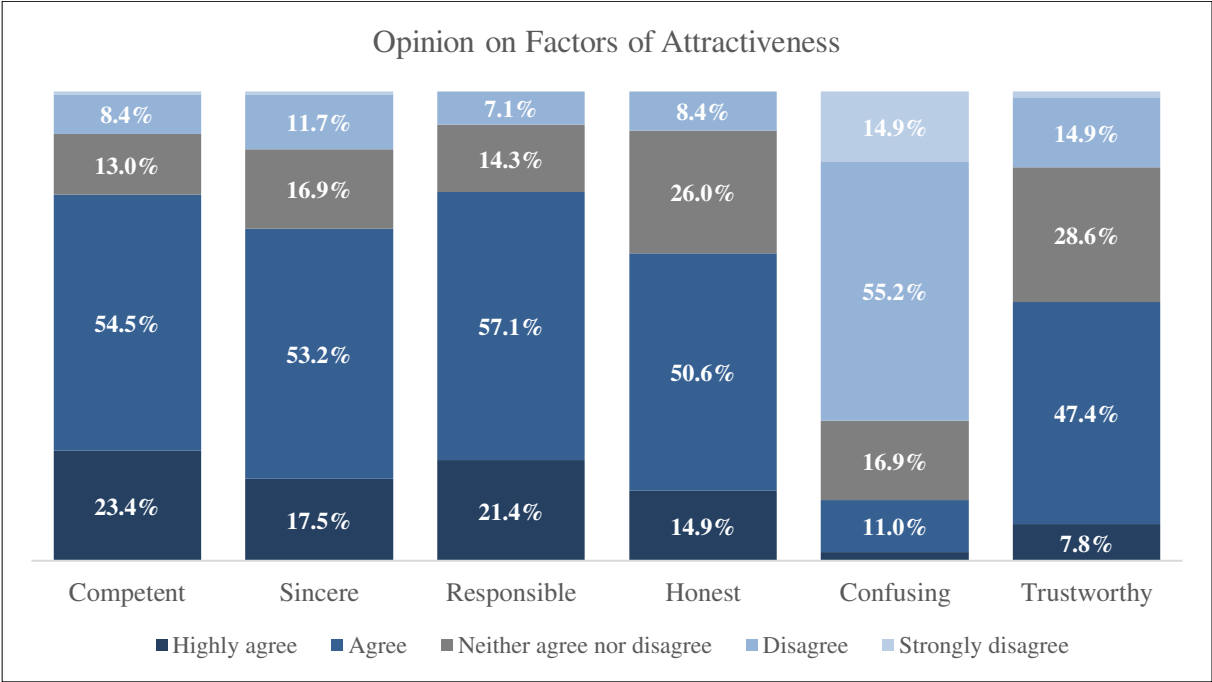


Figure 4: Opinion of precise claims on factors creating attractive brands (N=154)

The above diagram analyzes the responses of interview participants regarding the various emotional factors derived from the literature review on creating attractive brands (see 2.1). The diagram shows that most interview participants find the claim, "100% of energy used to produce this packaging comes from renewable resources," to be mostly competent, sincere, responsible, honest, and trustworthy. Additionally, despite its lengthy phrasing, only a few participants consider the claim confusing.

Relevance of sustainability in marketing communications

Another important factor to consider, which significantly influences whether customers even appreciate changes in marketing communication, is the relevance of the topic of sustainability to people in general. It was noted that sustainability in marketing messages is generally not a highly relevant aspect, and customers typically prioritize other attributes in their purchasing decisions (B, C, G, J).

To analyze this hypothesis, a one sample t-test which was based on Q18.3 of the survey was conducted. Here the respondents were asked to rank nine smartphone product attributes according to preference. The test shows that the survey participants on average ranked the attribute of environmental impact very low (7.14) implying that a low environmental impact is indeed not the most important product attribute in this scenario. The test was conducted based on a test value of 3, trying to reject the hypothesis of the experts and assuming a low environmental impact is at least in the upper third part of the ranking. Due to a two-sided p value of $<.001$ the hypothesis cannot be rejected, and the assumption of the experts is supported. This result is especially interesting when knowing, that according to the findings from the survey participants, 63% are either extremely or very concerned about climate change.

Expert E similarly argued that a brand's purpose is not necessarily dependent on sustainability. Furthermore, it was mentioned that sustainability is often not a very attractive topic, leading many companies to consciously choose not to communicate their sustainability performance at all (D, G), which is understandable when looking at the findings from chapter 2.2.1 which analyzed that there is a high consumer skepticism towards brands engaging in green marketing. Additionally, two experts stated that consumers in the real world might not even notice if a claim is formulated differently than before (F, J). However, there is inconsistency among the experts, as Expert F also stated that sustainability is an important factor of consideration.

Consumer understanding of claims

The understanding of sustainability claims is an important factor when considering the new regulations. According to the experts, this was also one of the main focuses of the ECD directive to empower people to make good purchase decisions (C, H). It was noted that the more precise claims, which must be factual and evidence-based, may become harder to understand because people might not fully grasp the precise facts and communicated metrics due to a lack of knowledge (C, D, G, J). Therefore, two experts called for cooperation between companies to

create understandable metrics that consumers can also learn, helping them make better purchasing decisions (D, J).

To bring a different dimension to this topic, the survey participants received a question which asked them which brand they would rather buy based on marketing statements on the recyclability of PET bottles. The answers ranged from “Our bottle can be recycled for up to 3 times” to “Our bottle can be recycled for up to 100 times” the following diagram with the answers shows that that 55,8% of the survey participants would tend to choose a higher number for the recyclability of the bottle. Which implies that the consumers tend to follow the idea of, the higher the number the better.

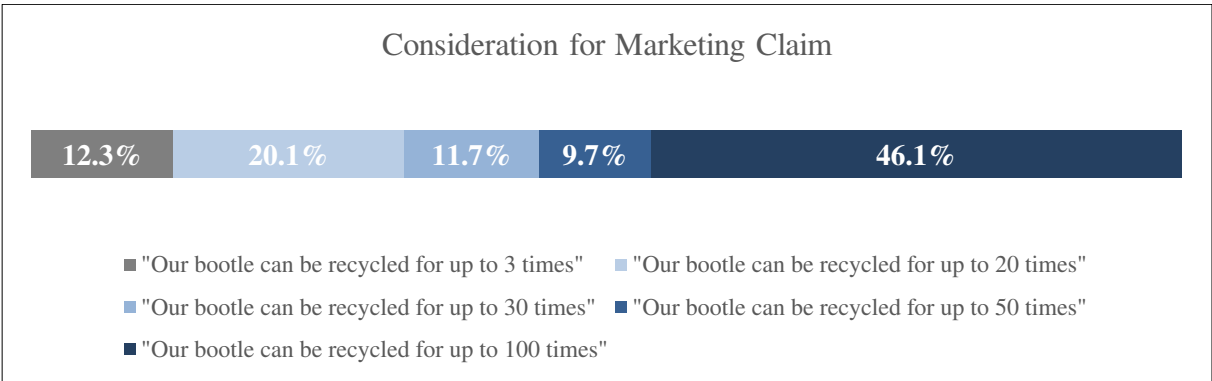


Figure 5: Chosen claim based on factor of recyclability (N=154)

Finally, when considering the attention time, a participant can spend on a marketing claim, Expert E also noted that the longer claims are most likely to require consumers to spend more time understanding them.

Purpose claims

Another important aspect of marketing communication is purpose claims. Purpose claims in the context of brands are described as “a long-term, central aim that is a predominant component of its identity, meaning structure, and strategy, which leads to productive engagement with some aspect of the world that transcends the brand’s profits” (Williams et al., 2022, p.718). During the interviews, the two experts for legal topics indicated that such purpose claims are likely not subject to the regulations of the directives and could therefore be used even if a company doesn’t have the proof to confidently communicate product related green claims (B, I).

However, there were contradictions among the experts regarding the use of purpose claims. It was noted that the purpose of a company is rarely centered around sustainability, and many companies may therefore resort to using purpose claims to promote their green performance

(B, C, D, E). Consequently, it is also important to note that purpose claims must be deeply integrated, and the company must credibly demonstrate that this purpose aligns with the company (A, D, E, G, J). This, in turn, brings everything back to the core concept of precise data to communicate sustainability claims.

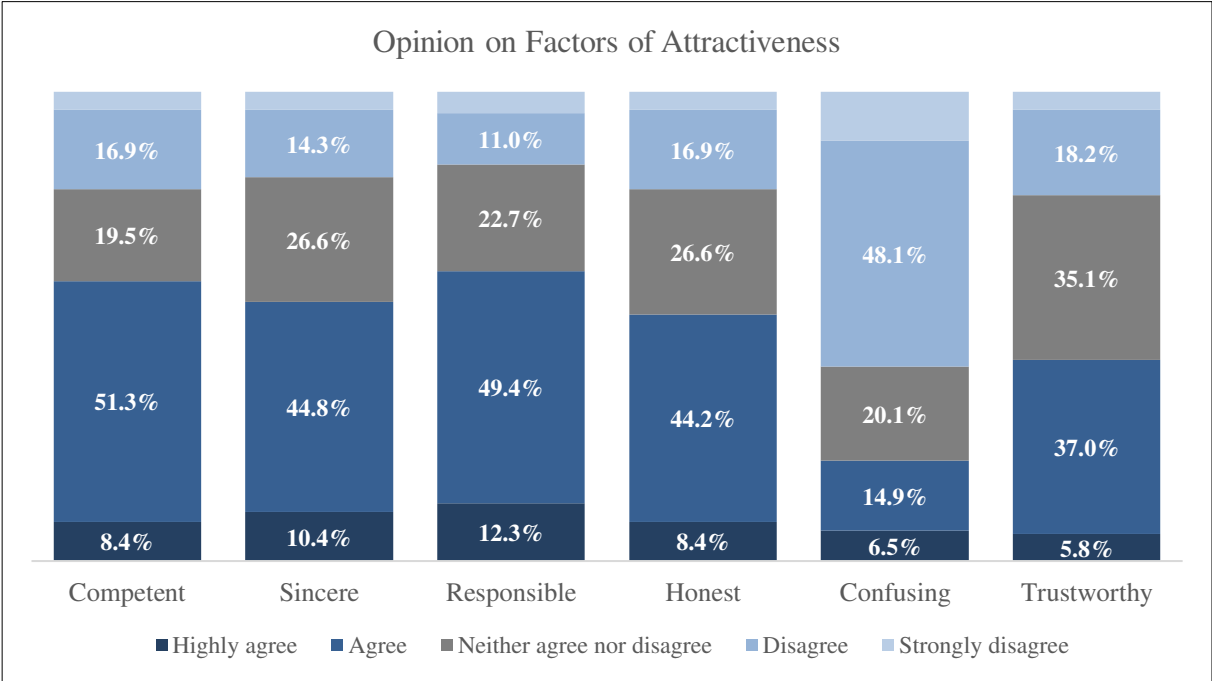


Figure 6: Opinion of purpose claims on factors creating attractive brands (N=154)

The diagram above shows how the survey participants ranked the various brand attractiveness attributes in relation to the purpose claim: “one little bag can change the world” from IKEA Canada (Rethink, 2020). It is evident that the agreement toward the different factors is slightly lower on all levels compared to the precise claim. However, the purpose claim still creates a mainly positive reaction on all levels.

Creative marketing slogans

Since companies tend to enjoy creating creative messages that excite consumers, the question arises whether companies can continue with these creative claims. The experts indicated that they could imagine that the ability to carry out creative communication might be restricted (D, F). However, Expert D also mentioned that this does not necessarily limit the development of exciting stories.

“I believe sustainability communication must deal with this scientific requirement. But that doesn’t mean I can’t be creative. Even when you look at scientific communication, you often have a catchy title, then an exciting derivation of the topic, but also a step-by-step breakdown of the evidence. I don’t think this restricts us to the point where we won’t see any cool marketing slogans anymore. But it does mean that wherever these marketing slogans are placed, there needs to be a direct link to the evidence I’m presenting, and the whole thing should be verified.”
(expert D)

Expert E stated that the more precise claims are particularly suitable for people who already consider sustainability important.

Communication channels

When discussing communication channels, the experts frequently mentioned that a clear indication must be placed directly next to the claim, showing where the evidence for the claim can be found (A, D, G, I, J). For example, the necessity of a QR-Code directly next to the claim was mentioned (G, J).

Expert A expressed concern about the idea of spreading green claims across platforms where consumers may not have the opportunity to return later and validate the claims they read at a certain point in time. These findings are in line with the study of Ganz & Grimes (2018) which found that the best location for green claims is media which offer extensive information. To conclude, brands should choose channels which give them an opportunity to place extensive information and proof next to the claim, or which are static enough to give the people the chance to scan a QR-Code to also receive the extensive information. Therefore, short video advertisements on social media channels or the television which quickly change or banners on a moving object are examples that tend to be disadvantageous locations for precise sustainability claims.

4.4 Risks which come with the new Regulations

Possible risks

The risks faced by companies increase significantly with the growing number of regulations and laws to which they are subject. One of the most frequently mentioned risks for companies was the risk of negative press reactions if something goes wrong during the adoption process and the substantiation of claims (A, D, F, H, J). This also underpins the fear among companies of making a mistake in the implementation of the laws (A, G, H, I). Additionally, fines in the case of non-compliance with the regulations were identified as a risk (G, I). It was also mentioned that due to various issues within the supply chain, companies might not be able to

ensure, according to the first-in, first-out principle, that all products with old, imprecise claims are sold in time and replaced with new products bearing more precise claims (B, F, G, H).

Vagueness of regulations

A very significant risk that the experts identified is the vagueness of the EU regulations (B, E, F, G). It was described that the legislation is quite vague, and companies cannot be certain about how exactly they need to adjust their claims to ensure compliance with the law.

“... because the laws are sometimes not clearly defined at the beginning, and it takes time before it’s clear what’s allowed and what’s not. I think that’s why many companies are now hesitant to make claims or print certain information on packaging as a precaution until it’s clearly regulated what is and isn’t permitted.” (expert F)

“I think the approach here is definitely “better safe than sorry.” If we’re not sure, we just won’t do it. And in a way, that’s a shame because if the guidelines were clearer, we could communicate a lot more without it being greenwashing. But since it’s often so difficult to navigate, we end up deciding not to do it at all.” (expert G)

Reaction of companies when dealing with the potential risks

The reactions that companies are adopting in response to the new regulations are clear. According to the experts, most companies are not very risk-tolerant and will likely tone down their sustainability claims to reduce risk in the face of the fact that the regulations are so vague (A, B, C, F, H, I). Which is a hypothesis also supported by the literature, which states that managers are usually more focused on the risks than at what they could gain (Jackson & Dutton, 1988).

Reactions of consumers

In conclusion, when considering how customers will react to the reduction of claims, Expert J noted that it can confuse consumers if a company suddenly stops using marketing claims, which is a negative situation according to Chen & Chang (2012).

A one sample t-test was conducted based on the Likert scale question 2.5 of the survey which ranged from 1=highly agree to 5=highly disagree to test whether there is indeed a noticeable tendency towards this statement. To analyze this hypothesis, the test value of 2 was chosen. The test showed that the mean was significantly leaning towards an agreement with this question (1.88) and the two-sided p-value of .153 indicates that the hypothesis has been proven.

After the normalization of the rules

Considering the period after the implementation and normalization of the new regulations, it is likely that many companies will restart to place green marketing slogans, as they will have

clearer frameworks based on the experiences of other companies and best practices to assess their own supply chains, allowing them to apply precise claims more effectively (A, B, D). Expert A mentioned that the adjustment period for larger companies could be significantly shorter due to their resources.

4.5 Labels

There are various labels currently on the market, which differ greatly and can be difficult for consumers to interpret. Expert J indicates that consumers will likely rely more on labels to validate their purchasing decisions. Expert I states that the regulations will lead to a significant increase in the number of labels as proof of sustainability performance. Furthermore, Expert B adds that clearer regulation of seals will significantly reduce the waste of labels, and Expert F notes that the clearer regulations will lead to greater trust in the labels.

When it comes to the labels there are various currently on the market which are also very different and for consumers it might be difficult to observe. However, the quantitative analysis showed that when it comes to the trust as an important measure for the certifications, certificates which come directly from the EU have according to a conducted paired sample t-test based on the Likert scale questions Q13 and Q14, which ranges from 1=highly agree to 5=highly disagree a somewhat higher likelihood to be trusted (1.81) compared to verifications which come from more unknown third-party certification services (3.29). The two-sided p-value of <.001 proves the statistical significance. The correlation coefficient of .381 indicates that there tends to be a weak correlation which tends to support the idea that some people have in general a higher likelihood to trust certifications.

5 Conclusion and Recommendations for Business

Insights from the interviews, the literature and the survey have provided valuable perspectives on the implementation of the upcoming directives. Based on the identified factors, this study provided a better idea about the challenges that companies will face. On a positive note, these new formulations of the marketing claims are generally well-received by the consumers and are expected to enhance trust in the companies that adopt them.

However, the most significant challenges lie in the restructuring phase. To comply with the new directives, companies will need to make initial investments and allocate diverse resources such as money. A key focus should be on adjusting internal structures to ensure that the supply chain can be effectively monitored. Additionally, it will be crucial for companies to cultivate a

corporate culture that fosters close coordination and collaboration across departments to ensure the success of this process, since the clear integration of organizational structure, processes and the strategy are crucial to implement a successful sustainability strategy (Engert & Baumgartner, 2016).

Smaller companies should be cautious due to their limited resource base. They are advised to develop a clear strategy for navigating the transition and discuss internally whether the knowledge to handle the challenges is present. Furthermore, smaller companies are recommended to strongly look at their value chain and how good they can verify it to continue to communicate green claims. The purchase of external knowledge through consultancies and therefore higher costs are anticipated, as especially younger companies also tend to not have so much experience with adapting to new laws.

Companies will have to figure out a way on how to include proofs to their green marketing claims by including references or links to the facts and figures so that the consumers can certify them, which will require the need for the creativity of the marketers to find a way to do this in an attractive way. The use of certain channels might be restricted, as some channels don't allow the space it requires to position the proof directly next to the claim. Furthermore, some channels don't allow consumers to read and verify the proof next to the claim as they are sometimes not available long enough as it is the case with television ads for example. Also, the use of well-known labels from certified institutions will be recommended to create the required proofs.

When looking at the regulations and the handling with those directives, the findings show that the companies are struggling to interpret them and to understand how far they can go, which creates difficulties in developing creative and exciting marketing communication measures.

Furthermore, companies should have a close look on what kind of sustainability metrics they can communicate, and which metrics are understood by the consumer, to create understandable claims. When creating the claims, despite being allowed to be creative, there needs to be proof in some way next to or within the claims to show they are also built on a proven data basis.

Regarding the adoption of the directives, companies are advised to consider whether they can establish their evidence base in time for the new laws to ensure that any new claims are applied correctly. If this proves to be too high a hurdle, companies are advised to start scaling back their sustainability communications as soon as possible and gradually adjust their brand identity before the regulations go into effect to not lose the trust of the consumers. As Warren Buffett

once said: “It takes 20 years to build a reputation and 5 minutes to ruin it” (W. Buffett, personal statement). This is based on the findings from chapter 2.2.1 that sustainability is not a major purchasing factor for consumers, and it is preferable to have a brand image that is not focused on sustainability rather than expose oneself to the risks of bad publicity and fines.

Finally, when it comes to purpose marketing, companies can in theory communicate that their purpose is sustainability and that they want to do good for the planet, since it will not be sanctioned by the regulations. However, to also create deep trust from the consumers, proof that this purpose is true is also highly recommended.

5.1 Recommendations for Policy Makers

Since negotiations are still ongoing in Brussels regarding the development of the Green Claims Directive, and ideas for new directives are likely in the planning stage, it makes sense to provide recommendations for lawmakers. One of the most important points to consider is that new directives should be formulated precisely, so that companies can devise long term strategies to comply with the laws. If companies are potentially forced to change their brand image within a short time period, this could lead to a massive loss of trust among customers. Additionally, implementing the directives often costs companies significant financial resources, which smaller companies may struggle to afford. Therefore, lawmakers should consider how to draft the upcoming laws in a way that avoids putting smaller companies at a competitive disadvantage. On a positive note, the interviews with experts gave a strong impression that everyone is highly ambitious about becoming more sustainable and implementing ethical values, but they often struggle with the complexity of the various directives. In addition, the EU should support the development and implementation of sustainability labels, which could provide financial relief to companies. Furthermore, according to the analysis in Chapter 4.5, official labels bearing the EU mark are a factor that strengthens consumer trust which can be taken as an argument to develop more official EU certificates.

5.2 Limitations and Recommendations for Future Research

While researching the main question, some limitations emerged that may have impacted the research outcome. First, it is important to note that the majority of participants in the quantitative study (63%) were highly concerned about climate change. However, only a few people were reached who do not take the issue of sustainability seriously or even harbor negative emotions toward it. Therefore, it is impossible to determine whether the new

regulations might trigger a negative response from this specific group, potentially leading them to boycott products out of protest.

Additionally, the results chapter discussed the topic of understanding claims. It is highly recommended to explore which metrics consumers find easy or difficult to understand, as this would facilitate clearer communication of precise claims.

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Appendices

Appendix 1: Semi-Structured Interview Guide

RQ: In the face of the new EU regulations, what main challenges do firms face in marketing communications?

Introduction:

Dear Mr. [Interviewee's Last Name],

Thank you very much for taking the time to participate in my interview. Over the next 30-45 minutes, I plan to go through a few questions with you regarding the upcoming EU regulations on sustainability communication, specifically the regulations of the Empowering Consumers Directive and the not yet finalized Green Claims Directive. The research goal is to determine the effect of these new regulations on creating a successful brand. The questions are divided into four themes:

1. How to develop marketing materials with these regulations?
2. What will the implementation change about how consumers perceive the brand?
3. Effect on marketing differentiation.
4. What effect do new regulations have on companies in general?

A few guidelines regarding the interview framework:

This interview is intended to help me develop insights for addressing the research question of my Master's thesis, which I am conducting at the Católica Lisbon School of Business and Economics. The interview will be recorded, transcribed, and the individual responses anonymized and used in a non-traceable manner for my Master's thesis, which will subsequently be published by Católica. All interview files will be deleted upon completion of the work.

Topic 0: Preliminary Questions

- What do you know about the regulations of the ECD and GCD?
- What practical experience do you have regarding brand building and marketing communication?

Topic 1: Impact on the Development of Marketing Materials

- What impact do the regulations of the ECD and GCD have on the daily work of brand building?
 - Are there difficulties in implementing these regulations on certain marketing materials, Banner, Product-Tags, Instagram?
 - Do the regulations limit marketers in their creative freedom?
 - Are the regulations difficult to implement in the sense that it's impossible to make precise sustainability claims which are 100% correct?
- What is the effect between purpose marketing and regular green marketing in the face of the new regulations?
 - Will companies switch to a more purpose-based marketing communication (Patagonia: statements like do not buy this jacket; Protect your playground e.g. earth), or will they focus on communicating their own sustainability achievements?

Topic 2: Impact on Customer Perception of Brands with the adapted Communication

- How do you think the regulations change the perception of product performance of sustainable brands?
 - Will the products be perceived as more sustainable?
- What effect do you think will the new regulations have on the perception of a sustainable brand?
 - Will a brand that has the regulations in their communication implemented be perceived as having a stronger brand personality or stronger values?
- Will a brand be seen as more honest and genuine through its communication if the regulations are implemented?
- Will a brand be perceived as more competent through its communication if the regulations are implemented?

- Will a brand be seen as more responsible thought their communication if it has the regulations implemented?
- Since you have answered most with yes in the previous questions, do you think, some of those just mentioned factors will somehow be reduced, since basically every single company must comply with those regulations?
 - Will Some companies stop doing sustainability marketing?

Topic 3: Effect of the Regulations on Differentiation from Competition

- Will the regulations influence the marketing differentiation of firms?
 - What will the regulations change about the creation of short and memorable key claims (USP)?

Topic 4: Direct Effect of the New Regulations on Firms

- How do marketers in companies usually find out about new regulations?
- How do companies and marketers typically react when they learn about new regulations that require changes in their marketing communication?
- After marketeers learned about the required changes and learned how to react, how is this new knowledge used?

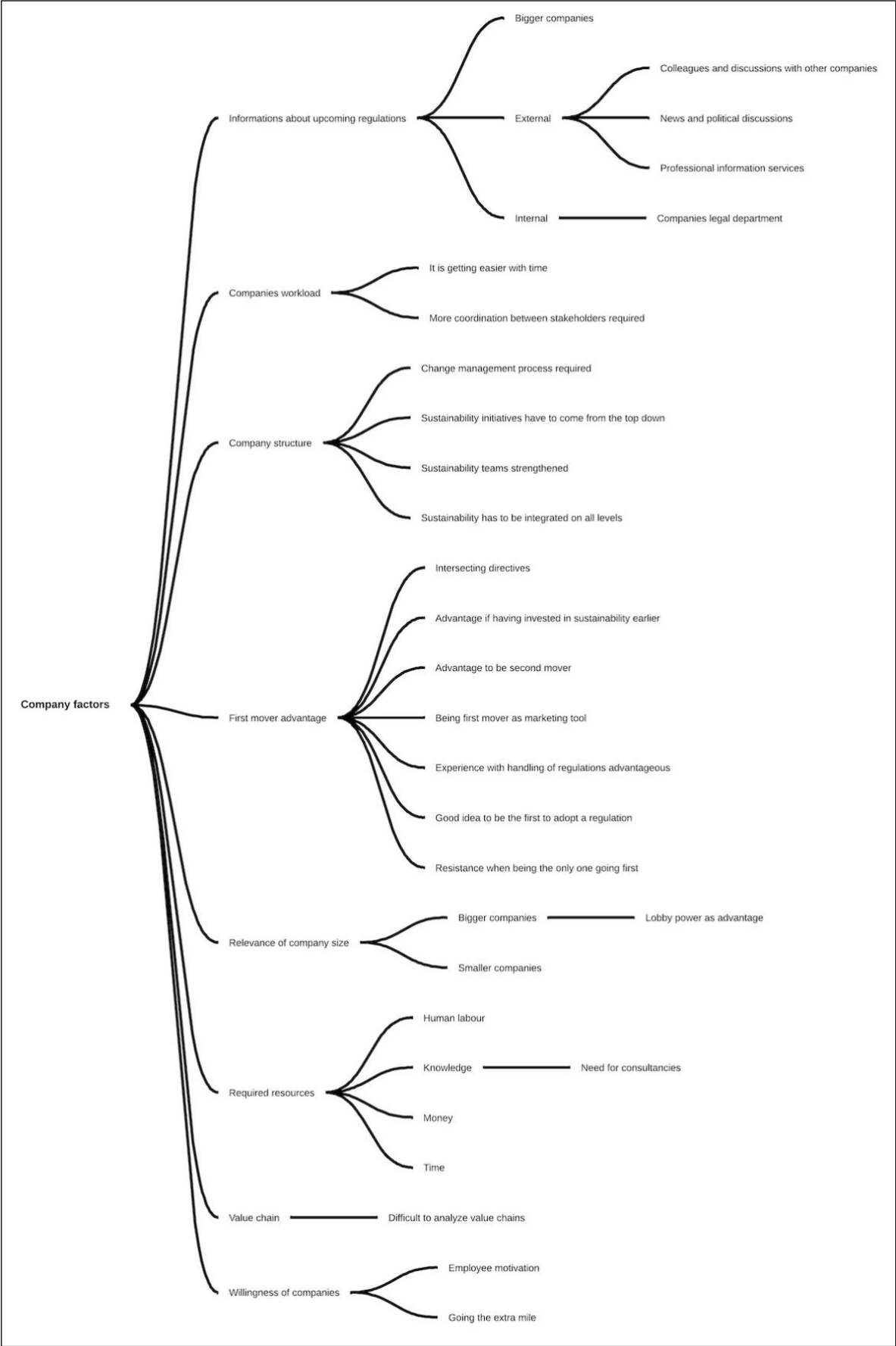
	<p>The brand feels responsible about their sustainable commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand feels honest about their sustainable commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brands decision makes me feel confused about their position towards sustainability Highly agree (1) – Strongly disagree (5)</p> <p>I can trust the brand’s commitment towards sustainability Highly agree (1) – Strongly disagree (5)</p>
5	<p>Imagine you see an Instagram advertisement in which a brand shows the slogan: “one little bag can change the world.” The company advertises the green benefits of reusable bags. Please react to the following statements.</p> <p>The brand feels competent in their sustainability commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand gives me a feeling of sincerity in their sustainability commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand feels responsible about their sustainable commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand feels honest about their sustainable commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brands decision makes me feel confused about their position towards sustainability Highly agree (1) – Strongly disagree (5)</p> <p>I can trust the brand’s commitment towards sustainability Highly agree (1) – Strongly disagree (5)</p>
6	<p>Imagine you see an Instagram advertisement where a beverage brand says: “This bottle can be recycled for up to 10 times.” Please react to the following statements.</p> <p>The brand feels competent in their sustainability commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand gives me a feeling of sincerity in their sustainability commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand feels responsible about their sustainable commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brand feels honest about their sustainable commitment Highly agree (1) – Strongly disagree (5)</p> <p>The brands decision makes me feel confused about their position towards sustainability Highly agree (1) – Strongly disagree (5)</p> <p>I know, how often a plastic bottle can be recycled Highly agree (1) – Strongly disagree (5)</p> <p>I can trust the brand’s commitment towards sustainability Highly agree (1) – Strongly disagree (5)</p>
7	<p>Generally spoken, how likely are you to buy the bottle of the manufacturer which says: “This bottle can be recycled for up to 20 times.”</p> <p>Extremely likely (1) – Extremely unlikely (5)</p>
8	<p>Which brand would you rather buy based on the following green marketing slogans for their PET-bottles? (Pick one of the statements)</p> <p>Brand 1: “Our bottle can be recycled for up to 3 times”</p> <p>Brand 2: “Our bottle can be recycled for up to 20 times”</p> <p>Brand 3: “Our bottle can be recycled for up to 30 times”</p> <p>Brand 4: “Our bottle can be recycled for up to 50 times”</p> <p>Brand 5: “Our bottle can be recycled for up to 100 times”</p>

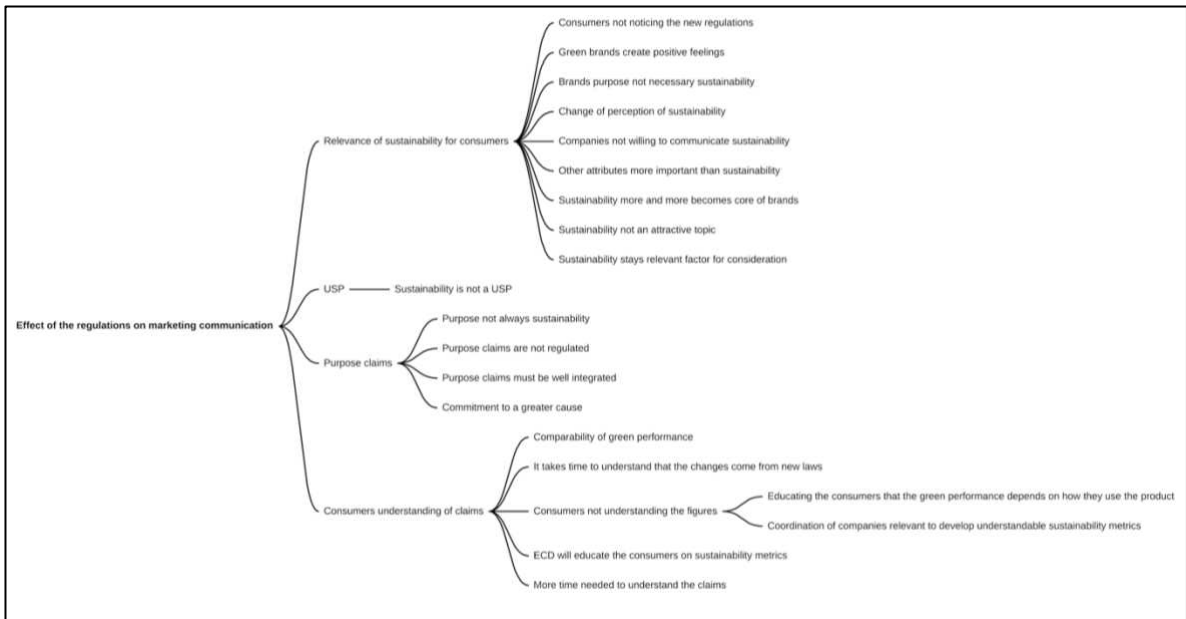
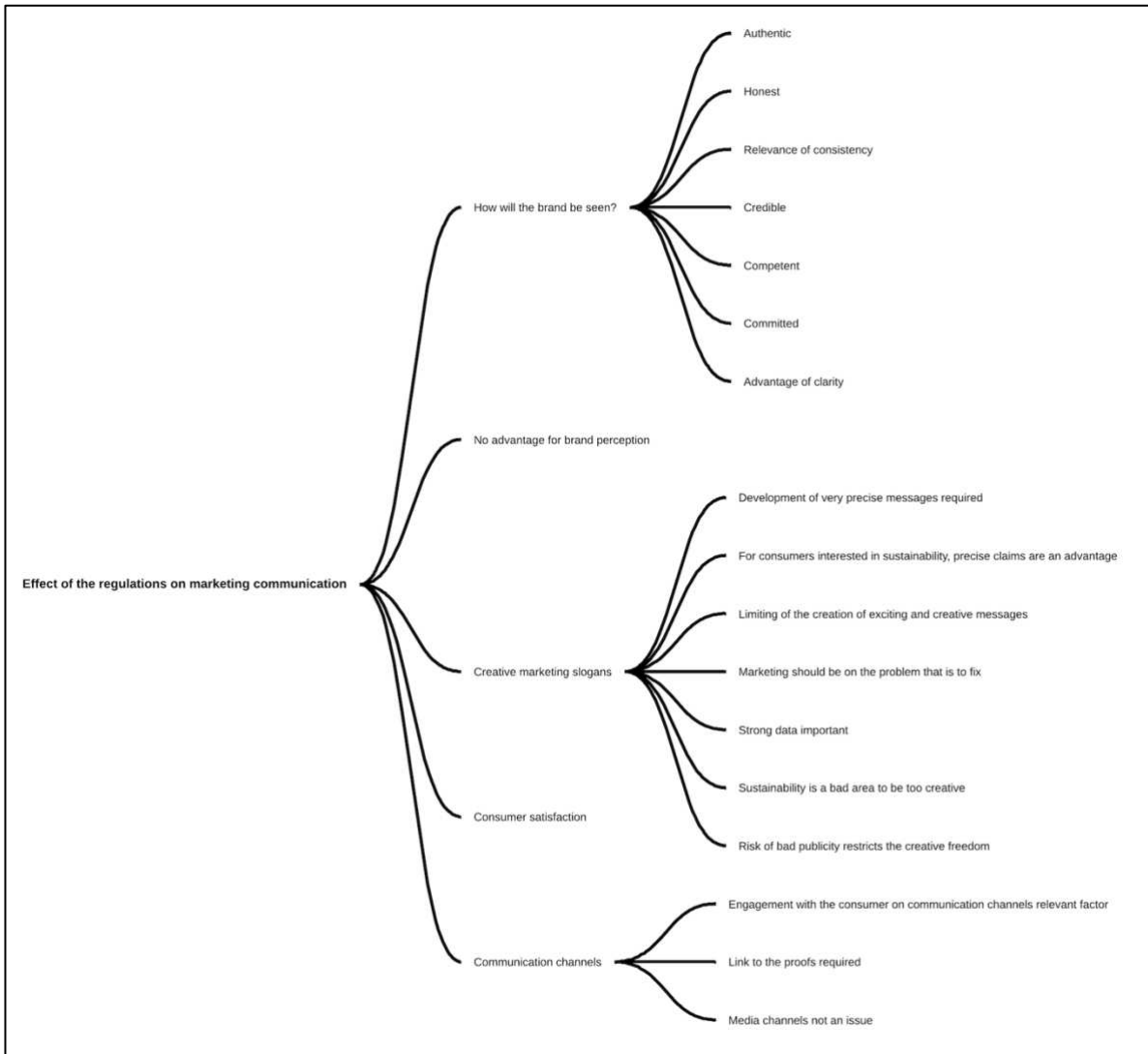
9	<p>Which green advertisement would make you more likely to buy the product? Please rank the statements according to preference</p> <p>The advertisement that says: climate-friendly packaging</p> <p>The advertisement that says: 100% of energy used to produce this packaging comes from renewable resources</p> <p>The advertisement that says: one little bag can change the world</p>
10	<p>Which advertisement do you find more...</p> <p>competent Option 1: climate-friendly packaging</p> <p> Option 2: 100% of energy used to produce this packaging comes from renewable resources</p> <p> Option 3: one little bag can change the world</p> <p>sincere Option 1: climate-friendly packaging</p> <p> Option 2: 100% of energy used to produce this packaging comes from renewable resources</p> <p> Option 3: one little bag can change the world</p> <p>responsible Option 1: climate-friendly packaging</p> <p> Option 2: 100% of energy used to produce this packaging comes from renewable resources</p> <p> Option 3: one little bag can change the world</p> <p>honest Option 1: climate-friendly packaging</p> <p> Option 2: 100% of energy used to produce this packaging comes from renewable resources</p> <p> Option 3: one little bag can change the world</p> <p>confusing Option 1: climate-friendly packaging</p> <p> Option 2: 100% of energy used to produce this packaging comes from renewable resources</p> <p> Option 3: one little bag can change the world</p>
11	<p>If you have found your perfect smartphone, but the manufacturer does not provide any information about its environmental footprint, how likely are you to still buy it?</p> <p>Extremely likely (1) – Extremely unlikely (5)</p>
12	<p>How likely are you to follow a QR-Code or a link on a packaging or poster which leads to more precise information about sustainability performance?</p> <p>Extremely likely (1) – Extremely unlikely (5)</p>
13	<p>How likely are you to trust a sustainability certification from a third party you have never heard of?</p> <p>Extremely likely (1) – Extremely unlikely (5)</p>
14	<p>How likely are you to trust an EU certification on a product which certifies the company's green achievements?</p> <p>Extremely likely (1) – Extremely unlikely (5)</p>
15	<p>Does sustainability play a role in your work life?</p> <p>Yes (1) – No (2)</p>

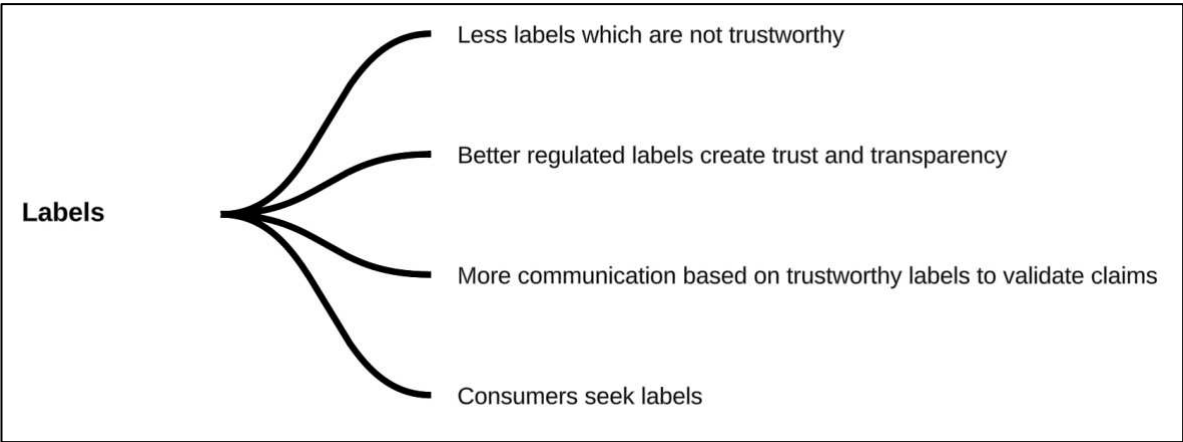
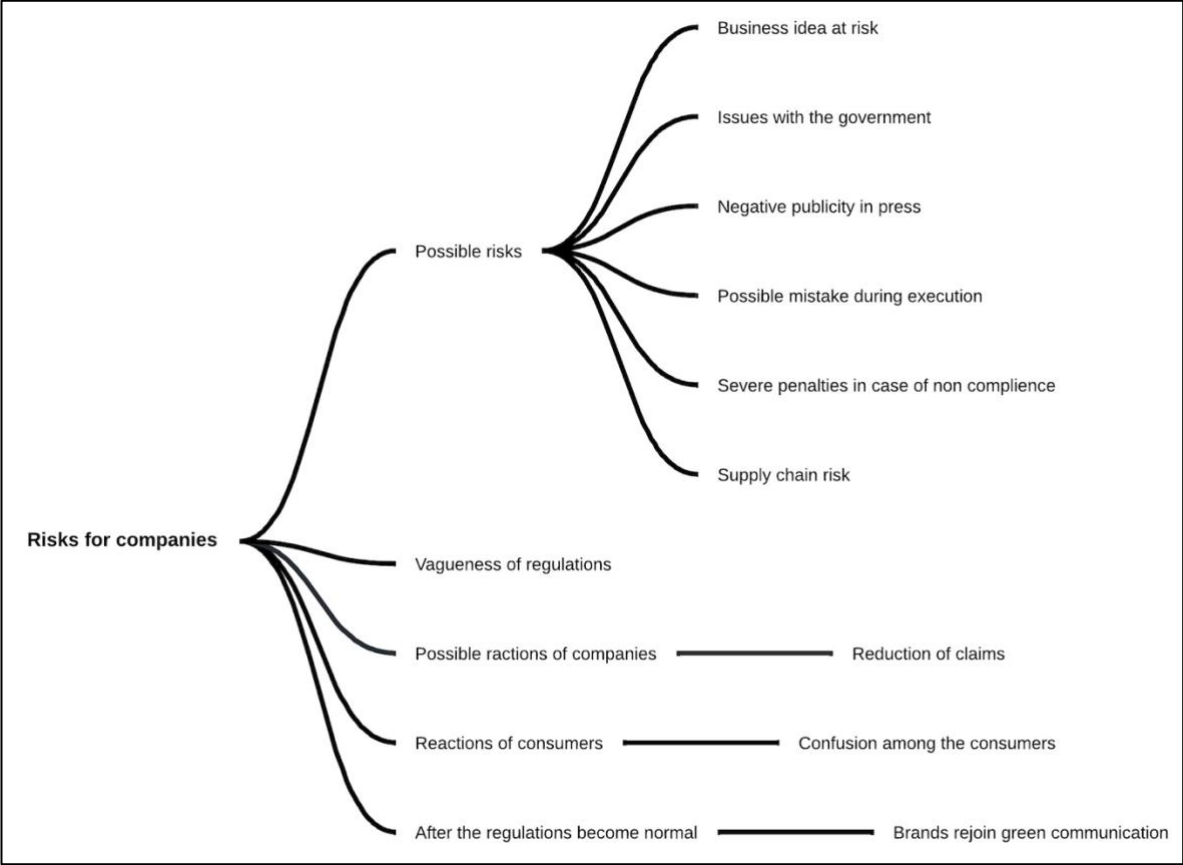
16	<p>How do mandated changes to become more sustainable make you feel?</p> <p>I feel overwhelmed by the workload of the required changes Highly agree (1) – Strongly disagree (5)</p> <p>I feel that sustainability is too big of a topic Highly agree (1) – Strongly disagree (5)</p> <p>Coordination with other departments to achieve some changes is nearly impossible Highly agree (1) – Strongly disagree (5)</p> <p>I feel, there is resistance to actually make meaningful changes Highly agree (1) – Strongly disagree (5)</p> <p>I would like that my company takes the required changes more seriously Highly agree (1) – Strongly disagree (5)</p> <p>I feel my company provides enough financial resources to achieve the required changes Highly agree (1) – Strongly disagree (5)</p>
17	<p>How much do you know about upcoming sustainability regulations?</p> <p>A great deal (1) – None at all (5)</p>
18	<p>When buying a new smartphone, what are the most important product attributes for you? Please rank the following attributes, starting with the most important</p> <p>(1) Operating system (2) Processor (3) Low environmental impact (4) Storage (5) Screen size (6) Screen resolution (7) Camera (8) Design (9) Price</p>
19	<p>Do you think governments should issue more regulations, forcing companies to take increased actions to mitigate climate change?</p> <p>Definitely yes (1) – Definitely not (5)</p>
20	<p>How often do you consider sustainability aspects in your purchasing decisions?</p> <p>Always (1) – Never (5)</p>
21	<p>How concerned are you about climate change?</p> <p>Extremely concerned (1) – Not at all concerned (5)</p>
22	<p>How old are you?</p> <p>(1) Under 18 (2) 18 -24 years old (3) 25 -34 years old (4) 35 - 44 years old (5) 45 - 54 years old (6) 55 - 64years old (7) 65+ years old</p>
23	<p>How do you describe yourself?</p> <p>(1) Male (2) Female (3) Non-binary / third gender (4) Prefer to self-describe (5) Prefer not to say</p>
24	<p>What best describes your employment status over the last three months?</p> <p>Working full-time (2) Working part-time (3) Unemployed and looking for work (4) A homemaker or stay-at-home parent (5) Student (6) Retired (7) Other</p>
25	<p>What is the highest level of education you have completed?</p> <p>(1) Some Primary Education (2) Completed Primary (3) Some Secondary Education (4) Completed Secondary Vocational or Similar (5) Some University but no degree (6) University Bachelors degree (7) Graduate or professional degree (MA, MS, MBA, PhD, JD, MD, DDS etc.) (8) Prefer not to say</p>

26	Which of the following best describes your annual income? (1) under 12.000€ (2) 12.000€ - 23.999€ (3) (4) 24.000€ - 35.999€ (5) 36.000€ - 59.999€ (6) 60.000€ - 89.999€ (7) 90.000€ - 119.999€ (8) 120.000€ or more
27	What country are you from? Open question
28	Are you from an EU country? Yes (1) – No (2)

Appendix 3: Interview Codes







Appendix 4: SPSS Outputs

Willingness

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Coordination with other departments to achieve some changes is nearly impossible	93	1	5	3.38	1.052
I feel, there is resistance to actually make meaningful changes	93	1	5	2.59	1.076
I would like that my company takes the required changes more seriously	93	1	5	2.55	.995
Valid N (listwise)	93				

How will the brand be seen?

Descriptive Statistics

	Mean	Std. Deviation	N
"climate-friendly packaging." - Trust	2.97	.878	154
"100% of energy used to produce this packaging comes from renewable resources." - Trust	2.55	.886	154
"one little bag can change the world." - Trust	2.77	.946	154

Multivariate Tests^a

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power ^c
Formulation_with_the_highest_trust	Pillai's Trace	.157	14.171 ^b	2.000	152.000	<.001	.157	28.343	.998
	Wilks' Lambda	.843	14.171 ^b	2.000	152.000	<.001	.157	28.343	.998
	Hotelling's Trace	.186	14.171 ^b	2.000	152.000	<.001	.157	28.343	.998
	Roy's Largest Root	.186	14.171 ^b	2.000	152.000	<.001	.157	28.343	.998

- a. Design: Intercept
Within Subjects Design: Formulation_with_the_highest_trust
- b. Exact statistic
- c. Computed using alpha = .05

Mauchly's Test of Sphericity^a

Measure: MEASURE_1

Within Subjects Effect	Mauchly's W	Approx. Chi-Square	df	Sig.	Epsilon ^b		
					Greenhouse-Geisser	Huynh-Feldt	Lower-bound
Formulation_with_the_highest_trust	.997	.394	2	.821	.997	1.000	.500

Tests the null hypothesis that the error covariance matrix of the orthonormalized transformed dependent variables is proportional to an identity matrix.

- a. Design: Intercept
Within Subjects Design: Formulation_with_the_highest_trust
- b. May be used to adjust the degrees of freedom for the averaged tests of significance. Corrected tests are displayed in the Tests of Within-Subjects Effects table.

Tests of Within-Subjects Effects

Measure: MEASURE_1

Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power ^a
Formulation_with_the_high est_trust	Sphericity Assumed	14.160	2	7.080	13.962	<.001	.084	27.924	.998
	Greenhouse-Geisser	14.160	1.995	7.098	13.962	<.001	.084	27.852	.998
	Huynh-Feldt	14.160	2.000	7.080	13.962	<.001	.084	27.924	.998
	Lower-bound	14.160	1.000	14.160	13.962	<.001	.084	13.962	.960
Error (Formulation_with_the_high est_trust)	Sphericity Assumed	155.173	306	.507					
	Greenhouse-Geisser	155.173	305.211	.508					
	Huynh-Feldt	155.173	306.000	.507					
	Lower-bound	155.173	153.000	1.014					

a. Computed using alpha = .05

Pairwise Comparisons

Measure: MEASURE_1

(I) Formulation_with_the_high est_trust	(J) Formulation_with_the_high est_trust	Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
					Lower Bound	Upper Bound
1	2	.429*	.080	<.001	.234	.623
	3	.201*	.080	.039	.008	.395
2	1	-.429*	.080	<.001	-.623	-.234
	3	-.227*	.083	.021	-.429	-.026
3	1	-.201*	.080	.039	-.395	-.008
	2	.227*	.083	.021	.026	.429

Based on estimated marginal means

*. The mean difference is significant at the .05 level.

b. Adjustment for multiple comparisons: Bonferroni.

Relevance of sustainability in marketing communications

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
When buying a new smartphone, what are the most important product attributes for you? Please rank the following attributes, starting with the most important – Low environmental impact	147	7.14	2.044	.169

One-Sample Test

Test Value = 3

	t	df	Significance		Mean Difference	95% Confidence Interval of the Difference	
			One-Sided p	Two-Sided p		Lower	Upper
When buying a new smartphone, what are the most important product attributes for you? Please rank the following attributes, starting with the most important – Low environmental impact	24.574	146	<.001	<.001	4.143	3.81	4.48

Reaction of consumers

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
When a green brand that you like suddenly stops green advertising and moves the brand identity from being sustainable to something that has nothing to do with sustainability, how does this decision make you feel? – The brand's decision makes me feel confused about their position towards sustainability	154	1.88	1.009	.081

One-Sample Test

	t	df	Significance		Mean Difference	95% Confidence Interval of the Difference	
			One-Sided p	Two-Sided p		Lower	Upper
			Test Value = 2				
When a green brand that you like suddenly stops green advertising and moves the brand identity from being sustainable to something that has nothing to do with sustainability, how does this decision make you feel? – The brand's decision makes me feel confused about their position towards sustainability	-1.437	153	.076	.153	-.117	-.28	.04

Labels

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 How likely are you to trust a sustainability certification from a third party you have never heard of?	3.29	154	1.022	.082
How likely are you to trust an EU certification on a product which certifies the company's green achievements?	1.81	154	.846	.068

Paired Samples Correlations

		N	Correlation	Significance	
				One-Sided p	Two-Sided p
Pair 1	How likely are you to trust a sustainability certification from a third party you have never heard of? & How likely are you to trust an EU certification on a product which certifies the company's green achievements?	154	.381	<.001	<.001