

Ethical Consumerism in the FMCG Sector: Comparative Corporate Sustainability Strategies and the Intention–Behavior Gap in Emerging Markets (India Focus)

Abstract

This study examines ethical consumerism in the Fast-Moving Consumer Goods (FMCG) sector with a specific focus on India as an emerging market context. While global discourse suggests a structural transition toward sustainability-oriented consumption, significant discrepancies persist between consumers' ethical intentions and their actual purchasing behavior. Drawing upon interdisciplinary theories—including the Theory of Planned Behavior and value-based consumption frameworks—this research investigates the intention–behavior gap, evaluates corporate sustainability strategies, and assesses greenwashing risks across leading FMCG firms.

Using a qualitative comparative case study methodology, the analysis synthesizes secondary data from corporate ESG disclosures, sustainability reports, regulatory documents, and peer-reviewed literature. Four companies—Unilever, Nestlé, The Body Shop, and Patanjali Ayurved—were purposively selected to represent global and Indian market dynamics. A thematic coding framework evaluated environmental sustainability, labor and supply chain governance, transparency mechanisms, and ethical risk exposure.

Findings reveal that although 75–85% of consumers express pro-sustainability intentions, only 35–45% consistently engage in ethical purchasing. Price sensitivity, limited availability in non-urban markets, distrust arising from greenwashing controversies, and habitual consumption patterns significantly widen this gap in India. Multinational corporations demonstrate comparatively advanced ESG reporting and traceability initiatives; however, inconsistencies in supply chain audits and plastic reduction commitments remain. Domestic firms exhibit strong cultural positioning but face challenges in transparency and quality governance.

The study contributes to emerging market scholarship by integrating corporate sustainability evaluation with behavioral gap analysis, highlighting structural and psychological barriers unique to developing economies. It further proposes a multi-stakeholder governance framework linking regulatory enforcement, corporate accountability, and consumer awareness to operationalize ethical consumption. The findings hold implications for policymakers, corporate strategists, and sustainability scholars seeking to bridge the intention–behavior divide in high-impact consumption sectors.

Keywords: Ethical consumerism, FMCG, greenwashing, sustainable consumption, consumer behavior

1. Introduction

Ethical consumerism represents a structural shift in global consumption patterns wherein purchasing decisions are increasingly influenced by environmental sustainability, labor equity, and corporate accountability. The FMCG sector plays a pivotal role due to its high-volume production cycles, intensive packaging usage, and globally fragmented supply chains. This study evaluates whether corporate sustainability narratives translate into measurable ethical outcomes.

1.1 Background of the Study

Global consumer markets are undergoing a paradigm shift as ethical consumerism gains momentum. Ethical consumerism, also known as conscious or responsible consumption, refers to purchasing decisions that align with moral, environmental, and social values. In contrast to traditional consumption patterns, which prioritize affordability and utility, ethical consumerism emphasizes issues such as labor rights, ecological sustainability, and corporate accountability

1.2 Selected Sector

The FMCG sector, comprising essential products such as food, beverages, toiletries, and household goods, plays a critical role in this transformation. Due to their frequent use and short lifecycle, FMCG products account for high levels of waste, resource consumption, and environmental degradation. Moreover, misleading advertising, brand manipulation, and greenwashing tactics complicate consumers' ability to make informed choices.

This study addresses four objectives:

- (1) conceptual foundations of ethical consumerism in FMCG;
- (2) intention-behavior gap analysis;
- (3) corporate sustainability vs. greenwashing evaluation;
- (4) global-Indian case comparisons (Unilever, Nestlé, The Body Shop, Patanjali).

2. Literature Review

2.1 Conceptual Framework

Ethical consumerism is an interdisciplinary construct emerging at the intersection of consumer psychology, ethics, and sustainability. It is characterized by **value-based purchase decisions** reflecting moral, environmental, and social priorities rather than purely utilitarian motives (Harrison et al., 2005). Research illustrates that ethical consumption arises from cognitive, affective, and social drivers that influence purchase intentions (Carrington et al., 2014; White et al., 2019).

Ethical Consumption as Activism: Ethical consumerism is often seen as an extension of activism, where individual purchasing power becomes a tool to influence corporate behavior **.(Harrison,Newholm& Shaw,2005)**

2.3 Intention–Behavior Gap: Although many consumers express a willingness to purchase ethically produced goods, their actual purchasing decisions often do not align with their intentions (Carrington, Neville, & Whitwell, 2014). Recent studies (White et al., 2019; Testa et al., 2021) suggest that convenience, price sensitivity, and lack of trust in corporate claims widen this gap. Intentions (75-85%) rarely match actions (35-45%) due to price, convenience, and distrust **.(Carrington et al., 2014; White et al., 2019)**. India amplifies this via rural-urban divides.

2.4 Consumer Psychology: Models such as the Theory of Planned Behavior (Ajzen, 1991) and the Value-Belief-Norm model (Stern, 2000) have been used to explain how values, attitudes, and perceived behavioral control influence sustainable purchasing.

2.5 Certifications and Trust: Ethical certifications such as Fairtrade, cruelty-free, organic, and

eco-friendly—enhance consumer confidence but are often misunderstood. Misuse of certifications by brands dilutes their credibility (Ottman, 2011).

2.6. Greenwashing: Greenwashing remains a central challenge, with firms exaggerating eco-friendly claims without meaningful changes (Delmas & Burbano, 2011).

2.7. Emerging Markets

India shows rising demand (94% willing to pay more) but barriers persist.[alchempro+1](#)

2.8 Global vs. Local Trends:

In developed economies, consumers increasingly demand ethical FMCG products. In emerging markets like India, awareness is growing but affordability and accessibility remain key barriers (Nielsen, 2022). Exaggerated claims erode trust (Delmas & Burbano, 2011). Labels (Fairtrade, organic) help but face misuse (Ottman, 2011).

3. Research Objective and Gap

Despite increasing attention to ethical consumerism, most studies primarily focus on consumer attitudes, with limited exploration of the psychological and social barriers that prevent ethical intentions from translating into actual purchases. While research in developed countries is extensive, there is a significant lack of studies examining ethical consumer behavior in emerging markets like India. Additionally, the potential of technological tools such as blockchain and AI to enhance transparency in FMCG supply chains remains largely underexplored.

In response to these gaps, this study aims to:

- Examine the conceptual foundations of ethical consumerism in the FMCG sector.
- Analyze the intention–behavior gap in ethical purchasing.
- Evaluate corporate sustainability initiatives and identify instances of greenwashing.
- Compare global and Indian FMCG case studies to highlight contextual differences.

5. Methodology

This study adopts a qualitative case study approach, relying primarily on secondary data sources, including academic journals, corporate sustainability reports, industry surveys, and official corporate disclosures. The methodology is designed to provide a comparative understanding of ethical consumerism practices in the FMCG sector in both global and Indian contexts.

5.1 Case Selection Criteria

The selection of FMCG companies was guided by the following criteria:

1. **Global presence and market influence** – Unilever and Nestlé were included due to their extensive global operations and publicly accessible sustainability reporting.
2. **Ethical positioning** – The Body Shop was selected for its longstanding commitment to ethical sourcing and cruelty-free practices.
3. **Emerging market relevance** – Patanjali was included to capture Indian consumer and corporate contexts where ethical consumption is still evolving.
4. **Availability of credible data** – Only companies with comprehensive ESG disclosures and third-party audits were chosen.

This purposive sampling ensures that the case studies are both analytically relevant and representative of diverse approaches to ethical consumerism in FMCG.

5.2 Data Collection and Sources

Secondary data were collected from the following sources:

- **Corporate Reports:** Annual and sustainability reports, ESG disclosures.
 - Unilever Annual Report & Accounts 2023: <https://www.unilever.com/investors/annual-report-and-accounts/>
 - Nestlé Sustainability Report 2023: <https://www.nestle.com/sites/default/files/2024-03/creating-shared-value-sustainability-report-2023-en.pdf>
 - The Body Shop ESG Report 2023: <https://www.thebodyshop.com/en-gb/about-us/our-values>
 - Patanjali Ayurved Annual Report 2022–23: <https://www.patanjaliayurved.org>
 - **Industry Publications:**
 - Nielsen Report on Sustainability Trends: <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/global-sustainability-report.pdf>
 - **Academic Literature:**
 - Ajzen, I. (1991). Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
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 - Delmas, M., & Burbano, V. (2011). The drivers of greenwashing. *California Management Review*, 54(1), 64–87. <https://doi.org/10.1525/cmr.2011.54.1.64>
 - **Regulatory Reports:**
 - United Nations Sustainable Development Goals: <https://sdgs.un.org/goals/goal12>
 - India Plastic Waste Management Rules (2016): https://cpcb.nic.in/uploads/MSW/Plastic_Waste_Management_Rules_2016.pdf
- All sources were cross-verified for consistency to reduce potential bias in reporting.

5.3 Coding Framework

Theme	Sub-Themes	Indicators
Environmental Sustainability	Packaging, Carbon Footprint, Waste Management	Renewable energy use, biodegradable/recyclable packaging, EPR compliance (Ministry of Environment & Forests, India, 2016)
Labour & Supply Chain	Fair Trade, Worker Rights, Local Sourcing	Community trade programs, labour audits
Transparency	ESG Reporting, Third-party Audits, Blockchain Usage	Frequency and comprehensiveness of reports
Ethical Risk	Greenwashing, Misleading Claims, Consumer Trust	Controversies identified in external reporting
Consumer Behaviour	Awareness, Intention, Purchase Patterns	Secondary data from Nielsen (2019) and academic behavioural studies

A thematic coding framework was developed to analyze secondary data systematically: This framework aligns with established sustainability research methods (e.g., Neuendorf, 2017).

Reference for coding methods:

Neuendorf, K. A. (2017). *The Content Analysis Guidebook* (2nd ed.). SAGE.
<https://us.sagepub.com/en-us/nam/the-content-analysis-guidebook/book245711>

5.4 Analytical Model

The study employs a **comparative analytical model** consisting of:

1. Qualitative evaluation of each company against the coding framework.
2. Cross-case comparison to identify patterns, best practices, and contrasting strategies.
3. Mapping of these insights against the Intention–Behaviour Gap literature (White, Habib, & Hardisty, 2019).

This process synthesizes corporate sustainability efforts with consumer behavior trends.

5.5 Reliability and Validity

To ensure reliability and validity:

- **Triangulation:** Cross-referencing corporate disclosures with independent reports and academic literature.
- **Objectivity:** Preference for third-party audited data where available.
- **Consistency:** Use of an established coding framework based on published methodological standards (Neuendorf, 2017).

These practices mitigate common biases associated with secondary data.

5.6 Limitations and Bias

Despite efforts to enhance robustness:

- **Secondary Data Dependence:** Proprietary data and internal corporate metrics are not accessible, which may limit depth.
- **Reporting Bias:** Sustainability reporting may reflect positive bias; this was mitigated via cross-verification with external audits and regulatory filings.
- **Contextual Differences:** Regulatory environments vary between regions; these differences are acknowledged in the analysis.

6.Results:Detailed Case Studies

6.1. Unilever

Unilever remains an industry leader in sustainability through its “Sustainable Living Plan,” which aims to halve the company’s environmental footprint and improve health and well-being for one billion people by 2030. The company has made significant investments in biodegradable packaging and has expanded its renewable energy use within its manufacturing processes. Unilever also tracks supply chains through blockchain pilot programs to enhance transparency. However, critics have raised concerns about inconsistencies in supply chain audits and the effectiveness of their sustainability goals, particularly around palm oil sourcing and plastic usage.
<https://www.unilever.com/sustainability/responsible-business/sustainability-ratings-and-rankings/>

The Body Shop

The Body Shop is recognized globally for its early adoption of ethical practices like cruelty-free testing, fair-trade sourcing of ingredients, and driving the industry toward sustainable packaging. The brand has continued its activism through campaigns against animal testing and initiatives to support marginalized international suppliers. In recent years, The Body Shop has strengthened its community trade programs and increased the percentage of recycled content in its product packaging. Despite its achievements, it faces scrutiny since its acquisition by larger parent companies, with some questioning whether its original ethical values are fully maintained.

Patanjali (India)

Patanjali has rapidly grown as a leading Indian FMCG brand promoting Ayurveda-based products and local sourcing. The company's strategy of tapping into nationalistic sentiment and positioning itself as a sustainable, home-grown alternative has garnered widespread support. Patanjali claims to use natural ingredients and supports local farmers through its supply chain. However, media reports have highlighted concerns over product quality control, labeling accuracy, and transparency in its sourcing practices. Patanjali recently announced plans to improve supply chain visibility and collaborate on eco-friendly packaging, responding to criticism and new regulatory requirements. <https://ijcrt.org/papers/IJCRT2104628.pdf>

Nestlé

Nestlé is one of the world's largest FMCG companies but is frequently criticized for its environmental record and alleged “greenwashing.” The company has launched various sustainability campaigns, such as commitments to eliminate plastic waste and switch to 100% recyclable or reusable packaging by 2025. Nestlé also publishes yearly sustainability reports and works with NGOs to improve labor conditions in its supply chains. Despite these efforts, Nestlé faces persistent controversies regarding plastic pollution, water sourcing conflicts, and labor exploitation in cocoa and palm oil supply chains. Regulatory and activist pressures have forced Nestlé to accelerate the adoption of blockchain transparency tools and invest in new eco-friendly packaging innovations. <https://sustainablebrands.com/read/marketing-comms/trending-scorecards-find-unilever-nestle-walking-their-talk-on-efforts-to-end-poverty-deforestation>

6.2. Comparative table

Company	Environmental metric	Labor & Supply Chain	Transparency (ESG Reporting)	Greenwashing Risk	Key Challenges
Unilever	Net-zero by 2039; 50% recycled plastic	RSPO palm oil audits	GRI-aligned reports	Moderate	EPR compliance in India
Nestlé	100% recyclable packaging by 2025	Cocoa Plan labor monitoring	CSV reports	High (water use)	Urban bias in access
The Body Shop	100% vegan; community trade	Fairtrade sourcing	Annual ESG	Low	Post-Aurora acquisition
Patanjali	Ayurvedic natural claims	Local farmer ties	Limited	High (labeling)	Quality scandals academia

6.3. Intention–Behavior Gap Analysis

Secondary survey data indicates that approximately 75–85% of consumers express concern about sustainability, while only 35–45% consistently purchase ethical FMCG products. Key barriers include price premiums, lack of credible information, impulse buying patterns, and limited availability in Tier-2 and Tier-3 Indian markets. :[\[multisubjectjournal\]](#)

Barrier	% Impact	Case Link
Price (10-30%)	42%	https://www.hexaura.in/post/are-indians-loyal-to-fmcg-brands-price-sensitivity-vs-true-brand-loyalty
Availability	31%	https://www.hexaura.in/post/are-indians-loyal-to-fmcg-brands-price-sensitivity-vs-true-brand-loyalty
Distrust/Green	22%	https://www.hexaura.in/post/are-indians-loyal-to-fmcg-brands-price-sensitivity-vs-true-brand-loyalty
Awareness	3%	https://theacademic.in/wp-content/uploads/2025/06/148.pdf

7. Analysis and Discussion

i. Ethical Issues in FMCG

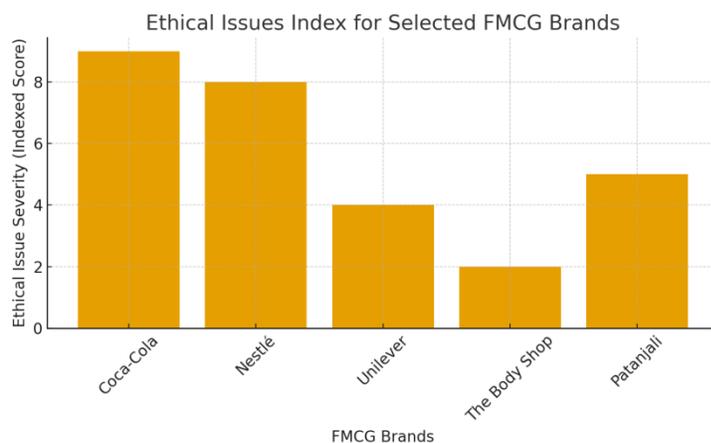


Figure 1: Ethical Issues Index across Selected FMCG Brands.

The FMCG sector faces ongoing criticism related to greenwashing, labor exploitation, and high environmental impact. Coca-Cola and Nestlé show higher ethical risk scores due to plastic pollution, misleading marketing, and sustainability controversies.

ii. Consumer Awareness and Behavior

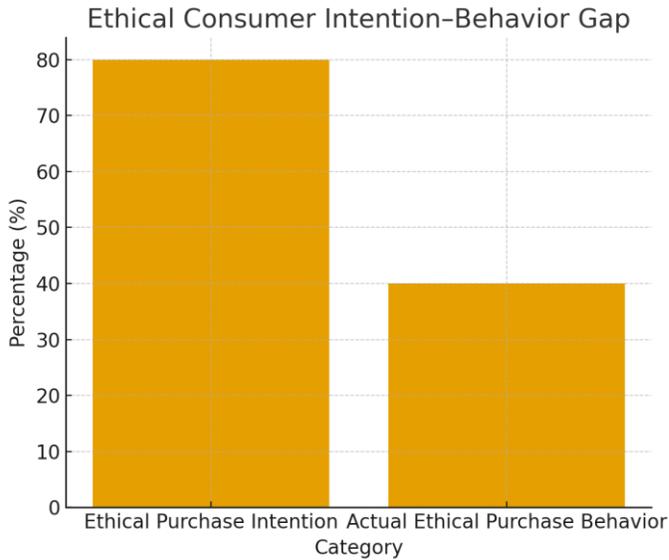


Figure 2: Figure 2. Intention–Behavior Gap among Indian FMCG Consumers (Source: Nielsen, 2019; Carrington et al., 2014).

Although consumers express interest in sustainable purchases, their actions often contradict this intent. The large gap between intention (80%) and ethical purchase behavior (40%) highlights structural barriers.

iii. Barriers to Ethical Purchasing

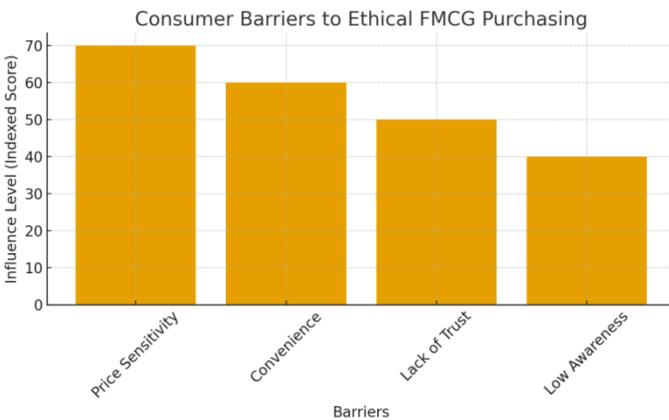


Figure 3: Key Barriers Affecting Ethical FMCG Purchasing.7 .Policy, Regulation, and Multi-Stakeholder Strategies

7.1 Global Regulatory Framework

At the international level, sustainability in FMCG production and packaging is guided by multiple regulations and normative frameworks:

- European Union (EU) Sustainable Packaging Directives: Encourage manufacturers to reduce packaging waste, promote recyclability, and implement circular economy practices (European Commission, 2023).
- United Nations Sustainable Development Goals (SDG 12: Responsible Consumption and Production): Provides a global normative framework for sustainable production, resource efficiency, and transparent corporate reporting (United Nations, n.d.).

Carbon Reporting Mandates: Several jurisdictions require corporations to disclose greenhouse gas emissions, enhancing accountability and aligning corporate strategies with climate action commitments

7.2 Indian Regulatory Context

In India, sustainability governance focuses primarily on packaging, waste management, and consumer protection:

- Extended Producer Responsibility (EPR) under the Plastic Waste Management Rules (2016) mandates producers to manage post-consumer plastic waste.
- Eco-Mark Certification administered by the Bureau of Indian Standards identifies environmentally friendly products to guide responsible consumption.
- Consumer Protection Act provides legal recourse against misleading advertisements, directly addressing greenwashing.
- Plastic Waste Management Rules (2016) outline producer responsibilities for segregation, collection, recycling, and disposal.

Despite comprehensive regulations, enforcement gaps, inconsistent monitoring, and compliance challenges remain significant obstacles to achieving intended sustainability outcomes (Ministry of Environment, Forest & Climate Change, 2016).

7.3 Proposed Multi-Stakeholder Framework

To address barriers identified in the Results section (e.g., price sensitivity, limited awareness, greenwashing confusion), a coordinated multi-stakeholder approach is recommended:

7.3.1 Consumer-Level Actions

- Enhance sustainability literacy through awareness programs on eco-labels, certifications, and environmental impact.
- Encourage verification of certification authenticity to avoid greenwashing.
- Promote mindful consumption and reduction of impulse buying.
- Support local sustainable enterprises to foster community-based economic development and reduce supply chain emissions.

7.3.2 Corporate Strategies

- Invest in genuine sustainable innovations, including biodegradable packaging, fair supply chains, and renewable energy adoption.
- Implement blockchain-enabled supply chain traceability to increase transparency and build consumer trust.
- Integrate circular economy principles (reuse, recycle, refurbish) into core business models.
- Ensure transparent ESG reporting aligned with global standards, reinforced by independent third-party audits.
- Reduce dependence on virgin plastics through innovation in biodegradable or recycled materials.

7.3.3 Government and NGO Role

- Enforce stricter penalties for greenwashing and non-compliance with EPR obligations.
- Promote consumer awareness campaigns through education and outreach programs.
- Support SMEs and startups prioritizing sustainable FMCG production.

7.4 Integration with Research Findings

This multi-level strategy directly addresses the intention–behavior gap highlighted in the Results:

- Consumer interventions tackle awareness and impulse buying barriers.
- Corporate actions improve supply chain transparency and reduce ethical risks.
- Regulatory enforcement ensures that greenwashing and compliance gaps are minimized.

This framework operationalizes the insights from case studies (Unilever, Nestlé, The Body Shop, Patanjali) and aligns global and local regulatory mechanisms with actionable recommendations.

8. Conclusion

This study demonstrates that ethical consumerism in the FMCG sector is constrained by structural, economic, and informational barriers. While multinational corporations demonstrate relatively advanced ESG frameworks, inconsistencies persist. Emerging market firms face additional transparency challenges.

Ethical consumerism in India's FMCG sector is limited by economic, behavioral, and informational barriers. Multinational corporations perform relatively better in sustainability, while emerging market firms face transparency challenges. Closing the intention-behavior gap requires coordinated efforts from consumers, corporations, and regulators.

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