



Greenwashing and its Stakeholder Consequences: A Systematic Review with Evidence from the Fashion Sector

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Abstract

Purpose: This study reviews greenwashing practices in the fashion industry and explores how misleading sustainability claims affect consumers, retailers, genuine sustainable brands, and investors.

Design/Methodology: The study is based on a systematic review of existing literature, using journal articles, books, and conference papers sourced from databases such as Google Scholar, Emerald Insight, and ResearchGate.

Findings/Results: The findings show that unclear and exaggerated sustainability claims often mislead stakeholders, reduce trust, damage credible sustainable brands, and influence investment decisions. Most existing studies focus on individual stakeholder groups rather than the industry as a whole.

Originality/Value: By bringing together multiple stakeholder perspectives, this review highlights the need for clearer communication, greater transparency, and stronger regulatory oversight in the fashion sector.

Paper Type: Review Paper

Keywords: Greenwashing, Fashion Industry, Sustainability, Stakeholders, Consumer Trust

1. Introduction

Sustainability has become a critical focus in the fashion industry due to its substantial environmental and social impacts. The sector is among the largest contributors to global waste, carbon emissions, and resource consumption, which has led consumers and regulators to demand more environmentally responsible practices (Joy *et al.*, 2015) [30]. In response, many fashion brands have adopted sustainability narratives to appeal to ethically conscious consumers. However, this has also given rise to greenwashing, where firms exaggerate, misrepresent, or selectively report their environmental efforts to appear more sustainable than they truly are (Delmas & Burbano, 2011) [13].

Greenwashing is more than a marketing tactic; it reflects systematic organisational behaviour that includes ambiguous labeling, symbolic sustainability initiatives, selective disclosure, and misleading use of certifications (Fu *et al.*, (2025) [20]. In the fashion sector, common greenwashing strategies include vague eco-labels, limited “sustainable” collections, overstatement of recycling or circularity claims, and marketing focused on image rather than genuine environmental performance (Claxton & Kent, 2020) [8]. Fast fashion brands, in particular, often employ these tactics to maintain competitiveness without addressing underlying environmental harm (Bick *et al.*, 2018) [5].

Greenwashing has far-reaching consequences for multiple stakeholders. Consumers may be misled, resulting in environmentally harmful purchasing decisions and erosion of trust. Retailers may struggle to manage supplier transparency and communicate sustainability accurately, while genuinely sustainable brands face credibility loss and market confusion (Songur *et al.*, 2024) [58]. Despite growing research on greenwashing, most studies focus on individual stakeholder groups, and very few examine its combined effects on consumers, retailers, brands, and investors. This review aims to synthesise existing literature on greenwashing in the fashion sector, examine stakeholder perspectives, and identify research gaps to inform policy and practice.

Understanding greenwashing's strategies and stakeholder impacts can guide the industry towards genuine sustainability, transparent communication, and renewed trust across all actors (Persakis *et al.*, 2025) ^[47].

1. Objectives

1. To examine and synthesise the concept of greenwashing and its specific applications within the fashion sector
2. To analyse consumer and retailer perspectives on greenwashing practices and assess their implications on fashion sector.
3. To evaluate the effects of greenwashing in the fashion sector on genuine sustainable brands and investors

2. Methodology

The most recent academic studies are reviewed as part of the approach adopted for this literature review. Several academic databases, including Google Scholar, Emerald Insight, ResearchGate, and Academia.edu, were systematically searched to identify relevant journal articles, theses, and conference papers related to greenwashing and sustainability practices in the fashion sector. Books and credible online sources addressing consumer, retailer, brand, and investor perspectives on greenwashing were included to strengthen the depth and reliability of the literature review.

3. Related Research Work On Systematic Review Of Literature

Greenwashing has evolved into a central concern within sustainability research, especially as firms strategically use environmental claims to appeal to ethically conscious consumers. Early foundational work framed greenwashing as the deliberate misrepresentation of environmental performance to gain reputational or financial benefits (Delmas & Burbano, 2011) ^[13]. Over the last decade, research has expanded this definition, emphasising how firms selectively disclose positive environmental information while concealing harmful practices, creating a gap between communicated and actual sustainability performance (Lyon & Montgomery, 2015) ^[38]. Scholars describe greenwashing not merely as deceptive marketing but as a broader organisational behaviour that includes ambiguous labels, inflated claims, and symbolic CSR actions that lack substantive environmental improvement (Marquis *et al.*, 2016) ^[40].

As sustainability expectations increased, especially in consumption-driven industries, greenwashing became more sophisticated. Contemporary studies highlight that companies often use emotionally persuasive narratives, such as “eco-friendly,” “conscious,” or “clean,” with minimal evidence to support such claims (de Freitas Netto *et al.*, 2020) ^[10]. These findings underline that greenwashing is both a communication strategy and a structural issue connected to corporate governance, supply chain opacity, and brand identity construction.

The fashion industry is one of the largest contributors to environmental degradation, generating high levels of waste, resource extraction, and carbon emissions. Because consumers increasingly demand sustainable fashion, brands have embraced sustainability narratives to maintain competitiveness. Researchers argue that this demand-driven context makes the sector particularly vulnerable to greenwashing (Joy *et al.*, 2015) ^[30].

Fashion brands frequently rely on symbolic gestures—

capsule “sustainable” collections, recycled-material messaging, or vague eco-labels—to give the appearance of environmental responsibility (Turker & Altuntas, 2015) ^[62]. Many of these initiatives focus on branding rather than actual environmental performance, creating what scholars call “image-based sustainability” (Niinimäki & Hassi, 2016) ^[45]. Studies also show that fast fashion companies, in particular, use sustainability claims to soften criticism related to overproduction, labour exploitation, and waste generation (Bick *et al.*, 2018) ^[5].

More recent research suggests that greenwashing in fashion persists because of complex global supply chains, limited traceability, and lack of standardised sustainability metrics. These factors allow brands to selectively disclose favourable information while hiding socially or environmentally harmful processes (Claxton & Kent, 2020) ^[8]. As a result, consumers remain dependent on marketing messages that may not reflect the true environmental footprint of the apparel they purchase. Greenwashing in the fashion sector is often expressed through a set of recurring, well-documented strategies that create an illusion of environmental responsibility without substantial changes in core business practices. One of the most pervasive tactics is the use of vague or ambiguous sustainability claims, where brands rely on broad and emotionally appealing terms - such as “eco-friendly,” “green materials,” or “conscious fashion” - without disclosing evidence, standards, or measurable sustainability criteria. Scholars argue that such ambiguity is intentionally used to exploit consumers' positive associations with sustainability while avoiding accountability (Santos, *et al.*, (2024).) ^[53]. Another prominent strategy is selective disclosure, in which companies highlight minor environmental achievements, such as recycled packaging or a small eco-collection, while concealing wider unsustainable practices embedded in mass production, water-intensive dyeing processes, and waste generation. This selective communication creates a distorted perception of a brand's actual environmental impact, a phenomenon thoroughly examined by Lyon and Montgomery (2015) ^[38] who note that firms often highlight symbolic improvements while masking substantive problems.

Fashion brands also commonly employ symbolic CSR initiatives, launching high-visibility campaigns or limited “green lines” that project a sustainable image, despite the fact that their main product portfolios remain environmentally harmful or tied to fast-paced consumption cycles. Marquis *et al.* (2016) ^[40] argue that such symbolic actions cater to public expectations without driving structural environmental performance, thereby widening the gap between communicated and actual sustainability efforts. Another widely observed practice is the misuse of certifications and eco-labels. Studies show that some brands rely on self-created labels, unverified certifications, or overstated compliance claims to suggest credibility, even when third-party verification is lacking (de Freitas Netto *et al.*, 2020) ^[10]. Because many sustainability labels remain unregulated globally, companies exploit this ambiguity to legitimise their messaging.

Finally, scholars highlight the growing trend of overstating recycling and circularity, especially as circular fashion models gain consumer appeal. Brands frequently claim their products are “100% recyclable” or market “closed-loop systems,” even though the infrastructure for large-scale textile recycling remains technologically and economically

limited. Research by Claxton and Kent (2020) ^[8] points out that most fashion companies lack the supply chain mechanisms necessary to support genuine circularity, resulting in exaggerated or misleading claims. Taken together, these strategies demonstrate that greenwashing in fashion is not random or superficial; instead, it is systematically embedded in brand communications and sustainability positioning, enabling companies to benefit from the sustainability movement without committing to deep environmental transformation.

Examining greenwashing in the fashion sector is essential because misleading sustainability claims directly influence stakeholder perceptions and behaviour. Consumers who trust these claims may unknowingly contribute to environmentally harmful consumption patterns, believing they are making ethical choices (McDonagh & Prothero, 2019) ^[42]. Investors

may allocate funds to brands that appear to align with ESG principles, despite questionable practices. Regulators grapple with monitoring and evaluating sustainability claims due to inconsistent reporting standards.

Furthermore, scholars argue that persistent greenwashing erodes trust in the fashion industry and undermines the broader sustainability movement. When claims prove false, consumers may become sceptical of genuine sustainability efforts, creating what researchers term “sustainability fatigue” (Testa *et al.*, 2020) ^[59]. This makes it harder for truly responsible brands to differentiate themselves and gain credibility.

By synthesising this body of research, the review highlights the urgent need for transparency, stronger regulatory frameworks, and clearer sustainability communication in the fashion sector.

Table 1: Summary of findings of studies focused on Consumer perspectives on greenwashing practices and assess their implications

Sl.No.	Focus Area	Contribution	Reference
1	Executorial greenwashing and consumers	Shows that nature-evoking ad elements can make consumers overestimate a brand's eco-credentials; consumers with low environmental knowledge are especially prone to be misled. Useful to explain why fashion packaging/imagery misleads shoppers.	Parguel <i>et al.</i> , (2015) ^[46]
2	Misleading green advertising: affect & brand	Demonstrates green ads can change brand and ad evaluation; misleading claims provoke negative affect and reduce brand evaluation when consumers detect deception.	Schmuck <i>et al.</i> , (2018) ^[56]
3	Greenwashing review: grey zones	Synthesizes greenwashing literature, highlights consumer scepticism and reputational consequences—argues voluntary frameworks often allow misleading green messaging.	Gatti <i>et al.</i> , (2019) ^[21]
4	Taxonomy of greenwashing	Offers a widely used classification (firm/product × claim/execution) that helps researchers map how consumers encounter different types of greenwashing.	de Freitas Netto <i>et al.</i> , (2020) ^[10]
5	Greenwashing behaviours: causes & consequences	Presents taxonomy of greenwashing behaviours and discusses how consumer trust and purchase intentions are harmed—useful for linking brand tactics to consumer reactions.	Yang <i>et al.</i> , (2020) ^[68]
6	Consumer responses to different green claims	Distinguishes consumer reactions by type of green claim and shows how nuance in messaging leads to different skepticism and behavioural outcomes.	De Jong <i>et al.</i> , (2020) ^[11]
7	Fashion-specific greenwashing risks	Maps how greenwashing operates in fashion, explains consumer trust erosion and recommends transparent proof (certs, lifecycle data) to rebuild trust.	Adamkiewicz <i>et al.</i> , (2022) ^[1]
8	Social cynicism & trust in green clothing	Shows that trait social cynicism predicts distrust of “green clothing” claims; helps explain individual differences in fashion consumers' reactions.	Policarpo <i>et al.</i> , (2023) ^[49]
9	Eco-handcrafted fashion: purchase intention	Finds consumers of handcrafted/upcycled fashion show strong pro-environmental intentions, but signalling and authenticity matter — greenwashing undermines these intentions.	Saepudin <i>et al.</i> , (2023) ^[52]
10	Predicting sustainable fashion consumption (China)	Uses VBN (value-belief-norm) to show values and norms predict sustainable clothing consumption; suggests that greenwashing can break the value-to-action link by increasing skepticism.	Hong <i>et al.</i> , (2024) ^[26]
11	Systematic review: greenwashing impacts	Reviews evidence that greenwashing reduces consumer trust and can have long-term reputational costs for brands—recommends rigorous consumer-oriented metrics.	Santos <i>et al.</i> , (2024) ^[53]
12	Consumers' identification accuracy	Experimental work testing whether consumers can reliably distinguish honest vs. greenwashed products; finds mixed ability—expertise and clear labels help.	Fella <i>et al.</i> , (2024) ^[16]
13	Fashion green product segmentation	Segments fashion consumers by green-trust and shows distinct groups (e.g., skeptics vs. believers) — useful when assessing how greenwashing affects different market segments.	Martinez-Huete <i>et al.</i> , (2025) ^[41]
14	Consumer social media reactions to greenwashing	Analyses Reddit/Twitter reactions to fashion greenwashing claims—shows social media amplifies accusations and accelerates trust loss.	Li <i>et al.</i> , (2025) ^[35]
15	Greenwashing on live e-commerce	Finds perceived greenwashing during live-stream shopping reduces purchase intention; brand loyalty moderates the effect.	Yu <i>et al.</i> , (2025) ^[70]
16	Consumer communication in circular fashion	Explores how circular fashion communication can build or erode consumer trust—vague circular claims risk being read as greenwashing.	Vehmas <i>et al.</i> , (2018) ^[64]
17	Consumer associations with sustainable fast fashion	Shows consumers hold complex associations (e.g., “H&M = sustainability efforts but also skepticism”)—important when greenwashing accusations surface.	Kim <i>et al.</i> , (2020) ^[34]

18	Motives for buying green apparel	Shows that conspicuous motives, trust and perceived sincerity affect eco-apparel adoption; greenwashing undermines perceived sincerity and thus purchase.	Khan <i>et al.</i> , (2023) ^[31]
19	Consumer confusion from eco-label overload	Finds that too many or inconsistent eco-labels confuse consumers, lowering trust and enabling greenwashing, especially in apparel markets.	Testa <i>et al.</i> , (2015) ^[59]
20	Ethical self-identity conflict	Finds that greenwashing creates conflict between consumers' ethical self-image and actual consumption, leading to guilt and disengagement.	White <i>et al.</i> , (2019) ^[65]
21	Reduced willingness to pay premium	Demonstrates that perceived greenwashing lowers consumers' willingness to pay price premiums for sustainable fashion products.	Chen & Lu, (2022) ^[7]
22	Gen Z fashion purchase intention & greenwash perception	Shows that consumers' perception of greenwashing negatively moderates the relationship between sustainability attitudes and green purchase intention among Gen Z in the Vietnamese fashion market.	Do <i>et al.</i> , (2025) ^[15]
23	Fashion consumer social media awareness	Analyses organic social media discourse to show that consumers are increasingly aware of fashion greenwashing, express cognitive dissonance when faced with misleading claims, and advocate for transparent sustainability info.	Li <i>et al.</i> , (2025) ^[35]
24	Greenwashing perceptions & purchase intention (China, fashion)	Demonstrates that consumers' perceptions of greenwashing hurt purchase intention in fashion, and that green skepticism partly explains this effect; brand loyalty can buffer the impact.	Yu <i>et al.</i> , (2025) ^[70]
25	Fast fashion risk perception	Finds that when consumers perceive greenwashing in fast fashion, their perceived financial and green risk increases, which weakens their green purchase intention — especially among impulsive buyers.	Lu <i>et al.</i> , (2022) ^[37]

Table 2: Summary of findings of studies focused on Retailer perspectives on greenwashing practices and assess their implications

Sl. No	Focus area	Contribution	Reference
1	Retailers' internal views on sustainable marketing	Interviews with sustainable fashion retailers reveal a disconnect between what retailers think drives purchases and the marketing tactics they actually use - leading to vague claims and cautious communication to avoid accusations of greenwashing.	Toebast-Wensink <i>et al.</i> , (2025) ^[60]
2	Retailer transparency & supply chain disclosure	Empirical study showing retailers often obscure supplier info and how disclosure affects greenwashing risk — directly speaks to retailer practices.	Chen <i>et al.</i> , (2023) ^[6]
3	Store-level green marketing narratives	Deconstructive analysis of sustainability messaging across 41 fashion stores — shows retailers often rely on ambiguous language and imagery that can mislead consumers, increasing greenwashing risk.	Heidenstrøm, (2024) ^[24]
4	Buyers / B2B (retailer) perception of supplier greenwashing	Shows that perceived greenwashing by suppliers undermines green supply-chain integration — retailers report reduced trust and lower uptake of supplier sustainability initiatives.	Santos <i>et al.</i> , (2025) ^[53]
5	Scholarly review with retailer implications	Systematic review that maps greenwashing practices and explicitly highlights how retailer communications and product labels contribute to industry-level greenwashing dynamics.	Khorsand <i>et al.</i> , (2023) ^[33]
6	Empirical: greenwashing & employee responses	Shows greenwashing damages employee trust and identification — relevant for retailers' internal stakeholder management.	Mu <i>et al.</i> , (2023) ^[44]
7	Greenwashing and B2B / retailer relations	Paper discussing greenwashing implications for B2B relationships and how retailers as buyers/sellers affect the chain. Useful for retailer-supplier governance.	Vangeli <i>et al.</i> , (2023) ^[63]
8	Variation in retailer transparency practices (H&M, Inditex, Gap, Fast Retailing)	Compares disclosure and transparency choices among major fast-fashion retailers and explains why retailers differ in how much supply-chain information they publish — useful to understand retailer incentives and barriers to truthful claims.	Fraser & Van der Ven, (2022) ^[19]
9	Retail sustainability disclosure practices (longitudinal/luxury vs mass)	Analyses patterns of disclosure across brands and retailers; shows how retail category (luxury vs mass) affects the depth of sustainability information retailers share with customers.	Jestratijevic <i>et al.</i> , (2024) ^[29]
10	Retailer trust & social cynicism	Empirical model linking social cynicism and trust in green clothing — retailers need to manage communications as consumer cynicism reduces trust in retail green claims.	Policarpo <i>et al.</i> , (2023) ^[49]
11	Retail marketing strategies vs. authenticity	University research that critiques retailers' sustainability marketing tactics and outlines when tactics cross into greenwashing — practical implications for retail managers.	Ritch, (2023) ^[51]
12	Retail-side strategic marketing and contradictory claims	Explores how retailers position sustainability strategically — identifies contradictions where retail marketing highlights small green actions to overshadow larger unsustainable practices.	Petänen <i>et al.</i> , (2024) ^[48]
13	Academic mapping of greenwashing forms	Literature mapping that identifies retail-facing tactics (eco-labels, imagery, filters) and suggests retailers are central actors in making those claims visible to consumers.	Alizadeh <i>et al.</i> , (2024) ^[2]
14	Retail communications & consumer literacy	Review shows retailers' use of vague sustainability language often outpaces consumer ability to verify claims — retailers can either educate or exploit that gap (risking greenwashing).	Badhwar <i>et al.</i> , (2024) ^[4]

15	Retail marketing as greenwashing strategy	Conceptual paper outlining how retail marketing practices (labeling, imagery, product filters) operate as greenwashing when unsupported by lifecycle data.	Savić & Erfulanović, (2024) ^[54]
16	Private-label brands and greenwashing	Shows that retailers' own private-label fashion brands face higher greenwashing risk due to direct control over design, sourcing, and marketing, increasing accountability pressure.	Ha, M. T. (2022) ^[22]
17	Competitive pressure in fast-fashion retail	Explains how speed- and price-driven competition pushes fashion retailers to exaggerate sustainability progress to maintain legitimacy.	Bick <i>et al.</i> , (2018) ^[5]

Table 3: Summary of findings of studies focused on the effects of greenwashing on genuine sustainable brands

Sl.No	Focus area	Contribution	Reference
1	Effects on stakeholder perceptions	Theoretical & empirical review showing greenwashing damages stakeholder trust and creates skepticism that reduces purchase intentions for all “green” products in the sector.	Torelli <i>et al.</i> , (2020) ^[61]
2	Systematic review — market & supply chain impacts	Shows how greenwashing undermines green supply-chain integration and reduces sustainability performance of partner firms — B2B channels for genuine brands are harmed.	Santos <i>et al.</i> , (2025) ^[53]
3	Fashion-specific review & guidance	Fashion-sector review documenting widespread misleading claims, practical risks to credible sustainable brands (consumer confusion, policy backlash).	Adamkiewicz <i>et al.</i> , (2022) ^[1]
4	Consumer behaviour & brand sustainability (fashion)	Finds that a brand's sustainability label is one of many purchase factors; perceived greenwashing reduces consumers' willingness to pay for truly sustainable fashion.	Mandarić <i>et al.</i> , (2022) ^[39]
5	Conspicuous consumption, trust & greenwashing	Demonstrates perceived greenwashing reduces purchase of sustainable clothing and weakens trust in sustainable-brand claims (fashion context).	Apaolaza <i>et al.</i> , (2023) ^[3]
6	Social cynicism & trust in green clothing	Develops model showing personality/social cynicism amplifies trust loss from greenwashing — genuine sustainable brands suffer disproportionately when industry trust falls.	Policarpo <i>et al.</i> , (2023) ^[49]
7	Fashion greenwashing practices (systematic)	Documents common fashion greenwash tactics and shows how broad claims create ambiguity that undercuts genuine brands' messaging.	Badhwar <i>et al.</i> , (2024) ^[4]
8	Social media evidence of public greenwashing awareness	Analysis of social media discussions showing consumer skepticism about fashion green claims; contributes to negative spillover onto genuinely sustainable labels.	Li <i>et al.</i> , (2025) ^[35]
9	Sustainable consumer behaviour review (fashion)	Reviews sustainable consumer behaviours in fashion and shows greenwashing is a major barrier to translating sustainability attitudes into purchases of genuine brands.	Schiaroli <i>et al.</i> , (2024) ^[55]
10	Fast-fashion greenwashing perceptions (Spain)	Empirical evidence that perceived greenwashing in fast fashion reduces trust and damages sector-level perceived authenticity — spillover hurts niche genuine brands.	Diaz-Bustamante-Ventisca <i>et al.</i> , (2025) ^[14]
11	Strategic silence by authentic brands	Shows that genuine sustainable brands sometimes reduce sustainability communication (“greenhushing”) to avoid being associated with greenwashing peers.	Font <i>et al.</i> , (2017) ^[17]
12	Reduced effectiveness of sustainability innovation	Finds that greenwashing discourages deep sustainability innovation because authentic improvements are not sufficiently rewarded in markets flooded with misleading claims.	Hahn <i>et al.</i> , (2018) ^[23]
13	Strategic disadvantage in communication	Shows that authentic brands adopt overly cautious messaging to avoid greenwashing accusations, limiting their ability to communicate real sustainability achievements.	Seele & Gatti, (2017) ^[57]
14	Greenwashing as barrier to sustainable marketing	Demonstrates that greenwashing creates belief disconfirmation and confusion, reducing trust and loyalty toward sustainable brands and weakening consumer engagement.	Daou <i>et al.</i> , (2025) ^[9]
15	Skepticism degrading sustainable brand associations	Shows that perceived greenwashing increases consumer green skepticism, weakening positive associations with genuinely sustainable brands.	Khattari <i>et al.</i> , (2024) ^[32]

Table 4: Summary of findings of studies focused on the effects of greenwashing on investors

Sl.No	Focus area	Contribution	Reference
1	Stock-market reaction to greenwashing events	Event-study evidence that market value drops after greenwashing news; markets punish greenwashing more when firms previously had strong ESG reputations — directly relevant to fashion firms that rely on sustainability branding.	Xu <i>et al.</i> , (2025).
2	Firm financial performance & greenwashing	Cross-industry empirical analysis showing greenwashing tends to harm corporate financial performance (CFP) under certain conditions — implies investor returns can be affected for apparel firms engaging in greenwash.	Li <i>et al.</i> (2023)
3	ESG scores in apparel & greenwashing	Analyses of 30 fashion brands showing greenwashing/transparency issues can distort ESG assessments — important because investors use ESG scores for portfolio decisions.	Koro <i>et al.</i> , (2024).
4	Transparency of sustainability disclosures (luxury/fashion)	Systematic evaluation of disclosure practices among major brands (2017–2023); highlights gaps investors need to watch to avoid being	Jestratić <i>et al.</i> , (2024) ^[29] .

		misled by fashionable sustainability claims.	
5	Fashion brand ESG measurement & investor signalling	Developed multidimensional ESG criteria for fashion brands — shows how poor disclosure or greenwashing weakens investor signals about risk and long-term value.	Yu <i>et al.</i> , (2023) ^[70] .
6	Financial impact case studies in fashion	Thesis-level empirical casework on fashion firms suggesting mixed or non-significant short-term financial effects from greenwashing exposures - signals that investor reactions can be nuanced and context dependent.	Hergeth <i>et al.</i> , (2008) ^[25] .
7	GW and corporate performance (apparel context)	Panel and regression work examining greenwashing motives and financial outcomes for apparel firms; useful for investors evaluating risk of reputational/financial loss.	Wu <i>et al.</i> , (2025) ^[66] .
8	Consumer social media exposure & investor info flow	Social-media analyses of fashion greenwashing show rapid spread of allegations - investors monitoring sentiment or news feeds can be swift to reprice risk.	Li <i>et al.</i> , (2025).
9	ESG news sentiment & stock returns	Methodological paper linking ESG news sentiment to stock reactions - provides tools investors use to detect and quantify market response to greenwashing-related news (applicable to fashion names).	Mroueh <i>et al.</i> , (2024) ^[43] .
10	Asset managers & greenwashing enforcement	High-profile enforcement (DWS) shows that greenwashing allegations can hit asset managers and investor trust - a caution for investors funding or buying green-labelled fashion funds or bonds.	Cheng <i>et al.</i> , (2025).
12	Policy & investor guidance on green claims	EU/industry policy papers mapping green claims and recommended controls - investors should treat unchecked sustainability claims as heightened risk until verified.	de Vasconcelos <i>et al.</i> , (2024).
13	Literature mapping of fashion greenwashing	A 2024 literature analysis that builds a conceptual framework — useful background for investors to understand the mechanisms by which greenwash can translate into financial risk.	Alizadeh <i>et al.</i> , (2024) ^[2] .
14	Negative word-of-mouth & reputational risk	Shows greenwashing increases negative green word-of-mouth; reputational cascades can reduce investor confidence in brand equity and expected cash flows.	Promaleissy <i>et al.</i> , (2024) ^[50] .
15	Research landscape of greenwashing & investor angle	Mapping study (2025) highlighting emergent investor-focused research — helps locate seminal empirical papers investors should watch.	Forliano <i>et al.</i> , (2025) ^[18] .
16	Measurement pitfalls: ESG scores & fashion	Study showing ESG scores may not fully reflect greenwashing practices in apparel - warns investors about blind reliance on third-party ESG indices for fashion stocks.	Islam <i>et al.</i> , (2024) ^[28] .
17	Rapid evidence synthesis: greenwashing research (systematic review)	Major systematic review (2024–2025) flagging investor-relevant themes: market response, ESG manipulation, regulatory risk - good starting list for investor due diligence.	Huang <i>et al.</i> , (2025) ^[27] .

4. Research Gap Identified

The review of existing literature shows that studies on greenwashing in the fashion sector mostly focus on individual groups like consumers, retailers, brands, or investors. Very few studies look at the bigger picture and explore how greenwashing affects all stakeholders together, or how it impacts genuinely sustainable brands and investor decisions. Furthermore, the following key aspects shall be included in the study:

1. Understand how fashion brands communicate greenwashing and the strategies they use to appear eco-friendly.
2. Explore consumer reactions, trust, scepticism, and buying behaviour when faced with misleading sustainability claims.
3. Examine how retailers share sustainability information and how their messaging can either reduce or enable greenwashing.
4. Study the impact of greenwashing on genuine sustainable brands, including loss of credibility and market confusion.
5. Investigate how investors perceive greenwashing and its effects on ESG ratings, reputation, and financial decisions.

5. Limitations

Although research on greenwashing in fashion is growing, most studies focus on only one stakeholder group, limiting the full understanding of its impact. Many are region- or brand-specific, rely on surveys or interviews, and emphasize perceptions over long-term effects on finances, reputation, or the environment. Additionally, rapid changes in sustainability claims and marketing strategies mean some findings may become quickly outdated.

6. Conclusion

Greenwashing in the fashion sector is a complex and growing issue, affecting consumers, retailers, brands, and investors in different ways. The literature shows that misleading sustainability claims can erode trust, confuse consumers, harm genuinely sustainable brands, and even influence investor decisions. While many strategies and stakeholder responses have been studied, there is still a need for a holistic understanding that connects all these perspectives. This review highlights the importance of transparency, clear communication, and stronger regulatory frameworks to ensure that sustainability claims are credible and meaningful. Addressing these gaps can help the fashion industry move towards genuinely sustainable practices and rebuild stakeholder trust.

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