



Master's Degree Program in Marketing

Department of Business and Management

Course of Product & Brand Management

***“From Greenwashing to Green Value: trust,  
sustainability and brand loyalty”***

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Academic Year 2024/2025



# ABSTRACT

The connection between brand equity and sustainable branding practices with consumer trust as a mediating variable is explored in this thesis. Previous studies have considered sustainability as a field that can act as a source of differentiation and loyalty, yet empirical findings are mixed. This lack has been addressed by conducting an experimental study in the cosmetic industry on an imaginary mainstream brand, Velvena. A between-subjects design was used: subjects were exposed to two advertisement conditions, one with a focus on sustainability cues and the other on neutral product features.

Evidence is in favor that sustainability branding would have a positive impact on consumer attitude, trust, and willingness to pay, as long as it is perceived as credible and authentic. Trust was found to be the mediator in the middle: consumers who experienced the sustainable state were more trusting and hence further strengthening results of brand equity such as loyalty and advocacy. Individual differences and, above all, environmental consciousness moderated the magnitude of these effects, suggesting that not all consumer segments will be equally sensitive to sustainability labels.

These findings contribute to academic discourse by empirically validating trust as a key mechanism in the sustainability–brand equity relationship, and portraying this relationship conditionally across various consumer groups. For practitioners, the study highlights the necessity of providing sustainability efforts that go beyond shallow claims, consistent, transparent, and consistent with consumers' expectations. In competitive markets such as the beauty sector, credibility in sustainability not only establishes reputation but also generates quantifiable and sustainable brand value.



# TABLE OF CONTENTS

<b>ABSTRACT .....</b>	<b>2</b>
<b>INTRODUCTION.....</b>	<b>5</b>
<b>Chapter I .....</b>	<b>9</b>
<i>Theoretical foundations: sustainability, brand equity, and consumer trust .....</i>	<i>9</i>
1.1. Defining brand equity: dimensions, drivers, and measurement.....	9
1.2. Sustainable branding: definitions, frameworks, and trends .....	17
1.3. The impact of sustainability on brand value .....	23
1.4. Consumer trust as a mediating variable .....	26
<b>Chapter II.....</b>	<b>31</b>
<i>Managerial and contextual challenges in sustainable branding.....</i>	<i>31</i>
2.1. Bridging intention and perception: the execution gap in sustainable branding .....	31
2.2. Internal barriers: reconciling sustainability with profitability .....	34
2.3. Fragile nature of trust: the risks of greenwashing and erosion of consumer trust .....	37
2.4. The role of transparency and perceived authenticity .....	42
2.5. Consumer responses to sustainable branding: loyalty, advocacy, and willingness to pay ..	45
2.6. Managerial recommendations: strategies to build credibility and brand value .....	57
<b>Chapter III.....</b>	<b>65</b>
<i>Research methodology and empirical analysis .....</i>	<i>65</i>
3.1. Research design and hypothesis development.....	65
3.2. Experimental procedure and survey structure .....	67
3.3. Measures and scales .....	69
3.4. Sampling and data collection procedure .....	72
3.5. Data analysis .....	73
3.6. Interpretation of findings.....	77
<b>CONCLUSIONS .....</b>	<b>79</b>
<b>REFERENCES .....</b>	<b>82</b>

# INTRODUCTION

Today, sustainability is not a trend, it's a brand strategy necessity. With growing social and environmental challenges, consumers are not passive observers but active choice-makers who demand transparency, accountability, and ethical commitment from the brands they support. Thus, sustainability does not only contribute to operational activities but also revolutionizes the way brands communicate, position, and engage with their consumers.

A sustainability-focused brand is not only considered modern and forward-thinking but also credible and in line with individualistic consumer values. This alignment creates consumer trust, now recognized as one of the greatest assets of any brand and one of the most difficult to achieve. Trust then contributes to long-term brand equity by creating loyalty, word-of-mouth positive recommendations, and even willingness to pay premiums. Therefore, sustainability is no longer a "nice to have" but rather a differentiator in highly saturated and competitive markets.

But achieving that level of trust is not easy. Most brands attempt to inject sustainability into their brand, but fall into greenwashing, issuing unfulfilled or overly generic statements that customers quickly recognize as insincere. In such a case, not only does sustainability fail to construct the brand, but can damage it by sowing suspicion and erosion of reputation. This puts authenticity in sustainable branding as a critical component to success.

Some companies, have proven the way sustainability, when it is applied genuinely and consistently, can make a brand stronger and help it grow. Yet for most companies, especially from sectors like fast fashion or FMCG, sustainable dedication and business success are the balances to be found.

Although sustainability remains more widely studied in marketing and management literature, there remain some unexplored areas. First, the mediating role of consumer trust in the sustainable branding-brand equity relationship is yet to be thoroughly examined, especially where consumers mistrust the motives of the brand.

Second, few can report behavioral outcomes of this relationship: Do sustainable brands indeed get rewarded with loyalty, advocacy, or willingness to pay more? Or is

sustainability still perceived as "marketing speak" until supported by clear, actioned communication?

Finally, existing literature is generally not sector-specific. Yet, it is likely that consumers evaluate sustainability differently for a product category or sector. For example, if one is expecting a fashion retailer, it is different from an automobile producer or a supermarket chain.

This thesis will bridge these gaps by building a model that examines the impact of sustainable branding on brand equity with consumer trust as a mediator and sector type and perceived authenticity as moderators.

The main aim of this thesis is to understand how sustainable brand strategies affect brand equity, and in which conditions this effect is stronger or weaker. Special attention will be paid to the role played by trust—a concept that entwines communication, values, and perception on the part of consumers.

The research question is:

*“How do sustainable branding strategies influence brand equity, and what role does consumer trust play in moderating this relationship across different sectors?”*

The specific objectives are:

- To investigate the theoretical links between sustainability, trust, and brand equity;
- To establish the main challenges managers face when communicating sustainability;
- To test the proposed model both quantitatively and qualitatively;
- To provide strategic recommendations for building trustworthy and effective sustainable brands.

To answer the research question, the thesis has utilized a mixed-method research approach. The measure of consumers' perception of brand sustainability, their trust level, and metrics of brand equity (e.g., preference, loyalty, premium willingness to pay) will be established through a quantitative survey. At the same time, a qualitative

analysis will be conducted through case studies of brands that are considered successful or failing in terms of their sustainability position.

The academic foundation for this thesis will be built using research articles from some of the most prestigious marketing journals like:

Journal of Marketing, Journal of Consumer Research, Journal of the Academy of Marketing Science, Marketing Science, International Journal of Research in Marketing, Journal of Business Research, Journal of Advertising Research, and others. These journals provide the most recent and peer-reviewed research on branding, consumer behavior, trust, and communication for sustainability.

Wherever possible, books and articles from related fields such as management, psychology, and communication will also be utilized to supplement a more interdisciplinary research approach.

There are three chapters in the thesis:

- Chapter I introduces the key theoretical frameworks related to brand equity, sustainable branding, and consumer trust. It also proposes the conceptual model to be tested.
- Chapter II addresses daily challenges and managerial issues, including greenwashing risks, internal barriers, and differences between industries.
- Chapter III presents the empirical results, combining quantitative and qualitative results to probe the true impact of sustainable branding strategies.

It is a time when brands must move beyond profit and reach higher to address world issues. Sustainability is not only a business opportunity but a reputational necessity. But success at sustainable branding depends largely on other people's perceptions and whether they can trust it. Building such trust does not come easily or immediately but through persistence, transparency, and authentic familiarity with what people are concerned with in a given situation and sector.

By uniting theoretical ideas and empirical research, this thesis seeks to shed light on the true impact of sustainable branding on brand equity, with a particular focus on consumer trust as a mediating role. Not only is it an aspiration to contribute to theory,

but to give managers concrete guidance on how to make sustainability a legitimate and value-critical component part of their brand strategy.

The following chapters will explore the terminology, dilemmas, and data needed to think about this complex but increasingly relevant connection.

# Chapter I

## Theoretical foundations: sustainability, brand equity, and consumer trust

### 1.1. Defining brand equity: dimensions, drivers, and measurement

Brand equity is maybe the most important but complicated marketing concept. It usually refers to the value that a brand attaches to a product or service beyond its functional qualities. Such additional value can generate many advantages for the company, from consumer loyalty, price premium, and crisis resistance to smooth market extension. However, it is not an easy task to define and quantify brand equity, and various scholars have proposed alternative approaches over time.

While it is common knowledge that a brand has value above its tangible features, there is no one who has accepted a definition to be used universally. One of the most impactful writings is by David A. Aaker, who defines brand equity as:

*“a set of brand assets and liabilities linked to a brand’s name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”<sup>1</sup>*

These resources can be classified into five by Aaker: brand awareness, perceived quality, brand associations, brand loyalty, and proprietary assets such as patents,

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<sup>1</sup> Aaker, D. A. (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York: Free Press, p.15

trademarks and channel relationship. These combined decide how consumers perceive, understand, and respond to a brand and ultimately behave and remain loyal towards. Aaker's model is one of the earliest efforts to structure the components of brand equity into an operational and quantifiable format.

Brand awareness is the degree to which customers know a brand and can recognize or recall it under different conditions. Stronger brand awareness increases the likelihood that the brand will be included in the customer's consideration set and engenders credibility and preference, particularly in uncertain or low-involvement purchase situations.

Perceived quality represents the consumer's subjective view of a product or service's overall excellence. It is not necessarily based on objective ratings, but on how quality is seen by consumers through signs such as design, packaging, reputation, or price. High perceived quality helps brands charge a premium, increase differentiation, and increase customer satisfaction and loyalty.

Brand associations are the mental connections customers make between a brand and certain attributes, feelings, or experiences. They can be product-related advantages (e.g., durability), symbolic connotations (e.g., prestige), or affective responses (e.g., nostalgia, confidence). Strength, valence, and uniqueness of these associations play a significant role in brand positioning decisions and influencing attitudes and purchasing intentions.

Brand loyalty is the degree to which customers identify with a brand and are willing to continue purchasing it over the long term. Loyal customers are resistant to alternatives' offerings, less sensitive to price, and turn into brand advocates. This type of loyalty is a key driver of profitability in the long term since it tends to be less expensive to retain current customers than to acquire new ones.

Third, proprietary brand assets are organizational and legal assets that confer competitive advantage and protection. They may be registered trademarks, patents, or exclusive distribution privileges. Although often overlooked in consumer models, such

assets help anchor and regulate the brand in the marketplace and protect against imitation or dilution of brand equity.

In combining these five dimensions, Aaker's model offers a complete understanding of brand equity encompassing both tangible and intangible components. It also offers a strategic framework for developing, measuring, and managing brands in different markets and industries.

One of the most widely recognized models for understanding customer-based brand equity is Kevin Lane Keller's Customer-Based Brand Equity model. In his classic book, Keller thinks of customer-based brand equity as the effect of knowledge regarding a brand on the consumer response to brand marketing. Keller explains:

*“Brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory”<sup>2</sup>*

In other words, when customers are familiar with a brand and they have a positive image about it, they respond favorably to its products and ads. [Keller, K. L. (1993)].

This definition highlights the psychological response of the consumer to the brand and suggests that strong brand equity leads to better marketing, customer loyalty, and price premium willingness.

The most significant aspect of Keller's model is that it highlights psychological processes underlying the way consumers develop relationships with brands. Brand equity, in Keller's view, does not reside within the product nor in the form of ad budgets only. Instead, it is in the minds of the consumers and accumulates over a period of time through their experiences, perception, and interactions with the brand.

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<sup>2</sup> Keller, K. L. (2001). Building Customer-Based Brand Equity. *Marketing Management*, 10(2), 14–19.

The CBBE model can be characterized as a pyramid with four ascending levels. Each level reflects one step in building a strong and significant brand-consumer relationship.

The first level, brand identity, addresses that consumers must be capable of easily recognizing and remembering the brand in various situations. Without brand salience, a brand is not among the consideration set in purchase choices.

The second level, after identity is established, focuses on brand meaning, which covers performance and imagery. Brand performance involves how well the product or service meets functional needs, such as reliability or quality, while brand imagery is interested in the symbolic meanings and personality traits with which the customers define the brand. These are what contribute to the emotional aspect of brand perception.

Brand response is the third phase. Consumers begin making individual opinions about the authenticity, worthiness, and relevance of the brand. Emotional reactions also become a critical factor in this stage with consumers feeling secure, respected, or exhilarated about the brand. Such judgments influence their possibilities of continued involvement or recommending the brand to others.

Top of the pyramid is brand resonance, the most powerful form of consumer-brand relationship. This is where loyalty, emotional attachment, active engagement, and sense of brand community meet. A consumer who resonates with a brand will not only repeatedly buy its products but also advocate for it, defend it, and incorporate it into his or her lifestyle or identity.

Why the CBBE model remains current in today's setting is its capacity to address current branding challenges such as sustainability and authenticity. For an eco-friendly brand, being eco-friendly merely in intentions is not enough. Consumers look for consistent and honest behavior. Where consumers perceive a brand's commitment to sustainability as sincere, such trust reinforces the emotional and behavioral ties discussed under the higher levels of Keller's model.

Briefly, Keller's model offers a blueprint for marketers who want to build lasting brand equity. It suggests that every marketing initiative be evaluated in terms of how it contributes to generating awareness, creating resonant associations, evoking positive judgments, and inducing loyalty and engagement. Particularly in value-seeking and competitive markets, the CBBE model remains an effective tool for understanding the lower levels of consumer behavior and the strategic benefits of branding.

Having dived into the contributions of Aaker and Keller separately, it is clear that their models complement each other by offering unique yet complementary views on brand equity. Instead of offering competing perspectives, they emphasize different facets of how brand value is built and sustained.

Aaker offers a structural and strategic model, with emphasis on the management of a brand's assets such as awareness, perceived quality, and loyalty. This model is most appropriate for the kind of organizations that would like to measure brand performance along multiple dimensions and formulate long-term brand strategies.

Keller, conversely, sits brand equity from the consumer's cognitive and affective perspective. His CBBE model focuses on how knowledge of the brand influences the consumer's response, providing marketers with a rich map of the process of consumer-brand relationship.

Together, the models give a more complete representation of brand equity. Aaker presents the strategic handles that are controlled by the company, and Keller tells us how the handles are translated into consumer behavior and attitudes. Having the two viewpoints to view from allows practitioners to connect internal brand management to external market outcomes.

It is critical to understand their complementarity in today's brand environment, where successful branding is no longer exclusively about asset management but also about generating deep, authentic connections with consumers. By leveraging the insights of both schools of thought, marketers can enhance alignment of their strategic initiatives with psychological forces that drive brand loyalty, advocacy, and trust.

While Aaker's and Keller's models have shaped brand equity knowledge, they lack comprehensiveness. Brand equity has been learned over time to be a dynamic, multifaceted phenomenon that develops according to shifting consumer opinions, technological progress, and cultural transformations. Therefore, more recent perspectives have been presented to address elements that are commonly overlooked in typical models, e.g., affective attachment, experiential value, and digital presence.

One of the key contributions to the paradigm of brand equity is an emphasis on experiential and emotional dimensions, argued that those models really underplay the experience dimension in generating brand value. He introduced the concept of experiential brand equity, highlighting that sensory, affective, and relational experiences shape consumer-brand relationships. Here, brand equity is not just a cognitive construct but an emotional and corporeal experience that evolves over time along touchpoints along the customer journey. [*Bernd Schmitt (2012)*]

Yet another high-profile contribution is provided by Yoo and Donthu, who proposed that brand equity be measured on multiple lines of consumer perception. Their scale includes brand loyalty, perceived quality, and brand awareness/associations, which align with Aaker's framework but are operationalized through a rigorous empirical structure. This approach bridges the gap between theory and practice, providing marketers with tools to assess brand equity quantitatively across diverse contexts. [*Yoo and Donthu (2001)*]

In the digital era, Christodoulides et al. argued that brand equity must be reconceptualized to encompass emerging brand engagement modes, most importantly online. They introduced the idea of online-based brand equity, which receives its primary value sources from co-creation, user-generated content, and brand communities.

Consumers are no longer receivers of brand communications but active contributors to determining brand meaning. Consistent with this, current brand equity frameworks must evolve to take into account interactivity, network effects, and social sanction as forces behind brand power. [*Christodoulides et al. (2005)*]

These shifting perceptions share one characteristic: brand equity is increasingly based on consumers' experiences, emotions, and engagement. Consumers today no longer want simply product satisfaction but consent with values, depth of experience, and opportunity to engage meaningfully. This influences deeply how brand equity is defined and managed. Metrics must now include affective response, experiential depth, online influence, as well as legacy performance metrics.

Furthermore, the models account for trends that Aaker and Keller touched on only briefly, such as the power of storytelling, the rise of purpose branding, and the growing prominence of trust within brand relationships. With branding turning increasingly relational and less transactional, other frameworks provide richer conceptual instruments for explaining the building of brand equity in rich, multi-touchpoint environments.

Together, they enrich the theoretical and practical relevance of brand equity. By integrating emotional, experiential, and digital dimensions, they enable a more diverse and adaptive conceptualization of brand value, more appropriate to today's fluid consumer landscape.

Understanding what brand equity truly is comes useful once it is quantifiable and reactable. However, its multidimensionality and complexity make it challenging to measure. Various measures have been developed over the years by scholars and practitioners to measure brand equity, typically separated into financial, behavioral, perceptual (consumer-based), and mixed approaches. Every measure has specific insights, albeit none of them is comprehensive in and of itself.

Financial approaches measure brand equity by estimating the dollar value a brand contributes to a company's assets. A classic example is how Interbrand does this, which involves three main components: (1) the financial success of the branded goods or services, (2) the impact of the brand on purchasing decisions, and (3) brand strength, which analyzes how well a brand can deliver future revenues. BrandZ (of Kantar) and Brand Finance both issue similar valuations, mixing quantitative such as revenues and profitability with qualitative such as relevance and loyalty of a brand. These models are useful to use for comparing company-specific brand value or for mergers and

acquisitions but can be opaque with proprietary calculations and may miss entirely consumer sentiment or trust.

These approaches address quantifiable market behavior that reflects brand strength. Common measures are: repeat purchase, price premium, retention, and wallet share. A high-equity brand, for example, would command a premium price or enjoy higher loyalty customers even in competitive contexts. Behavior measures like customer churn, cross-selling ratio, and buying frequency usually tend to be employed as proxies for inferences about brand strength. However, these indicators can not necessarily explain why or how individuals behave in a particular manner or how emotional and cognitive connections influence their decisions.

Based on Aaker's and Keller's ideas, these frameworks define brand equity by assessing the customers' perceptions, attitudes, and brand associations. Survey-based measures are likely to test dimensions such as brand awareness, perceived quality, brand associations, and brand loyalty. One of the most remarkable scales is the Consumer-Based Brand Equity (CBBE) scale by Yoo and Donthu (2001), which is a set of structured Likert-scale items measuring how consumers feel about and connect with a brand. Other tools used are brand health tracking, brand image studies, and customer satisfaction indices. These are useful for diagnosing weaknesses and informing branding strategies but must be subjected to careful sampling and validation to ensure that they are robust.

As each measure in isolation has its shortcomings, the majority of the companies today adopt hybrid methods which combine behavioral metrics, survey results, and web numbers. An example is a combination of Net Promoter Score (NPS), brand recall, social media engagement (likes, share, sentiment), and Customer Lifetime Value (CLV) for a more balanced measure of brand equity. More sophisticated models also come with online reviews, user-generated content, influencer insights, and even neuromarketing data to capture unconscious brand responses. Such combined models are especially valuable in rapidly moving and digitally driven markets, where brand experiences cross multiple touchpoints and platforms.

Every one of these measurement approaches has strengths. Top-level decision making is facilitated by financial models, actual performance is tracked by behavioral frameworks, perceptual frameworks tap the consumer's mindset, and hybrid methods embody the brand's total presence everywhere. All have their weaknesses, however, especially where it comes to understanding intangible brand characteristics such as trust, authenticity, or sustainability, dimensions whose stature is on the rise in today's branding thought.

All other things being equal, brand equity measurement choice should be compatible with the firm's strategic objectives, competencies, and conditions in the market. A context-based, multi-dimensional measurement strategy is essential for capturing a brand's full worth, enabling good branding decisions, and building long-term equity development.

Though Chapter I has explained in detail the notion of brand equity, its theoretical foundations, its dimensions, and ways of measuring it—it is no less important to recognize that building and maintaining brand equity is not all theory or academic posturing. In practice, firms are forced to navigate a complex arena of strategic, ethical, and operational challenges that straightaway affect the way their brand value is perceived and sustained in the long run.

Particularly, as more and more consumers and stakeholders go down the path of sustainability as a central agenda, brands find themselves with new mandates to integrate environmental and social responsibility into their brand. But such integration is far from simple. Brands need to reconcile authenticity with strategic intention, navigate away from the pitfalls of greenwashing, and position their communications using what different sectors demand.

## 1.2. Sustainable branding: definitions, frameworks, and trends

In an increasingly ecologically trouble-plagued, unequal, and consumer-value-flipping world, the traditional brand model is being radically reinterpreted. Brands are no

longer evaluated solely on the excellence of their products or the effectiveness of their communications. They are judged now on what they represent, what impact they deliver, and how they contribute to sustainable development.

This evolution has given birth to the concept of sustainable branding, a new discipline that adds environmental and social responsibility to the brand strategy DNA. Unlike the differentiation, awareness, and loyalty focus of traditional branding, sustainable branding adds an ethical element to the brand-customer relationship. It not only asks "what does the brand do for me?" but also "what does the brand stand for in the world? This section explores the definition of sustainable branding, what frameworks have been developed to measure and implement it, and what are the significant trends shaping its future.

In a nutshell, sustainable branding is defined to be the process of developing and managing brand identity, equity, and communication to align with the tenets of sustainability, e.g., environmental integrity, social equity, and economic viability. *[Sheth, J. N., Sethia, N. K., & Srinivas, S. (2011)]*

It is a matter of creating brand value for customers, shareholders, society, and the planet in general.

The definition of sustainable branding by Belz and Peattie is to create "brands that contribute to a more sustainable society by promoting sustainable lifestyles, consumption patterns, and values". *[Belz, F. M., & Peattie, K. (2009)]*

Most importantly, it is not used solely in applying to eco-labels or CSR initiatives alone. Rather, it is used to apply to the whole brand system: purpose, positioning, design, communication, distribution, and even plans for ending products' lives.

Hence, sustainable branding breaks free of image management and turns itself into a driver of change, influencing consumer behavior, shaping industry norms, and instigating a more responsible capitalism.

Different theoretical frameworks have been proposed to describe the rationale and processes of sustainable branding. One of the most well-liked is the Triple Bottom

Line (TBL) framework, designed by Elkington (1997), which suggests brands must create value at three different levels: people, planet, and profit. *[Elkington, J. (1997)]*

At the branding level:

"People": social value, fair labor, community impact, inclusiveness.

"Planet": environmental performance like emissions, resource use, biodiversity.

"Profit": not just financial returns, but contribution to brand's long-term economic resilience.

Another framework that can be used is the Sustainable Brand Index (SBI), measuring the performance of brands on the basis of consumer perception of environmental and social responsibility across sector and region. The index indicates the degree to which sustainability has become a major driver of brand reputation and preference among consumers. *[Sustainable Brand Index (2024)]*

Additionally, Kotler and Lee's (2008) Brand Sustainability Pyramid offers a structured framework for quantifying a brand's level of maturity in embracing sustainability. It has five consecutive stages. Legal compliance is the lowest, with brands merely meeting regulatory requirements. The second step is risk management and cost-reduction policies in relation to sustainability. The third stage is a stage of strategy, wherein sustainability is linked to the core brand values and aids in differentiation.

Integration comes at the fourth level, where sustainability becomes well entrenched across the organizational culture, supply chains, and communications strategy. At the top of the pyramid comes purpose-branding, where the company acts as an agent for positive social and environmental change. Brands here don't merely develop as a reaction to sustainability pressures; rather, they shape culture, policy, and markets through advocacy, innovation, and long-term dedication. *[Kotler, P., & Lee, N. (2008)]*

Sustainable brand building is about having a holistic, integrated strategy that incorporates sustainability into every aspect of a company's operations and culture.

Rather than being managed as an independent program or communications initiative, sustainability should inform the purpose, position, message, and stakeholder engagement process of the brand. A brand's purpose, in particular, becomes top of mind: it must articulate a purpose beyond profit based on a positive social or environmental cause that resonates with stakeholders. Strategic brand positioning also enhances this identity by distinguishing the brand on hard sustainability credentials, such as being carbon-neutral, organic, fair trade, or circular. If communicated well, this positioning aids the brand to hold a well-defined position within the mind of the consumer that aligns with growing ethical and ecological issues. Effective communication of sustainability, however, requires more than assertions; it requires honesty, transparency, and often third-party certification in order to establish credibility.

The second most important aspect of sustainable branding is stakeholder co-creation. It involves explicitly engaging consumers, employees, NGOs, and communities to design and implement sustainability practices. Co-creation builds legitimacy and innovation but also gives a sense of shared ownership and responsibility. At the product and service level, lifecycle thinking takes center stage, designing for the entire life of the product, from raw material through end of life, aiming to minimize environmental harm and maximize circularity. These different dimensions are connected and reinforcing each other. Together, they represent what can be described as a sustainability-branding synergy whereby the brand as symbol and system becomes the means of creating shared value. In this strategy, sustainability cannot be distinguished from the brand's identity, operations, and vision.

Above all, sustainable branding is not a fixed entity; it evolves continuously with developments in technologies, regulatory frameworks, consumer needs, and cultural models.

Some of those emerging trends show this dynamism. Transparency, to name one, is being perceived more and more today not as a danger, but as an advantage. Developments in blockchain, traceability, and open-source platforms allow firms to

disclose not just what they do, but how they do it. Radical transparency is also becoming an asset rather than a risk. The second key trend is the rise of anti-consumption and degrowth brandings when companies like Patagonia or Veja encourage practices like reuse, repairing, and mindful consumption. Sure, this may be an odd strategy from a business perspective, but these kinds of messages seem to reinforce brand attachment as well as increase the cultural value of the brand, especially among value-conscious consumers.

Sustainable branding is also becoming more inclusive and justice-oriented.

Brands are being asked to take positions on issues of social justice, diversity, and systemic inequality, and on environmental issues. The meaning of sustainability is expanding to include ethical working conditions, accessibility, and social empowerment. At the same time, a new system is emerging known as regenerative branding. Instead of merely minimizing bad, regenerative methods aim to create good like ecosystem restoration, community building, and actively enhancing the well-being of society. Besides, the cooperative culture is also becoming a hallmark of leadership for sustainability. Brands increasingly join together in networks and partnerships, such as the Fashion Pact or B Corp community, to share knowledge from each other, act together as influencers, and set industry standards higher. All these collaborative efforts point to the realization that sustainability matters are too complex to solve in isolation.

Together, these trends result in sustainable branding as not just a marketing strategy but also a fundamental change in the way value is created, communicated, and perceived.

It requires long-term orientation, systems thinking, and deep coherence between purpose and practice. Ideas like the Triple Bottom Line [Elkington, (1997)] or empirical tools like the Sustainable Brand Index clearly illustrate that sustainability has moved from the periphery to the mainstream of brand thinking. The Sustainable Brand Index is the largest European study on brand sustainability and measures consumers' views of the environmental and social responsibility of major brands across industries. It measures performance against drivers such as environmental impact,

responsible sourcing, climate reporting, and contribution to sustainable development goals, making informed findings about the reputational value of sustainability brand campaigns. [*Sustainable Brand Index. (2024). Annual Report on Sustainable Brands in Europe*]

As sustainability becomes a core driver of consumer attitudes and business legitimacy, its incorporation into brand identity and communications strategy takes on a strategic role. This alignment is not merely to satisfy ethical requirements; it affects consumer preference and brand-related behavior, domains that are at the very heart of brand equity. This strategic centrality has far-reaching implications for brand equity. As consumers perceive a brand's sustainability efforts as sincere and continuous, those efforts strengthen key dimensions of brand equity, like perceived quality, brand associations, and customer loyalty. Therefore, sustainable branding is not merely ethically commendable but also strategically effective: it builds consumer-based brand equity in a significant and quantifiable manner over the long term, adding value to the brand.

Though, this positive impact is not guaranteed. It is heavily dependent upon how the customers receive and hold the sustainability message of the brand. Trust is the most salient mediating variable connecting sustainability communication and brand value in a time of increasing distrust and awareness of greenwashing. Understand the significance of consumer trust hence to gain a full assessment of how efforts towards sustainable branding are being translated into real brand value.

But for most firms, the chief challenge remains one of authenticity and persuasion. Under conditions of growing consumer skepticism and information overload, adopting the language of sustainability is not sufficient anymore. Brands must demonstrate genuine devotion, continuous actions, and measurable results. Only through such honesty can they earn the trust of discerning consumers and differentiate themselves in an increasingly purpose-driven environment.

Everyday sustainable branding becomes more strategically relevant, so its implications on brand value creation have to be increasingly critically examined. The subsequent section discusses the impact of sustainability on brand equity, considering how sustainability-driven actions enhance brand performance and the mediating function of consumer trust.

### 1.3. The impact of sustainability on brand value

In recent years, sustainability has moved from the outside in, an outlier of brand management, to becoming a strategic pillar. Climate change, resource depletion, and social inequalities increasingly urge action, yet consumers to investors alike are increasingly inquiring not just what brands need to sell, but what values they uphold and what systemic impact they have. The central question has thus become how well they do it, and at what cost to brand value, and not if they should.

Brand value, conventionally understood as the nexus of financial performance and consumer-voted brand equity, is increasingly caught up with definitions of sustainability. As consumers wake up, ethical concerns play an ever larger part in influencing buying behavior.

A Nielsen global research found that two-thirds of shoppers would pay more for sustainable brands, with 73% of Millennials ready to pay more [*Nielsen. (2015)*] This is a symptom of a deeper shift: consumers no longer judge brands on the utility value of the product but also on moral and environmental criteria.

Yet, sustainability is not just a reputation-enhancer. It makes concrete contributions to brand equity, business resilience, and long-term shareholder value. This section of the chapter explains how sustainability contributes to brand value, examining how it differentiates, builds trust, influences financial perception, and engages consumers.

In actually commodified markets, brands increasingly rely on symbolic and affective dimensions to differentiate. Sustainability provides one of the strongest differentiation levers. Brand associations and perceived quality, two elements which are amendable

to improvement when a brand is actually linked with social or environmental values, play a significant role in brand equity, as stated by Aaker (1991). The Patagonia case is representative: with actions such as "Don't Buy This Jacket," the company signaled not merely environmental consciousness but secured itself in a greater discourse of ethical consumption [*Ottman, J. A. (2011)*]. This alignment increases brand meaning and bonds consumers to brands, resulting in loyalty advocacy.

As opposed to traditional marketing, where price or functionality is emphasized, purpose-based sustainability branding can enable storying for purpose and effect. Engaging consumers at a values level, justice, responsibility, stewardship, brands access emotional salience and moral resonance—qualifications that align with a more enduring form of brand equity.

At the heart of the relationship between sustainability and brand value is trust.

Trust is a strategic resource in a world where there is information all around and consumers are more skeptical. Delmas and Burbano [*Delmas, M. A., & Burbano, V. C. (2011)*] argue that actual sustainability efforts reduce consumers' sense of greenwashing, and therefore establish brand trust. Where sustainability claims are supported by action, transparency, and consistency, they build trust not only with consumers but also with employees, investors, and regulatory bodies. Trust enhances the effectiveness of sustainability in influencing other drivers of brand equity, such as customer loyalty, perceived quality, and brand preference.

Cone Communications reported that 91% of world consumers also anticipate companies to respond to social and ecological issues, and companies that do are rewarded with greater emotional engagement and better retention rates. [*Cone Communications (2017)*]

Trust functions as a driver to progress sustainability from a fixed value proposition to an active source of equity. Along with consumer confidence, sustainability has also emerged as a marker of financial success and investment appeal. Research by Eccles, Ioannou, and Serafeim (2014) revealed that firms with better sustainability ratings perform better than those who do not in both market returns and accounting

performance. For brand managers, this proof reminds them that sustainability is not a communications necessity but an operational and financial one.

The integration of sustainability in brand strategy will improve cost effectiveness, reduce regulatory risk, and expand access to new markets.

These advantages boost directly the financial valuation and resilience of the brand. Additionally, as environmental, social, and governance (ESG) criteria are becoming ever more central to investment decisions, brands with authentic sustainability commitments are considered lower-risk and more future-oriented.

This consciousness produces a self-reinforcing cycle where sustainable behavior enhances brand resilience both symbolically and economically. However, the value-creation potential of sustainability relies on a single assumption: perceived authenticity. People are growing more responsive to inconsistencies between what brands say and what they do in an era of media saturation.

Lyon and Montgomery (2015) also identify reputational risk from greenwashing, as genuinely intended initiatives can go wrong if conducted in a manner that feels insincere or disconnected from core business. Brands appearing to use sustainability to make a splash rather than an impact lose trust—and thus brand value.

Authenticity thus demands not so much ethical declarations but systemic congruence. A firm's mission, value chain, leadership, and stakeholder engagement practices all must be attuned to its sustainability narrative. Certifications (e.g., B Corp, ISO 14001), transparent reporting, and stakeholder co-creation are mechanisms that build credibility. Those businesses that are open about their achievements and failures gain more respect from consumers, even if their sustainability journey is yet to be achieved. Ultimately, the impact of sustainability on brand value can be best understood over the long term.

Those brands that integrate sustainability into their identity and strategy, as opposed to just within their communications, build long-term equity. Unilever's Sustainable Living Plan provides a case of how purpose-driven brands such as Dove and Ben &

Jerry's have fueled better growth and customer loyalty compared to others (Unilever, 2020). They embody the shift from extractive to regenerative value creation where business success is aligned with social and environmental well-being. In this framework, sustainability not only provides financial and reputational worth but cultural meaning and consumer involvement. It enables brands to build community connections, co-create meaning, and mobilize collective action behind common causes. These relational and symbolic capital become brand equity in a value-influenced market era.

The relationship between sustainability and brand value is complex, multidimensional, and more strategic than ever. From differentiation to trust, from growth in revenue to cultural relevance, sustainability interacts with each brand equity driver. But its positive impact is not axiomatic or cosmetic. It requires authenticity, consistency, and persistence.

Firms that make sustainability a philosophy of action, and not a marketing strategy, are likely to prosper in a world of environmental limits and ethical obligations. Therefore, sustainability has come to be not only an option, but a strategic imperative for those who would like to build strong, relevant, and valuable brands in the 21st century.

#### 1.4. Consumer trust as a mediating variable

In sustainability branding contexts, trust is not only a desirable secondary effect but a primary mediating mechanism, a conduit between firm sustainability efforts and consumer response such as loyalty, word-of-mouth, and perceived value.

As brands go on to integrate sustainability narratives within brand communication, the ability to build and maintain consumer trust is a prime requirement for the believability and effectiveness of such actions.

Trust is especially precious where consumers are bombarded with brand messages and can no longer distinguish sincere commitments from opportunistic signaling. Under

such an abundant information context, sustainability statements must not only be seen but also believed. Trust, without which even the most advanced sustainability efforts can be ignored, dismissed, or, worse yet, regarded as fraudulent greenwashing.

This part breaks down the role of consumer trust as a mediating factor in the sustainability–brand value nexus. It looks at how trust is developed, how trust is destroyed, and how trust operates as the psychological stimulant that translates sustainable business behavior into actual consumer loyalty and brand wealth.

Consumer trust can be broadly stated as the willingness of a consumer to trust a brand based on how they judge it to be competent, honest, and good-natured. [*Morgan, R. M., & Hunt, S. D. (1994)*]

It comprises expectations that the brand will behave in consistent, equitable, and compatible ways with the consumer's values and interests. In the sustainability context, trust is particularly linked to ethical intentions, transparency, and accountability of the brand.

Mayer et al. (1995) suggest that trust is built on three antecedents: ability (competence), benevolence (intentions), and integrity (honesty and principle-based behavior) [*Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995)*]

As applied to sustainable branding, the antecedents are:

- 1) Ability → The firm's competence in implementing efficient sustainability programs.
- 2) Benevolence → The sincerity of intent behind sustainability goals (and not just for PR or money).
- 3) Integrity → Harmony between a brand's values it claims to uphold and actual business practice.

Trust, however, is not a feeling, it is an experience- and fact-based rational judgment. Sustainable brands therefore must send clear signals through words and actions again and again to create and support trust.

Various empirical research confirms that sustainability per se is not inevitably accompanied by greater brand preference or loyalty unless it is believed by the customer. Trust acts as the psychological mechanism in converting sustainability performance into favorable brand outcomes.

For example, a consumer may be aware that a company is employing recycled inputs, but only if he or she believes that such an action is a part of a greater, sincere commitment to sustainability will he or she remain indifferent or even remain skeptical. Conversely, in the case of high trust, even small sustainability initiatives can induce disproportionate positive impact upon consumer attitudes and behavior.

This is why it is best to think of trust as a mediating variable—not merely a side effect or parallel construct but a causal link that must exist between sustainability and brand-related consequences. Statistically, without trust to act as a mediator, the direct relationship between loyalty and sustainability is significantly weakened or, in certain cases, even eliminated [*Hur, W. M., Kim, H., & Woo, J. (2014)*].

To build consumer trust, brands must be transparent, consistent, and accountable. These are not luxuries but requirements in the age of digital information and age of real-time criticism. Transparency is public revelation of relevant data, carbon footprints, labor practices, or source information. Consistency is aligning corporate values with operational actions across touchpoints and over time.

Above all, trust is more likely to grow when consumers perceive that the brand is not just "talking the talk" but also walking the talk. Research suggests that companies with detailed, credible sustainability reports, third-party certifications and audits, and responsive consumer engagement have far higher levels of trust than companies with mere generic statements [*Mark-Herbert, C., & von Schantz, C. (2007)*].

The traditional case in point is the "The Body Shop" brand, British cosmetics and personal care company founded in 1976 by Anita Roddick, which has been widely

recognized as a business leader in ethical business for decades. From the beginning, the company positioned itself as an alternative to the conventional beauty market by explicitly excluding animal testing, promoting fair trade goods, and advocating human rights and environment. They were not added to its brand narrative post factum but incorporated into the brand mission, governance, and everyday business. It has issued comprehensive reports on its ethical sourcing and cruelty-free animal policy. These are not mere compliance exercises and demonstrate a desire to build relational capital with consumers, a type of trust equity that once established is difficult for other competitors to replicate.

Although building trust is difficult, it is very easy to lose. Because the growing consciousness of greenwashing—the hype or sheer fabrication of sustainability credentials—has increased consumers' cynicism and expectations. Companies that are found to be exaggerating their environmental or social initiatives tend to have severe reputational harm in the form of public boycotts, viral social media criticism, and persistent loss of brand value [Lyon, T. P., & Montgomery, A. W. (2015)].

Perhaps the most greatly quoted example is the case of the Volkswagen emissions scandal, where the green credentials of the brand were found to be false. The scandal did not just result in a short-term blow to reputation; it actually discredited the brand's moral rightness, deleting years of marketing investment.

Greenwashing is not necessarily accomplished through the telling of straightforward lies, instead, it is delivered as selective disclosure, oxymoronic phrases, or symbolic action without subsequent follow-through. When such contradictions are exposed by consumers, trust dissipates, and the brand's perceived integrity loses ground. When this occurs, efforts at sustainability will actually harm the brand equity further if the brand kept silent in the first place.

Consumer trust in sustainability may also have spillover impacts on other stakeholder groups, including investors, employees, regulators, and the media. A trusted brand attracts better talent, secures more favorable investor terms, and is less exposed to

reputational risks. These benefits further enhance the market position and valuation of the brand.

In addition, trusted sustainable brands will have more earned media, word-of-mouth promotion, and consumer support, forms of intangible capital difficult to engineer artificially. It is most evident in online environments, where trust-based social validation (e.g., reviews, testimonials, endorsement by influencers) is now one of the most powerful drivers of consumer behavior.

Overall, trust doesn't just bridge brand loyalty and sustainability, it multiplies and replicates the value of sustainability across touchpoints and relationships.

In the overlap of brand and sustainability, consumer trust is the prime mediator. It settles whether or not attempts at sustainability are perceived as real or fake, meaningful or superficial, effective or performative. Without trust, sustainability is white noise; with trust, it's a cornerstone of deeply, long-lasting brand value.

Lastly, to build and hold trust, brands must do more than symbols and slogans. They must embed transparency, authenticity, and accountability into their core strategies, consistently fulfilling promises and aligning deeds with purpose. In this case, sustainability can be a true lever of difference, loyalty, and long-lasting brand equity.

## Chapter II

### Managerial and contextual challenges in sustainable branding

#### 2.1. Bridging intention and perception: the execution gap in sustainable branding

While sustainability emerges as a more prominent axis of brand identity, brands are under more pressure to commit substantial, genuine, and consistent sustainability claims at each customer interaction. Sustainability in this current market situation is no longer a value added at the margin nor marketing extension, but a brand imperative that has real-time brand perception, customer loyalty, and long-term competitive consequences. While, however, theoretical foundations of sustainable branding are clear, pragmatic problems in its building continue complex and dynamic. Sustainable branding means embedding environmental and social responsibility into a brand strategy of a company in such a way that it is both value-aligned as well as operationally embedded. Sustainable branding does not aim at tokenistic superficiality either in terms of gestures or symbolic campaigns; it requires brand purpose, value propositions, communication, and stakeholder relationships being transformed. While classic brand building typically focuses upon differentiation and awareness, sustainable brand building includes an ethical dimension that resonates with fluctuating consumer imperatives about justice, environmental responsibility, and corporate accountability. Despite growing investment in sustainability initiatives, few companies manage to convert such initiatives into consumer confidence and brand capital. The intention-action gap, risk of greenwashing, and internal trade-offs in balancing profits and moral responsibility are among the difficulties that managers need to address. In addition, perception of sustainability is not only based on what brands do, but also whether and how transparently and predictably, such actions are reported, and how much consumers believe them to be in line with consumer values and industry-tailored

expectations.

Sustainability in contemporary times has become a needed base of brand strategy, rather than as a moral responsibility, as a competitive strength. Yet, several companies are not successful in translating sustainability intentions into proper consumer perceptions, leading to what researchers more often refer to as the “execution gap” [Delmas & Burbano, *California Management Review*, (2011)].

The term suggests the gap occurring between what organizations claim about their sustainability efforts and what consumers perceive or receive in actual terms. What is significant is that it is not only a communication failure, but a structural and strategic problem that affects sustainable branding's credibility and effectiveness. Brand research has also indicated, over and over, that consumer perception is key to value creation [Keller, *Journal of Marketing*, (1993)]. If companies introduce sustainability initiatives without internal consistency and organizational unity, consumers will spot inconsistencies that harm trust and blur desired brand meaning. Inconsistency is particularly dangerous in sustainability, as there are greater expectations of moral consistency and transparency. Consumers will see slip-ups as anything but occasional mistakes, but instead as evidence of hypocrisy or exploitation, acts that can dramatically depreciate brand equity. The execution gap frequently has its origin in fractured ownership of sustainability at the departmental level. While marketing departments are tasked with communicating sustainability promises, execution in reality rests in supply chain management, product development, and top leadership [Leonidou et al., *Journal of the Academy of Marketing Science*, (2013)]. In the absence of cross-functional integration, brands might end up being superficial in which sustainability is more of an external communication rather than a transformative internal work. The brand initiatives then appear tokenistic or insincere.

In addition, consumer skepticism is reinforced by ever more savvy consumers in evaluating claims of sustainability. In a study published in the *Journal of Consumer Research*, consumers in this age test what is called “motivated reasoning,” scrutinizing closely claims that conflict with a brand’s previous action or sector constraint [Luchs et al., (2010)]. Sustainability initiatives in industries that, historically, have been

associated with pollution or exploitation—fast fashion or oil, for example, are usually met with skepticism. Brands in both of these sectors must do more to demonstrate not only progress, but transformational innovation.

Another contributor to this execution gap is over-reliance on symbolic action, campaigns, slogans, or limited-edition "eco" products, rather than systemic integration of sustainability values. If consumers perceive such action as being out of brand core operations, then it will be interpreted as a less valid signal [Nyilasy *et al.*, (2013)]. Instead of reinforcing brand associations, such programs may backfire, prompting suspicion or greenwashing allegations.

Closing the execution gap requires a wholistic shift of sustainability as a communicative challenge to sustainability as a strategic and operational commitment. That means infusing sustainability KPIs across functions, creating long-term roadmaps with measurable results, and establishing a culture of accountability. Organizations must also transform brand narratives so that humility, simplicity, and slow improvement appear instead of perfection—an approach that more closely aligns consumers' perceptions of authentic sustainability [Beverland, (2005)]. Finally, execution gap nature and scope may vary by industry, as a function of environmental impact visibility, regulatory necessity, and consumer concern. In electronics or cosmetics, consumers may be more worried about ethical sourcing or recyclability, while in beverages and food, health, localness, and carbon footprint may be more prominent in sustainability perceptions. Being aware of such contextual variations is key to successful bridging of the intention-perception gap. Sustainable brand will not succeed without executional integrity. The gap between what brands say and what they do is no minor flaw, it's a structural failure that deflates trust's very base of brand equity. That this challenge can be overcome involves cross-functional coherence, operating discipline, and industry-specific sensibility. Sustainability then, and only then, can work as more than a marketing frill, but as a primary driver of long-lasting brand value.

## 2.2. Internal barriers: reconciling sustainability with profitability

Despite growing agreement regarding value in sustainability as strategy, organizations continue to face internal obstacles that keep sustainable brand strategies from successful execution. Such obstacles are not merely functional in nature, but are rooted in structural, cultural, and cognitive firm dynamics. While consumer distrust and greenwashing accusations as external factors are widely reported, tensions in this instance among sustainability and financial performance more often lurk in stealthier although no less effective guises. Understanding such obstacles is key in explaining why so few organizations are successful in meeting vows of sustainability despite high-level commitments.

One of the longest-lasting internal conflicts lies in believing that sustainability and profitability are incompatible. Traditional business thinking, especially in public companies, is driven by the imperative of maximizing shareholder value and short-term financial performance. Sustainability investments, as a rule, being considered as long-term, intangible and unpredictable, are therefore de-prioritized in favor of projects yielding quick payback. The conflict is particularly intense in cases of sustainability initiatives that require heavy up-front costs, such as spending in clean technology, responsible sourcing or employee health initiatives. In case of lacking clear, tangible returns, such initiatives are typically also regarded as discretionary, not as a strategic imperative [Porter, M. E., & Kramer, M. R. (2011)]. Furthermore, financial evaluation tools typically used by firms obscure value generated by sustainability. Conventional accounting systems rarely put down externalities, either positive or negative, and do not measure long-term reputational capital, stakeholder trust or risk avoidance. That produces an incomplete value-creation picture that necessarily undervalues the strategic importance of sustainable practices. Sustainability as part of organizational processes usually requires a paradigm shift in performance measurement and value attribution, as per Eccles and associates [Eccles, R. G., Ioannou, I., & Serafeim, G. (2014)]. Beyond measures such as finance, organizational design itself can also be a barrier. Sustainability in most organizations is confined to CSR functions or external affairs, as a marginal activity away from central functions of driving decision-making.

Marketing, procurement, operations and finance will always differ in how they approach sustainability, and will rarely harmonize their initiatives. Inconsistency in execution, poorly aligned interests and blurred accountability follow. One excellent example is that of H&M, which has been promoting sustainability in its “Conscious” products while still being controlled by a fast fashion model of overproduction, low product life spans and resource-based supply chains. Since such sustainability initiatives are not entrenched in what remains the brand’s core approach to doing business, consumers increasingly perceive them as greenwashed moves rather than systemic change, therefore undermining brand credibility and furthering allegations of greenwashing [*Jones, P., Hillier, D., & Comfort, D. (2013)*]. The results in this direction show that effective firms in embedding sustainability in their brand strategy are firms that support cross-functional integration as well as spreading equal ownership of sustainability targets among functions [*Leonidou, C. N., Katsikeas, C. S., & Morgan, N. A. (2013)*]. Structural and cognitive barriers also mutually reinforce such cultural challenges. Most of this world's managers continue to work in terms of paradigms transmitted by neoclassical theory, under which environmental and social responsibility is thought of as cost or constraint, not as source of advantage.

Corporate Social Responsibility (CSR) has, in the past, been narrowly defined as a company’s voluntary effort to contribute to social and environmental programs. Typically, it is seen as a peripheral activity that is in no way central to mainstream strategy. Here, CSR appears as a cushion of reputation or moral measure rather than a driver of robust, sustainable financial performance. But this view has increasingly been out of step with theory and practice as researchers and practitioners argue that, when CSR programs are embedded in brand principles and operating objectives, they can deliver real value in customer loyalty, employee commitment, and risk reduction. This kind of reasoning creates a kind of self-fulfilling rationale in which sustainability is thought of as a moral imperative at best and a departure from primary business imperatives at worst. Ghoshal famously lamented "bad management theories" as reinforcing such rationale, arguing that prevalence of short-term financial measures

and atomistic assumptions has destroyed managerial practice's moral foundations [Ghoshal, S. (2005)].

Shifting this mindset is more than about marketing campaigns or executive directives. It is about shifting what is taught, measured and rewarded in managers. Leaders must be enabled to think in terms of long-term stakeholder value, rather than short-term shareholder returns. Integration of sustainability into planning processes, executive compensation schemes and corporate governance frameworks can help in realigning internal agendas with external responsibilities. Another key challenge lies in value chain asymmetry of information and accountability. Managers may comprehend sustainability as being significant, but don't receive accurate data regarding environmental or social performance, especially when facing complex global supply chains. Insufficient data makes it difficult to identify potential sites of intervention or demonstrate legitimate progress in front of stakeholders. Additionally, sustainability interventions that are based on industry-level collaborations, such as emissions accounting or circular economies, often don't have institutional support structures or motivations that scale. Specifically, this seeming trade-off between sustainability and financial performance is not final. Growing empirical proof indicates that sustainably robust companies beat financial peers over long periods of time. Such companies possess strong brand image, higher employees' involvement, innovation prowess and strong resilience in times of trouble.

One such case in point is Unilever, which under Paul Polman developed Sustainable Living Plan as a directional strategic agenda. The program not only set out measurable environmental as well as social goals, but also embedded them in all functions and linked executive compensation to sustainability performance [Polman, P. (2017)]. While sustainability was not approached as a separate arena, Unilever made innovation processes, supply chains as well as brand building a part of it, and demonstrated that purpose-based strategies are not mutually incompatible with financial performance and shareholder value [Lubin, D. A., & Esty, D. C. (2010)]. Luo and Bhattacharya's work on corporate social responsibility and market value also provides evidence in this direction by showing that customer satisfaction mediates CSR's relationship with

financial performance, particularly in high-involvement industries. [*Luo, X., & Bhattacharya, C. B. (2006)*]

The new approach denies this zero-sum assumption and suggests that what gets in the way is not too little profitability in itself, but ignorance of how sustainability creates value in the long term and among stakeholder groups. The companies that break away from putting cost-cutting at the core of strategies, in favor of value generation, can uncover synergies that, by classical rationale of business, went unnoticed. Internal sustainable barriers are hence not based in cost limitations or functional sophistication alone, but in deeper structural, cultural and cognitive imperatives. Overcoming them requires a reshaping of performance and purpose that places sustainability as a central driver of innovation, stakeholder trust and sustainable brand equity as opposed to a marginal initiative.

### 2.3 Fragile nature of trust: the risks of greenwashing and erosion of consumer trust

Out of all of the problems that threaten successful sustainable branding, none is more insidious and detrimental than erosion of consumer trust. The source of this vulnerability is a paramount phenomenon: greenwashing. For purposes of analysis of its effects upon brand trustworthiness and consumer relations, it is first of all necessary to define what greenwashing is, what it appears as, and in what ways it creates such systemic danger to trust-building in the sustainable space. Greenwashing is a case of a firm misinforming customers of the environmental or social value of a good, service, or its activity in general. The term was initially coined by environmentalist Jay Westerveld in the 1980s in reaction to superficial environmental efforts by hotels that asked guests to reuse towels as a demonstration of care about the environment, while maintaining unsustainable practices elsewhere. Greenwashing is currently a complex mix of strategies that are implemented by

organizations to make them seem environmentally friendly than how they are [*Lyon, T. P., & Montgomery, A. W. (2015)*].

Most common among them are unsubstantiated or vague statements (e.g., "eco-friendly" or "green" without further description), unrelated statements (e.g., highlighting lack of a toxic chemical that was never in that product group), and appeals to suggestive imagery or colors in order to imply sustainability. More sophisticated types include selective communication (revealing only positive sustainability data), third-party endorsements by suspicious organizations, or highly publicized initiatives that are irrelevant relative to the firm's aggregate environmental impact [*Delmas, M. A., & Burbano, V. C. (2011)*].

In short, greenwashing is a decoupling of sustainability's symbolic and substantive aspects: it offers a pretense of responsibility without the accompanying commitment. The decoupling is particularly devastating in the brand context, in which trust is rooted in perceptually authentic consistency among brand communication, corporate behavior, and brand image. Trust is at the foundation of brand relationships, particularly in regards to sustainability claims that consumers might not be in a place to test firsthand. Sustainability involves upstream, complex processes (e.g., sourcing, production, worker conditions) so that consumers will make decisions based mainly on brand communication. If such communication is seen as misleading or inconsistent, distrust can be immediate and dramatic.

Psychologically, greenwashing creates a cognitive dissonance in consumers. When consumers encounter claims of sustainability that conflict with previous knowledge or observable inconsistencies, they experience a conflict between what they would want to believe (a brand is being good) and what evidence suggests (it is not). This unease can lead consumers not only to question the environmental claims of a brand, but also its integrity and principles as a whole. Chronic exposure to greenwashing can also establish consumer cynicism—an orientation in which consumers grow more skeptical of all brands, believing that sustainability claims are usually manipulative or deceptive. Greenwashing chips away at trust at more than one level. Firstly, it damages the

credibility of the brand under consideration. Research has shown that if consumers feel there is greenwashing occurring, then not only does trust in environmental claims of the brand disappear, but also perceptions of other aspects of the brand, such as product quality, integrity, and general ethics [Nyilasy, G., Gangadharbatla, H., & Paladino, A. (2013)]. Erosion of trust of this sort, therefore, is not easily restored and can impact long-term brand equity, especially in segments in which ethics considerations are paramount to the purchasing decision (e.g., cosmetics, apparel, food). There are countless real-world examples that illustrate such dynamics. H&M, for instance, was called out over its "Conscious Collection," which it branded as a sustainable fashion line. Probes concluded that it did not have adequate data to back up the claimed environmental benefits, and that nothing had changed in its fundamental fast-fashion model of doing business. That created a perception of symbolic sustainability, leading to consumer outrage as much as regulatory notice in several countries [Changing Markets Foundation (2021)].

Another of its most infamous examples is that of the Dieselgate scandal of Volkswagen, wherein the company installed defeat devices in diesel cars in order to cheat emissions tests while marketing the cars as "clean diesel." When, in 2015, this fraud came to light, consumer trust and brand equity suffered immediate and severe damage. The scandal cost Volkswagen billions in fines and lost value out of kind, as well as redefining the brand as environmental hypocrisy embodied [Hotten, R. (2015)]. Even oil giants such as BP have been accused at times of greenwashing, in particular in relation to brand refocusing (e.g., "Beyond Petroleum") while yet spending by far the great majority of capital expenditure on pulling fossil fuels out of the ground. Such symbolic actions, critics argue, are deceptive to the public as well as inhibit global progress toward climate targets [Supran, G., & Oreskes, N. (2021)].

Second, greenwashing creates a credibility "spillover" effect: it harms credibility in sustainability claims across the entire industry. If consumers are subjected to repeated instances of false claims, they become suspicious, even of genuine brands. The so-called "credibility spillover" that ensues creates a collective erosion of consumer confidence, diluting the effectiveness of sustainability communication as a whole [Lyon & Maxwell, (2011); Laufer, (2003)]. In other words, adverse behavior by a

small subset of fraudulent firms can poison the credibility marketplace at the entire sector level.

Third, greenwashing significantly diminishes the engagement of consumers. Once people realize that their attempts to support good green brands have been thwarted by the misleading behavior of corporations, they may decide to quit the market altogether and stop looking for and buying ecological products. As a result, a decrease in the number of companies which are truly sustainable happens, and this goes hand in hand with the reduction of the market's incentive to engage in ethical competition and move towards apathy and inertia.

Fourth, greenwashing may provoke moral outrage. Deceptive sustainability claims differ from typical misleading advertising only in one respect, they often affect the core values of consumers regarding justice, climate responsibility, and nothing unfair to future generations. Consequently, the reaction of consumers may not only be that of a letdown but also of indignation, henceforth, they may seek vengeance in forms of public criticism, boycott, or litigation. Moreover, such emotions extend the reputational harm made and recovery is more complicated.

Furthermore, digital openness and social media have raised the reputational risks of greenwashing. Today's consumers are much better informed, they are more critical, and they are more prone to sharing and thus, to exposing inconsistencies. The public disclosure of a greenwashing accusation against a brand leads to commotion which is not only immediate but also extended, giving rise to such actions as boycotts, unfavorable reports and considerably long-term harm to the company's name.

Trust, in particular, in the field of sustainability, is not just a non-occurrence of lying but the existence of regularity, openness, and ethical congruence. Consumers do not demand perfection, but they expect the companies to move forward and be honest. Enterprises that own the problem, report the progress with modesty, and involve the interested parties in reciprocal communication will win the durable trust of the stakeholders. On the contrary, those which merely talk up their game and rely on showing tokens of support without actual substance are at the mercy of their credibility that gets depleted very fast.

Moreover, trust in the sustainability sector is deeply connected to morality. The reason is that environmental and social problems are lead to ethical issues, so breaches of trust in this context are not seen as an ordinary brand failure but instead as a form of moral betrayal. This issue is the reason why the symptoms of greenwashing lead to a variety of emotions like disappointment and indignation and the route to getting a reputation back is very tough at such times.

Finally, sustainable branding is a win-win situation as it gives companies an opportunity to distinguish themselves from the competition and create value in the long run, on the other hand, it acts like a double-edged sword and puts a huge burden on them: they need to be trustworthy in the eyes of consumers who are increasingly basing their decision not only on the quality of the products but the truthfulness of the values. Here, greenwashing is not just an improper action or a blunder in marketing, but fundamentally, it is a breach in the very ethical structure on which the sustainability brand gets its equity from. It is at odds with the consumer-brand relationship, among others, such as losing trust in the market and compromising the overall legitimacy of sustainability communication.

The organizations then have to acknowledge that building and sustaining reliability in sustainability is a lot more than simply showing compliance or the clever usage of green language. The implementation of this change demands a deep environmental and social dedication that must; in a significant way, be evident in the company's business model, not only through the supply chains and operations but also through marketing and stakeholder engagement. Companies will be rewarded for the trust they earn through their transparent, consistent and humble approach to the tough issues and, therefore, sustainability will become a real competitive advantage. Ultimately, the most powerful brand of sustainability will be the one that, by truthful and verifiable development, moves away from impeccable performance.

## 2.4. The role of transparency and perceived authenticity

One of the essential conditions for the effective implementation of a sustainable brand strategy is the possibility to express in a very credible manner the company's commitment to the environment. Openness and perceived genuineness are the main factors that influence consumer views in such a case. These are not only issues of communication but also consumer behavior principles that drive them to recognize, evaluate, and respond to environmental claims.

Transparency means, among other things, the total disclosure by a company of the right, truthful, and verifiable information regarding policies, goals, and progress even in areas where consumers have no direct access. For example, the information may be related to the environmental footprint, the supply chain conditions, or labor practices. To be totally transparent is to let the world see not only the accomplishments but also the limitations, compromises, and perhaps even the domains of continuous enhancement. For instance, Patagonia and Veja not only release their sustainability reports but also divulge the figures of their carbon emissions and, in fact, discuss the obstacles they have encountered in achieving their targets. Thus, being highly open is a testimony of being answerable to the people and it enables the stakeholders to monitor the journey of progress over time [*Christensen, L. T., & Cheney, G. (2011)*].

Transparency is a must for companies as it mainly brings in the customers' trust and from the perception point, it also bridges the gap of information between a brand and a consumer. In a market where, more often than not, environmental promises end up with skepticism, honest and open disclosures allow customers to have a clear picture and choose the most suitable brand according to their values. For consumers, transparency lessens anxiety and establishes trust that the company is not just performing the symbolic acts but actually making a real impact.

Meanwhile, perceived authenticity refers to a brand that is seen as being true and morally aligned with the consumer's values by the consumer. It cannot be simply that way based on the facts a company releases only, but it depends on the consumers' perception of those facts relative to the brand's identity, history, and actions. Consistent

behavior, value alignment, and perceived sincerity mainly are the factors that contribute to authenticity over time. For instance, Ben & Jerry's public take on climate justice or social equity is always regarded as a true message because it is in line with the company's history of being an activist. Merely, in case a luxury fashion brand decides to produce an eco-line without giving attention to overproduction or waste in its core business, consumers will not see the brand as authentic but rather opportunistic [ *Beverland, M. B. (2005)*].

For businesses, the perceived authenticity of a company is linked to a large degree with the emotional connection and loyalty a customer usually has towards it. This way the brand's eco-friendly measures are not viewed as just being imposed from outside or opportunistic, but they actually represent the company's intrinsic values and culture. On the other hand, for the customers, the authentic satisfaction is a key factor emotionally and even on a psychological level since it allows the consumers to identify with the brands that reflect the same values and have a similar mentality to them. By this way a kind of partnership is created between the consumers and the companies that the scholars call moral congruence where the brand support becomes a way of one's ethical identity confession [Morhart, F. M., Malär, L., Guèvremont, A., Girardin, F., & Grohmann, B. (2015)].

It should be noted that the aspects of transparency and perceived authenticity are interlinked and need to complement each other. There can be a situation where a company is transparent but is still perceived as inauthentic especially if its sustainability efforts appear to be different from its core operations or values. On the other hand, a brand may look authentic because of emotional trust or storytelling, but it is still possible that without production disclosures, its claims remain unverifiable or even false. It happens that the credibility and the strength of the sustainability story come from this joint effort of the two open and honest communication and ethical alignment.

Furthermore, these variables also lower the chances of consumer confidence and backlash risks that are associated with these types of constructs. In the world of extreme visibility and the like, where consumers and activists scrutinize,

inconsistencies in the brand's behavior are quickly spotted and the suspicion of deception is magnified. In contrast, brands that embrace the transparency of the imperfections and are authentic in their long-term visions are highly likely to resist the reputational challenges and thus maintain consumer loyalty. As an illustration when IKEA made the announcement that complete supply chain traceability for its wood sourcing is difficult to achieve but simultaneously it was sharing the steps that would take it there, the rebuttal was fifty-fifty nearest to the praise of its transparency rather than the criticism of failure.

Yet, the process of openness and honesty is quite convoluted and, in some cases, hard to achieve. Needless to say, companies with a complicated way of doing business or a controversial history must find it even more difficult. Each industry is confronted with a different set of consumer expectations. For example, in the fashion sector, the concept of transparency could be nothing less than the full traceability of raw materials and labor practices, whereas for the food and beverage industry, it could be highlighting the measures around carbon footprint, fair trade, or local sourcing. The story and positioning of a brand in the market greatly influence the way authenticity is looked at. For example, a newly established tech startup will have the privilege to construct its authenticity narrative in a more flexible way, unlike a multinational energy company that has a history of environmental damage. This means that brands need to take care of the sectoral norms and the expectations of consumers in order to be able to keep the coherence of their transparency efforts and authenticity claims within the broader competitive and cultural environment.

Just as significant is the consideration of the so-called "perceived authenticity gap" that refers to the difference between how a company thinks it is authentic and the way it is seen by customers. This gap can be found in situations when the description of the internal values or the sustainability initiatives is not communicated well, they are executed differently or are at odds with the external expectations. Imagine a scenario where a company decides to invest in sustainable training and the practice of ethical procurement. Nevertheless, if this brand is not reflecting these initiatives in brand messaging or consumer experience, it is likely that these deeds may remain a kind of

secret or even be recognized as hypocrisy. Authenticity in these cases is not simply a matter of being convinced internally but also of being a strategic expression.

Transparency and the perception of authenticity are not the elements that are on the sidelines of sustainable branding, they constitute its very center. When implemented effectively, they allow for the link between brand promise and brand perception which can lead to the consumer giving brand experience. For businesses, this is beyond the scope of mere competitive advantage: it constitutes a long-term source of brand equity that is based on the principles of integrity and accountability. For customers, these characteristics present a guarantee that their ideals are not only recognized but also, put into practice, by the brands they decide to interact with and support.

## 2.5. Consumer responses to sustainable branding: loyalty, advocacy, and willingness to pay

The real effect of sustainable branding not only where consumers see the brand but how they interact with it in time. Once integrity and trust are achieved, then the market moves to sustainability which creates a different set of consumer reactions beyond satisfaction or a preference based on function. These are deeper motivators: the ethical identity and emotional resonance, the feeling of partaking in a brand's broader mission.

Sustainability has the power to do more than drive purchase intent, but also condition future consumer behaviours: a placebo for repeat purchases and brand evangelism, a trade-off for pricing or merely signifier of product allegiance. These findings show how authenticity and credibility of sustainability promote the relational value of branding.

In order to appreciate the strategic benefits of these mechanisms, we must be clear about the fundamental consumer outcomes that arise from sustainable branding:

- Brand loyalty
- Brand Advocacy (word of mouth and brand evangelism)

- Price premium that will be paid
- Increased emotional attachment
- Less price sensitive
- Higher customer lifetime value
- More tolerant of the occasional failure of a brand

Unlike habitual purchasing or preference based on convenience, brand loyalty in the sense of sustainable branding goes further. It reflects a profound emotional and psychological engagement that consumers feel for a brand that they regard as ethically sound and socially sympatric with their own social values. This traditional loyalty is typically based on product satisfaction or service quality, while a preference based on sustainability brings the consumer and brand relationship to an even deeper level: Based on trust, moral fit, and ultimately long-term-align between the consumer's worldview and that of the brand.

Competitors can't easily mimic this kind of loyalty, because it's not merely transactional; it is identity-raising. When the public believes that a company stands for what it believes about environmental responsibility, social justice or corporate ethics, they are also more likely to ignore small inconsistencies in quality and champion the brand in social and public discourse and maintain connections even in situations where prices rise above perceived norms or products temporarily don't work as intended. Ultimately, the consumer- to-the-brand becomes rooted not only in utilitarianism but moral association.

Psychologically, that human implication births from self-congruity theory a conceptual disposition which advocates people are more attached to brand identities integrating their values while reflecting one's own self-concept. In the sustainability context, brand loyalty is reinforced when consumers feel as if their purchase decisions contribute to a sweeping, worthwhile cause something bigger than themselves and their immediate circle of friends or family like minimizing environmental damage, or

fostering equitable labor standards. This representational association of loyalty reinscribes the mundane act of consumption as an expression of value.

Evidence for this relationship between sustainability and consumer loyalty is found in the literature. As an example, a study by the Journal of Consumer Research reveals that consumers become attached to brands that promote long-term Environmental commitment rather than opportunistic “green marketing” [Lyon & Montgomery, (2015)]. In examination in the Journal of Business Ethics, concluded that companies having relatively high perceived CSR (corporate social responsibility) scores have higher retention not only overall but also among ethically segment members [ Du, Bhattacharya, & Sen, (2010)].

Examples from the real world make this dynamic particularly vivid. Patagonia, for example, has built a customer fan base not just on the strength of its outdoor apparel but on its longstanding climate activism and transparent supply chain practices, as well as anti-consumerist messaging (“Don’t buy this jacket”). But instead of repelling customers, these front lines in the ethical fight have consolidated both loyalty and a base of repeat buyers who feel at one with the brand’s mission.

The Body Shop also benefits from long-term loyalty from ethically conscious consumers who have long associated the business with values of cruelty-freeness, fair trade, and environmental responsibility.

Sustainability-driven loyalty also manifests itself differently across generations, though. It is found that Millennial and Gen Z consumers are extremely sensitive to brands that openly stand for or against social and environmental issues. These groups are more likely to examine brand conduct, put up ethics issues on the Web, and be brand-loyal when brands hold up their sustainability commitments. But other groups will probably be loyal for other reasons—product reliability or heritage—but sustainability increasingly becomes a cross-generation loyalty driver as understanding builds.

For managers, sustainability as a driver of brand loyalty requires more than sporadic effort or token gestures. It requires continued effort, transparency, and longer-term

integration of sustainability into core operations and the brand. Only when customers perceive consistency between what a brand does and says will loyalty be a reliable, long-term benefit.

Such deeper loyalty will tend to generate a powerful behavior known as brand advocacy. When not only do individuals believe in a brand, but also they are emotionally and morally committed to its cause, then they are no longer mere repeat customers—they are advocates. Brand advocacy has to do with consumers' internally driven inclination to assist, endorse, and even mobilize on behalf of a brand in private spaces and public spaces. In green branding, such endorsement tends to come from a sense of common purpose and social concern.

As opposed to classical word-of-mouth, which is a property of product satisfaction in and of itself, sustainability-based advocacy is identity-conveying and value-expressive. Consumers who see a brand as committed to sustainability will be more likely to talk about it, tweet about what it's doing, and insert it into their social vocabulary, not necessarily because they are blown away by the product, but because they want to signal that they are morally aligned. This is particularly true in virtual worlds, with customers of sustainability using platforms like Instagram, TikTok, and LinkedIn to share brand content that speaks to them.

This behavior is in line with social identity theory, in so far as it believes that part of our self-concept derives from group and cause membership, and has the effect of causing this behavior. Consumer activism and defending sustainable brands is therefore a means of expressing not only who one is, but what one believes in. Brand advocacy is therefore a moral and social cue, and not consumer activity.

There are supporting evidences for this mechanism. Empirical studies in the *Journal of Marketing Research* report that customers tend to utilize positive word-of-mouth when they perceive a brand's corporate social responsibility efforts to be authentic and effective [ Sen & Bhattacharya, (2001)]. More significantly, advocacy is not a verbal phenomenon, it most typically appears as content generation, social media posting, user-generated movements, or participation in brand-sponsored sustainability challenges.

There are instances everywhere. Ben & Jerry's has successfully involved its customers not just as brand champions of its ice cream but also as champions of liberal ideologies like racial justice and environmental activism against global warming. Branded content is disseminated by customers, they go to events, and even participate in advocacy campaigns co-organized by the company. At the same time, green cleaning products firm Ecover has gained a base of green-conscious consumers who actively advocate its plastic use reduction and elimination of toxic chemicals agenda, often generating organic buzz without buying influence.

What's special about advocacy for sustainability is that it's very high on moral intensity—customers aren't just supporting a product, they're embracing a world view. That amplifies the risks: while advocacy can build tremendous value, the least possibility of misalignment or hypocrisy can equally easily appear as public outrage. So, establishing advocacy through sustainability requires brands to build long-term coherence and verifiable integrity, rather than episodic advertising campaigns aimed at brand building.

Very similar to brand-level activism is willingness to pay more, voice only and time, but also money—when consumers perceive that the concerned brands are ethically aligned with themselves. And to another of the key behavioral reactions: willingness to pay a premium.

When consumers proselytize a brand based on its moral values, the loyalty is likely to translate into economic action, a willingness to pay a premium price. This is paying more for a service or product because the consumers believe in the efforts of the brand towards sustainability and want to invest in the brand's purpose. Price in such cases becomes not only a reflection of the usability or quality of the product but also a sign of common values and moral approval.

The extra payment practice is, for consumers in general, ethical consumption, a technique of rewarding good businesses and shunning bad ones. The practice is especially evident in those sectors where sustainability has a direct correlation with the production method of the product, such as in food, fashion, cosmetics, or transport. For example, a consumer might choose the higher-priced organic skin care product or

environmentally friendly clothing not for better performance, but because it is in line with his or her ecological or social ideals.

Ethical consumerism theory accounts for this trend as part of a wider shift in consumption patterns where choice is not made on the basis of self-interest but also with regard to social and environmental implications. Consumption is, therefore, framed as an act of citizenship and not of preference. Observe that this willingness to pay extra is not widespread but is more common among consumers who are value-driven and economically able to express values in action.

Several studies confirm this. According to one study in the *Journal of Business Research*, customers would pay up to a 20% premium for products that they perceive as environmentally friendly or ethically produced—if provided with credible information and evidence [Gleim, M. R., Smith, J. S., Andrews, D., & Cronin, J. J. (2013)]. There is a second *Journal of Marketing* study that confirms perceived authenticity of a brand's environmental claims has a positive influence on price tolerance [Beverland, M. B., & Farrelly, F. J. (2010)].

Real-world examples validate these findings. Tesla vehicles, for instance, are well over the price of most traditional cars in their category, yet have customers willing to pay a premium to enable the transition to electric mobility and renewable energy. Veja, a French footwear company, also sells its shoes at premium prices while marketing fair trade production and environmentally friendly materials. The trust and long-term positioning of the brand as sustainable have allowed the brand to compete with significantly larger companies within the fashion industry even on the cost disadvantage.

It is worth noting that the willingness to pay more is not absolute. It relies on the perceived credibility, relevance, and consistency of a brand's sustainability story. Unless suspicions of greenwashing exist, or the price premium is not openly explained on grounds of environmental or social advantage, this willingness can vanish very rapidly. Second, while price premiums may more easily be absorbed by better-off customers, some others may be willing to pay for sustainability in principle but may be constrained by budgets.

For the company, the strategic pay-off is this: sustainability doesn't have to be just a reputational umbrella, but an added-value proposition. But capturing that value hinges on building trust, measuring impact, and making a compelling case for why that premium price is worth it. And when done well, it creates a virtuous feedback loop, where consumers pay more not because they have to, but because they want to.

One of the most powerful, but least considered, consumers' responses that sustainable branding is able to create, is emotional attachment. Unlike cognitive evaluations like perceived quality or rational reasoning like willingness to pay, emotional attachment is a more basic, affect-based relationship between consumer and brand at the individual level. It encompasses feelings of fondness, pride, trust, and even belonging. This type of attachment has nothing to do with liking a brand but being attached to its identity, values, and future aspiration.

Emotional attachment is created when customers believe that a brand is not only in their value but also emotionally consistent, understanding, and human. In the realm of sustainability, it typically occurs when a brand's initiative is viewed as sincere, risky, and morally driven, when it appears to care about something bigger than mere bottom-line profit. Attachment via emotion does not arrive in a miraculous overnight solution, however. It is the result of several interactions, consistent messaging, and familiarity built over time.

Psychologically, the attachment might be explained through the theory of attachment and how it is applied in the field of consumer behavior. In the same vein that humans connect with humans, humans also connect with brands that fulfill psychological needs such as identity expression, emotional security, and social bond. When sustainability is embedded in the DNA of a brand, not just a marketing catchphrase, consumers are more likely to feel that the brand not only cares for its own interests but also for the well-being of the planet, employees, and future generations. This affective link can be particularly rooted in consumers who see themselves as ethically engaged or environmentally engaged, so that the brand is an extension of their extended self-concept.

Empirical research testifies to this link. A study in the *Journal of Business Research* found that environmentally and socially responsible brands that effectively inform customers about their roles have higher emotional ties, especially with Millennials and Gen Z consumers [Schmitt, B., & Zarantonello, L. (2013)].

Similarly, another study in the *Journal of Consumer Psychology* emphasized that affective brand attachment is a strong predictor of customer loyalty, advocacy, and forgiveness after brand failure [Park, C. W., MacInnis, D. J., & Priester, J. R. (2006)].

Examples from real life make this phenomenon hit home very well. Patagonia is again a compelling case study, not only for green policies but also for the emotive narratives it creates. The brand's messaging is replete with activist, adventure, and self-sacrifice themes for some higher good. Its steadfast dedication to the preservation of the environment, including donating its Black Friday profits to local organizations or taking the federal government to court for preserved land, has instilled fervent emotional allegiance among consumers who view the firm as a moral role model, not just a clothing firm. This emotional attachment converts customers into the brand's evangelists in the long term, not so much because they appreciate the quality of the products but because they belong to something greater.

Another well-suited example is TOMS Shoes, which initially established emotional connection through its "One for One" business model: one pair sold equalled one donated to an underprivileged child. While the brand later had to adapt the model to ensure maximum sustainable impact, emotional connection established in its early years was unquestionable. Customers were not just buying shoes, customers were being a part of an experience of empathy and social change.

Emotional bonding is particularly valuable for brands as it creates resilience. Emotionally bonded consumers are forgiving when the brand makes mistakes, loud when they recommend it, and devoted even in the face of competitive alternatives. The emotional cushioning provides an insurance of sorts that protects consumers from backlash or when they are being asked to pay more for ethically produced goods or endure longer waiting times.

Besides, emotional bonding is also a durable asset that is translated into brand equity. Emotional bonds are difficult to imitate and replicate like tactical promotions or advertising initiatives, and therefore they become the source of sustainable competitive advantage. In competitive industries where consumers are getting increasingly overwhelmed with choices and information, emotional bonding allows a brand to not only differentiate in memory, but in relevance.

For brand leaders, the message is clear: sustainability cannot be presented as a cold technical necessity, but as an emotional narrative that customers can relate to. Emotional resonance does not come from carbon-neutral logos or CSR reports, but from stories, values, openness, and a shared sense of purpose. Brands that are able to show these things consistently over time create not only customers, but passionate allies.

One of the most strategically significant among the behavioral impacts set off by sustainable branding is decreased price sensitivity. This is where a consumer is less responsive to price fluctuation in evaluating or selecting among alternative products. Essentially, consumers that sense a brand to be truly sustainable are less prone to switching to a lower-cost option, even when similar ones exist, since price is no longer the only determinant of value.

Historically, from an economic point of view, price sensitivity is a function of perceived quality, loyalty, substitutability, and budget. But with sustainability, moral value is injected into the utility function. Consumers who shop brands that are aligned with an environmental or social position would not think of their shopping as just transactions but as personal declarations of morality or civic duty. Thus, they are more accepting of price differences, especially if they know and feel connected to the brand.

Psychologically, this can be attributed to what researchers have referred to as the "warm glow" effect, the positive feeling individuals get when they donate to a pro-social or righteous act. To pay a premium for a sustainable brand gives them this moral fulfillment, which to some degree negates the economic expense. Its effects are most felt when buyers feel that their expenditure is contributing towards a greater good, say conservation of the environment or fair labor practices [Andreoni, J. (1990)].

One such case is made by Ecover, a Belgian eco-friendly cleaning products firm. Despite competing in a price-oriented FMCG segment, Ecover is more expensive than the majority of mainstream brands. Its customers are not so much price-sensitive because they perceive the environmental protection, cruelty-free testing, and packaging biodegradability as part of its value proposition. Such perceived fit of product performance with moral correctness allows Ecover to compete profitably without resorting to suicidal pricing.

The other interesting example is IKEA's "People & Planet Positive" strategy, which includes investments in renewable energy, circular product design, and social efforts. Through all these efforts, the company has been able to extract premium perceived value for certain ranges of its products even as prices are marginally higher than competitors. Of prime significance is that IKEA not only reports such endeavours in sustainability reports but even in in-shop communication and labeling of products, ensuring customers know of the ethical value encompassed in their purchasing decision. Due to this, customers who have faith in the IKEA company and its objective might not object to a slightly higher cost and even consider it rightful.

This change in action has enormous implications for brand strategists. What that implies is that sustainability, when presented properly and supported by iterated behavior, can serve as a buffer for price competition. Companies don't need to compete to the lowest common denominator of price anymore because their value isn't driven solely by cost, but by purpose, impact, and credibility. This is particularly well worth its while in commoditized markets where functional feature differentiation is difficult and price is the main battleground.

But the extent to which sustainability reduces price sensitivity does vary based on some conditions: how sincere consumers regard the brand's efforts to be, how open its practices are, and what values and budgetary priorities the individual consumer enjoys. If sustainability is viewed as a superficial facade or greenwash, the reaction will not happen, and worst still, backlash can increase price sensitivity as consumer wrath. Furthermore, in low-income segments, even moral consumers might be forced to prioritize affordability over ethics, especially in high-inflation economies.

But executed effectively, sustainable branding gives businesses a strategic tool to flip the pricing problem on its head. It elevates decision-making to the level of a heart-centered consideration of what the brand stands for, not a head-centered computation of price. Reduced price sensitivity is not a secondary effect, but a fundamental driver of competitive differentiation, one that rewards businesses for acting in genuine, audacious, and meaningful sustainability practices.

The second significant outcome of effective sustainable branding is customer lifetime value (CLV) growth. A measure used extensively in marketing strategy planning, CLV is the amount of revenue that may be generated by a business from a customer while the two are in a relationship. While transactional drivers like purchase frequency, retention, and upselling typically drive CLV, sustainability has the potential to act as a multiplier by adding to the affective and moral bond between consumer and company.

When consumers feel that a brand is always in their values, that are ethical, social, or environmental in nature particularly, they will be apt to stay engaged in the long term, purchase repeatedly across categories, and be resistant to competitor encroachment. Emotional loyalty generated by sustainability can even be more powerful than loyalty based on convenience, price, and habit. For example, a customer who buys at a brand like The Body Shop not only because of the products that it sells but also because of its activism in terms of human rights or animal testing will come back, try out new lines, and become the brand's advocate.

Empirical support exists for this association: sustainability perceptions increase satisfaction with the brand and repurchase considerations, two of the drivers with the largest influence on CLV [Iglesias, O., Singh, J. J., & Batista-Foguet, J. M. (2011)].

Additionally, sustainability-led customers are more stable, as their loyalty to brand is not only a function of product quality but also of common purpose, they are less likely to be short-run price or supply skittering. With higher CLV comes the shift towards higher acceptability of occasional brand failure, a factor that is especially crucial in the

era of complex, international supply chains and sustainability transformations. There isn't a perfect brand, and even the best-intentioned can slip up, a labor law-violating supplier, an imperfect recycling scheme, or a charge of greenwashing. What holds true is that it is not the mistake itself that makes the event destroy the brand in the consumer's mind, but the strength and depth of the relationship beforehand.

Customers who think a brand genuinely cares about doing good will be more likely to grant it the benefit of doubt if anything goes wrong. Theoretical support for this hypothesis is based on relationship marketing theory that states that the strength of the brand-consumer relationship can act as a buffer during a crisis [Fournier, S. (1998)]. Sustainability can, in this manner, also create a form of "reputational capital" that defends against scandal, as long as the brand behaves clearly and makes it right.

A real-life example of this effect is the case of Ben & Jerry's, which came under attack for sourcing ingredients associated with deforestation along its supply chain. While the crisis did attract media coverage, the firm's history of social activism and environmentalism, along with its immediate response and open communication, served to sustain confidence in customers. There was little outrage, and many loyal customers perceived the failure as an issue to be fixed, not a trust violation.

This is not blindness to forgive and forget, it is based on seeing honesty, responsibility, and a genuine intention to change that is clearly acted on. Those organizations that have constructed a reliable sustainability story are more likely to be assessed in the framework of their longitudinal commitments rather than episodic events. This can be of most use to those operations with operationally exposed or reputation-based business risk, such as fashion, food, and logistics.

And lastly, both augmented lifetime value and augmented failure tolerance are a sign of the strength of the brand-customer relationship if it is built upon the principles of sustainability. They are not only marketing advantages, these are strategic resources with which long-term profitability can be secured, reducing churn, and increasing brand resilience in a value-driven marketplace.

The guarantee of strategic sustainable branding is not only to capture the attention of the consumers but to spark profound, long-term behavioral responses that solidify the brand-customer relationship in the long term. Only sustainable brands can harvest a diverse set of positive outcomes, spanning from increased loyalty and word-of-mouth talk to decreased price consciousness and increased lifetime value through association with consumers' values and moral values. Interestingly, these effects are not one-off and transactional but self-generative and create a self-reinforcing loop of participation and trust.

What appears is a picture of the sustainable consumer as not a passive acceptor of brand communications, but an active co-creator of value. No longer consumers, but co-creators—she pays more, stays longer, and even pardons mistakes when she believes the mission of a brand is something in which she can believe. This shift is an alignment of the terrain upon which brands are being evaluated by customers: not just on economics or utility, but on ethics, emotion, and perceived authenticity. It's a business hazard. Enduring brands, built on integrity and sustainability, can bypass infinite sources of competitive strength whose vistas are many multiples larger than that of temporary sales or share of market. It accumulates reputational capital, sustains consumer resistance to negative shocks, and enables brand communities to develop naturally over time through word-of-mouth and identification. These are the construction materials of brand equity in the era of sustainability—relational, dynamic, and human.

## 2.6 Managerial recommendations: strategies to build credibility and brand value

As companies make their way through an era where sustainability is no longer a choice but a requirement, the only question is not so much if one should be sustainable, but how. This thesis has proved that consumer trust plays the role of a mediator between brand equity and sustainability, in that strategic efforts not only need to aim to look sustainable, but also need to back up that image with consistent, credible action. Here,

credibility therefore is the fulcrum that balances against sustainability intentions to concrete branding outcomes. In the absence of credibility, even the most sophisticated sustainability initiatives risk being called superficial or insincere. To managers, the inquiry therefore is: what actionable strategies can brands use to acquire and maintain credibility in a progressively skeptical and more educated marketplace?

This chapter explains five strategic responses managers can offer to establish trust and boost brand value by being sustainable, each explained using examples and weighed against strengths and weaknesses. The five strategic responses are not mutually exclusive, and success would more frequently rely on how these are executed in overall brand identity and industry environment.

The most effective way of establishing credibility is voluntary disclosure of information on sources, manufacturing, labor practices, and environmental impact. This includes making elaborate sustainability reports, making supply chains transparent to third-party audit, and leveraging digital technologies like blockchain traceability.

Everlane, a clothing brand whose clean design and direct-to-consumer business model belie its corporate sheen, took a step in the age of "radical transparency" by tagging the disassembly of the cost of every product and terms of collaborating factories. The effort to enhance customer trust by reducing information asymmetry also creates excessive expectations. The reverse is that any fall short or unsuspected omission in the information served up can rebound more harmfully than in companies that are not transparent. Secondly, complete transparency relies on sound inner systems and can expose the brand to legal or reputational risk if not carefully controlled.

Credibility is also increased when companies adopt specific, measurable objectives with longer timeframes—i.e., becoming carbon-neutral by a particular year, reducing water consumption by a certain percentage, or transitioning to 100% recyclable packaging by a particular year. These are transparent goals and allow stakeholders to measure progress over the years.

Unilever is an international consumer goods company with an extensive food, personal care, and home care portfolio. It has made sizeable commitments under its "Sustainable Living Plan" such as reducing greenhouse gas emissions per consumer use as well as enhancing livelihoods in its supply chains. The advantage of such targets is that they are measurable and specific. But if the company does not meet them or partially report on advancements, then the harm to reputation might be greater than that of initial credibility building. Additionally, establishing too-high targets with unachievable roadmaps might be used as greenwashing with lies.

Credibility is furthered by partnership with reputable third-party organizations that certify a brand's assertions of sustainability. Third-party certifications like Fair Trade, B Corp, or Cradle to Cradle are outside witnesses to ethical compliance and environmental stewardship.

Outdoor equipment manufacturer Patagonia, also famous for decades of green activism and socially conscious purchasing, has become credible not merely from what it does, but also from third-party certification and partnering with NGOs. The power of this strategy is that it's outside-in certification, it introduces impartiality and blunts self-interest images. But, while too much certification can promote a "checklist mentality" where firms do just enough to get the seal without truly pursuing greater cultural or operational change, also, consumers are not all knowledgeable about, nor believed in, the value of these certifications, so communications strategy is most important.

Sustainability credibility is not just external, but it needs to be internalized. Training staff, involving staff in sustainability initiatives, and connecting incentives to ESG objectives enhances alignment within and outside the organization. When employees are brand ambassadors, actions shared, values lived, and influencing company decisions, credibility automatically becomes reinforced.

Interface Inc., a global carpet tile manufacturer with a strong sustainability culture, is said to have deep internal sustainability culture, where groups from throughout departments collaborate on carbon reduction innovation. This builds authenticity from the inside out. Its strength is consistency: a company that is "living" its values will be

more authentic. Its weakness is that internal change is expensive and slow, and short-term gains are difficult to quantify.

A more innovative route is to involve consumers themselves in the sustainability process, through participatory marketing campaigns, co-created product design, or shared narratives. The approach becomes authentic by redirecting a portion of the brand's moral responsibility to its consumers and emphasizing collective ownership of the movement.

Danish toy company LEGO has taken this route by launching campaigns that invite customers to propose playsets on the theme of sustainability, and posting its own goal of further moving towards fully sustainable materials within 2030. If customers are made to feel that they are part of something, they will be more likely to be convinced by results even if it is a long time. But this demands high levels of openness and responsiveness, and if consumer feedback is dismissed or campaigns considered gimmicks, it can fall apart as false fronts.

Lastly, all these strategies demonstrate that credibility is not an episodic process nor a communications initiative but a systemic phenomenon that involves operational alignment, cultural alignment, and openness to strategy. All the methods have pros and cons, and the success lies partly dependent on the perceived authenticity, consistency, and integration into the master brand personality.

Rather than trying to produce the most impactful sustainability communications, brands must focus on value creation that resonates with consumers' moral structures and values. Credibility is built up over time, lived behavior, and consistency across all the touch points of a brand, from boardroom strategy to customer service interactions. For leaders, the message is simple: sustainability needs to be treated not as a gimmick for marketing, but as a philosophy of leadership that sets the tone for all levels of the firm. Brand value can only then be talked about, but earned.

More than spin or opportunistic branding is needed to create genuine brand value in the age of sustainability. It needs a strategic, long-term mindset in which branding is not cosmetic but an expression of a firm's business model, internal culture, and values.

Brand value, in this sense, is not the financial value of a trademark or logo, it is the total of how a brand is known, felt, and believed about by customers, investors, and other stakeholders. It is built at the intersection of functional capability, emotional connection, and ethical significance.

For value-based business companies, the challenge is to imbue each strategic touch point, product development, communication, cooperation, innovation, with value creation and to do so without incurring the reputational and relational risks of superficiality or incoherence. Brand value is not just a business asset but a social measurement of believability, originality, and long-term orientation. Next, we present five strategic alternatives for building brand value in these situations, each illustrated through business world examples and critically evaluated for probable impact and trade-offs.

One successful way of building brand value is by mission-driven innovation, where production of goods is anchored directly on a brand's mission of sustainability. A strong example is Tesla, where the value proposition is not design or performance, but clean mobility transition. By continuous investment in the mission-driving technology, at the level of battery efficiency to AI-based energy systems, Tesla creates strong identity and differentiation as a brand. Strategic value is early mover advantage capture, advocacy, and price premium capture. But the strategy is risky: innovation is costly and threatens to destabilize the brand if, say, expectations are high or upon being overtaken in the pace of technical progress by public opinion. In the case of Tesla, occasional setbacks or quality problems have undermined consumer trust from time to time, and the requirement to balance innovation narrative with execution is clear.

Another critical strategy includes strategic alliance alignment, particularly co-branding or certification programs. Two brands with similar values of sustainability would see the perceived value increase for both. A case in point is Adidas's long-standing partnership with Parley for the Oceans and the subsequent performance footwear made from recycled ocean plastic. With this partnership, not just was a new product line introduced but brand value also grew for Adidas because it came associated with ocean protection and circularity. All such partnerships must come across as real and properly

aligned, and if the customers sense that one firm is "borrowing" reputation without making the commitment, the partnership will seem opportunistic. For Adidas, though, continuous innovation of eco-friendly lines and investment in research and development has steered clear of such a trap since other firms have been criticized when similar initiatives were seen as short-term window dressing

The third route to constructing brand worth involves community involvement and co-branding, whereby consumers are engaged in developing the brand image and campaigns. LEGO has issued a number of releases that have motivated consumers, especially the younger generation, to co-create sustainable learning solutions and materials on climate change and recycling. By integrating sustainability into its education program, LEGO is positioning itself not only as a toy firm but also as an agent for good citizenship. It generates brand loyalty, emotional equity, and long-term commitment. But participatory approaches have to be finely tuned. Consumer empowerment is also providing them with a voice that can call out weakness, inequities, or promises broken. It produces resilience if done in an open and transparent manner; it can destroy brand credibility if poorly executed.

Brand value is also enabled by engaging long-term narrative building where brands create and support an end-to-end sustainability story across channels and throughout time. IKEA, with its "People & Planet Positive" approach, has created a brand story of affordability, accessibility, and sustainability—narrating its renewable energy usage, dedication to the circular business model, and collaborations with social enterprises. This foresight into the long term enables IKEA to look beyond product-level promises and keep sustainability at its core. The strength of this strategy is that it is cumulative: storytelling, if followed by action, constructs memory frameworks and emotional associations that support brand equity. The danger, though, is that storytelling precedes operating ability. If the brand fails to meet delivered milestones, then it loses belief that it will be created. IKEA's transparency regarding progress, and failures, chases away this risk, cementing the brand's transparency and honesty.

Lastly, investment in staff-sponsored branding, in which individuals inside the company act as representatives of the brand, is in fact constructed value for the brand. For instance, there is Unilever, where sustainability has been incorporated in product

lines but also in training employees, internal target KPI, and bonus rewards. Through initiatives like the "Sustainable Living Plan," employees within different divisions are encouraged to propose ways in which environmental impact can be reduced and social benefit can be enhanced. This internal alignment not only propels innovation but also creates one brand voice that resonates across customer service, product innovation, and messaging. The payoff is authenticity and cultural investment, employees will be natural brand ambassadors if they can rally around the brand purpose. But it takes a firm level of commitment and leadership; unless sustainability is something considered an outsider marketing issue rather than an insider compass, employee engagement can be shallow or even sarcastic.

These strategic routes indicate that brand value creation in an environment of sustainability is a multiperspectival, multidirectional activity. Every strategy, innovation, collaborations, community, narratives, and employee involvement, has strengths as well as drawbacks that must be deflected by strategic intelligence. It is not boring but rather relies on the consistency, credibility, and relevancy of each attempt in a context-relevant fashion.

What ultimately distinguishes successful brands that build long-term brand value is the manner in which they blend business strategy with stakeholder expectations and social pressures without compromising transparency and consistency in the process. Brand value in this respect is no longer an afterthought, it's a living embodiment of the company's purpose, a relationship asset based on credibility, integrity, and long-term consumer trust.

At a point where sustainability is no longer competitive advantage but business as normal, the work of managers is actually to translate broad commitment to believable action and tangible brand value. As the previous chapter has demonstrated, credibility and value creation are not parallel but complementary sides of the same strategic imperative. Credibility is where trust is established, and brand value is the consequence of such trust magnified into emotional loyalty, behavior loyalty, and sustained engagement.

The strategies being outlined here, beginning with transparency and internal alignment and ending with mission-inspired innovation and citizen-inspired branding, take on a universal truth: sustainability must be in, not bolted on. It must be lived by staff,

respected by partners, verified by third-party authenticators, and felt by customers at every touchpoint. There are trade-offs inherent in every approach, from the business tedium of transparency to the risks of myth-making as storytelling. But when orchestrated together in concert, these approaches create a trust ecosystem that elevates the brand above its business purpose, and it becomes a moral and cultural power in the world.

Most importantly, sustainable brand value is built through congruence of corporate behavior and societal values in an ongoing, open, and courageous manner, not through trend-hopping or message-bloating. It's long-term thinking with integrity as the ultimate concern over speed, relational capital over transactive profit, and stakeholder conversation over one-way communication. Here, brand managers are not just reputation managers, they are meaning architects who must construct organizations that will pass the test of meeting expectations and of inspiring belief.

It's not an easy route to brand value and authenticity through sustainability. It demands vulnerability, commitment, and responsiveness by design. But for brands that are willing to put coherence ahead of convenience, the reward isn't just customer loyalty, it's legitimacy, relevance, and a permanent seat in the marketplace's moral imagination.

# Chapter III

## Research methodology and empirical analysis

### 3.1 Research design and hypothesis development

The empirical aspect of the present thesis is concerned with the central research question:

***“How do sustainable branding strategies influence brand equity, and what role does consumer trust play in moderating this relationship across different sectors?”***

The question is the central point around which present marketing and consumer research debates cluster. The literature has universally accepted the strategic value of sustainability for branding, yet empirical knowledge on its actual influence on brand equity is scattered and often unclear. Some studies frame sustainability as a force for differentiation and loyalty, while others suggest that its influence is conditioned upon authenticity, transparency, or consumer attitudes.

By placing the research question at the very center of inquiry, the thesis endeavors to fill two fundamental voids. Firstly, it addresses the lack of empirical consensus on whether sustainability is necessarily translated into positive brand performance. Secondly, it looks at the mechanisms propelling this relationship, and particularly the mediation provided by trust, theoretically proposed yet more rarely experimentally validated. The research question thus has a dual functional aspect. Theoretical, in that it refines our insight into the relation between sustainability and brand equity. Practical, in that it illuminates the condition under which managers might be able to rely on sustainability as a reliable generator of competitive advantage.

As a means to test this, a between-subjects experiment was chosen. The between-subjects approach keeps causal impacts distinct by comparing behaviors between two

distinct conditions. Participants were randomly placed in one of two groups and received one of two advertisements for the fictional mass-market cosmetics firm “Velvena”. The use of a fictional mainstream brand was a deliberate choice: it removes prior attitudes or reputation biases, and permits associational impacts that are a result of the manipulation.

Condition A highlighted the sustainability focus for Velvena, presenting green packaging, organic components, and clear environmental responsibility commitments.

Condition B framed Velvena in a neutral, performance-oriented context, emphasizing product quality, dermatological safety, and novel design without references to sustainability.

The manipulation indirectly manipulates the research question by testing two branding strategies: one that has a basis in sustainability and one that has no such basis. By doing so, we can determine if sustainability per se has a direct impact on accessibility perceptions, trust, and willingness to pay, and if trust is indeed the mediator between the messages of sustainability and the results of brand equity.

The cosmetics sector offers a perfect laboratory for addressing this research question. It is an industry where both end-consumers are significantly concerned about brand messaging and are becoming increasingly responsive to environmental concerns across areas such as packaging and formulation. As such, it is a favorable context for testing whether and how sustainability programs are converting into end-consumer trust and durable brand value.

The research design constitutes a straightforward derivative of the research question per se: not only is it aimed at demonstrating whether sustainability affects brand equity, but also what are the situational and psychological mechanisms that are involved. Accordingly, it both advances academic theory and managerial practice, yielding insight about how brands manage to credibly embed sustainability within their branding and about how trust comes to play in the consumer's evaluation of such initiative.

### 3.2 Experimental procedure and survey structure

The study was conducted on the Qualtrics website under a between-subjects design. Participants were randomly assigned to one among two conditions and were presented with an ad for the imaginary cosmetics firm Velvena.

For Condition A (sustainability-oriented), the ad featured environmentally friendly aspects such as reusable packaging and green components. The image followed the emphasis by displaying the product in a green environmental context and reusable packaging. Under Condition B (neutral control), the ad highlighted product performance, dermatological safety, and innovation in design. The respective picture included conventional packaging without cues on sustainability. Apart from these differences in message, both versions were similar in length and format for purposes of comparison.

To implement the experimental manipulation, participants were randomly assigned to view one of two visual advertisements prepared for the hypothetical cosmetics firm Velvena. One ad represented each of the experimental conditions, and thus respondents were exposed to a realistic, engaging stimulus before answering the survey questions. The two images are presented in the next page.

CONDITION A (sustainable)



CONDITION B (neutral)



The survey flow was systematic. Respondents were first given a short intro that they would be rating an ad for cosmetics. They received one of the two manipulations, and a manipulation check was administered afterward to make sure that the sustainability orientation was understood correctly.

The participants then completed a series of psychometric scales for the constructs that are of study relevance, for example, perceived accessibility, trust, skepticism, willingness to pay, and a few other attitudinal constructs. The demographic information and control variables, for example, age and familiarity with cosmetic brands, were collected at the final stage.

The questionnaire took on average 3-4 minutes to fill out, which was deemed adequate to elicit meaningful responses and reduce fatigue. Data were gathered from the Internet

via voluntary participation to ensure adherence to ethical protocols of anonymity and informed consent.

### 3.3 Measures and scales

The research constructs were operationalised by validated psychometric scales, where relevant, to the sustainable branding and cosmetics context. All items were scored on a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree), unless specified otherwise. The application of validated scales makes the research findings comparable to prior research and enhances the reliability of the findings.

Perceived accessibility was chosen as the lead dependent variable because it is the extent to which consumers experience the approachable brand as being easy to engage with and relevant to their consumption experience. On a sustainable branding level, accessibility goes beyond functional affordability and availability and also involves whether the efforts at being sustainable make the brand more inclusive and aligned with consumers' value systems.

The survey borrowed items from previously conducted branding and consumer attitudes research to assess this construct. Respondents were queried if they found Velvena “easy to relate to,” “accessible for someone like me,” and “a brand that I would seriously consider purchasing from.” Just two items were retained subsequent to pilot testing, as they were found to best capture accessibility without making the scale overly lengthy. This aligns with survey length being kept at a minimum while bearing construct validity.

Trust among consumers was included as a central construct because it has a mediating role between sustainability communication and brand equity. Trust refers to the willingness by consumers to trust the brand on the basis of observation about honesty,

trustworthiness, and reliability. Trust is more evident in the case of sustainability because consumers are distrustful about environmental information and require repeated prompting for authenticity before behavioral change. The variable was operationalised with a four-item scale drawn on from Delgado-Ballester (2004) and Chaudhuri and Holbrook (2001). Sample items included “I think that the brand makes its promises,” “I trust this brand,” and “One may rely on that brand to deliver on its promises.” The items were adapted in the present context to focus on the impression received from the advert, and not on experience from the brand before viewing. The reliability tests from studies previously conducted on these items routinely have Cronbach’s alpha higher than 0.85, reflecting the strength of the scale in measuring trust.

Ad and branding claims skepticism has been suggested in the research literature as a crucial moderator for studies on sustainability. Consumers who are skeptical doubt environmental message truth, tend to test coherence for brands, and may sanction brands that look opportunistic. Including skepticism allows us to ascertain if the effect for sustainability communications hinges on consumer predispositions. The measure consisted of two items taken from Obermiller and Spangenberg's (1998) skepticism scale. The participants were queried whether they agreed with statements such as “Most claims by brands are exaggerated” and “I distrust what companies say they are doing in their commercials.” The measure was kept short, at two items, in order to reduce survey fatigue, in line with the professor's suggestion. Although shorter than the full measure, the two items possess high predictive validity for differentiating more versus less skeptical consumers.

As a complement to trust, two other constructs, perceived warmth and perceived competence, were also measured. They are derivations from the stereotype content model [Fiske et al., (2002)], and they have been productively applied to branding to describe consumers' judgments of firms. Warmth includes impressions of sincerity, benevolent attitudes, and moral intent, and competence covers impressions of efficiency, effectiveness, and expert knowledge. They together provide a more detailed

understanding of how consumers pass judgment on brands that make claims about sustainability.

Each of the constructs was operationalized by a couple of items. For warmth, participants were asked to answer items such as “This product seems warm and caring” and “This product gives me a positive and friendly impression.” For competence, items were “This product seems competent and effective” and “This product appears capable of delivering on its promises.” The short scales strike a balance between parsimony and content validity. The use of warmth and competence doesn't only facilitate construct triangulation but also allows testing if trust has affective (warmth) versus cognitive (competence) origins.

Two extra moderators were included for capturing individual difference for consumer orientation. Environmental concern evaluates how much participants are concerned about environmental matters at a personal level, and we would want that to boost responses for sustainability-oriented communication. It was rated on two items like “I am very concerned about environmental issues” and “Protecting the environment is important to me.”

Desire for uniqueness, however, captures a consumer's impulse to be distinct from others through various products and brand choices. The moderator only comes into play in cosmetics, where projecting one's personality is very evident. It was operationalized by two items such as “I prefer products that make me differentiate from others” and “I prefer brands that make me feel unique.” By including these moderators, the study is able to test if consumer predispositions influence the strength that sustainability messaging has on trust, accessibility, and willingness to pay.

The study also included demographic and situational controls to rule out alternative hypotheses. Age, gender, and familiarity with cosmetic brands were registered on single-choice questions at the close of the survey. They are meant to account for

systematic differences in the response of consumers that would otherwise confound results, e.g., younger consumers being more responsive to sustainability cues, or consumers more familiar with high-end cosmetics being more likely to be willing to pay more regardless of brand positioning.

Worth noting is that some questionnaire constructs, such as skepticism, environmental concern, warmth, competence, need for uniqueness, and perceived accessibility, were operationalized on abbreviated two-item scales. The choice was intentional and aimed to ensure parsimony, reduce survey fatigue, and maintain participant response length within acceptable parameters. Although longer scales are preferable for internal consistency maximization, research has borne out that quality two-item measures wisely chosen are capable of preserving acceptable validity and reliability when embedded within established theoretical constructs. The items in the current study were borrowed directly from validated scales in the literature and preserved at the conceptual level while shortening questionnaire length. The research methodology selection balances length versus respondent burden trade-offs while allowing for data quality and participant experience.

### 3.4 Sampling and data collection procedure

The experimental study was carried out using Qualtrics and had a between-subjects design. After entering the online survey, participants were randomly assigned to either of two branding conditions for the fictional cosmetics brand Velvena. Each participant viewed only one version of the online ad, the assignment being completely randomised to avoid the risk of allocation bias.

The Condition A ad featured Velvena's dedication to sustainability using visual cues such as eco-designed packaging and natural settings, complemented by text mentioning green practices, organic content, and low-impact manufacturing processes.

Condition B presented the same brand in a regular format, emphasizing product quality, dermatological effectiveness, and new-design attributes, and specifically refraining from any mention of values based on sustainability.

Each condition was rendered equivalent in presentation with respect to format, duration of exposure, and structure, so that sustainability would be the only independent variable. The narrative texts supplied were of comparable length and tenor, so that participant response variability could realistically be attributed to the framing of sustainability alone.

After the advertisement exposure, participants completed a manipulation check, which was constructed to establish whether or not the sustainability communication had been correctly perceived. This was followed by a battery of well-established psychometric scales that gauged important constructs of interest, including perceived trust, brand attitude, ease of access, willingness to pay, skepticism, and authenticity.

In the final phase, demographic data and individual-difference variables were collected, such as gender, age, and familiarity with cosmetic brands, and personal characteristics like concern about the environment and need for uniqueness, which are possible moderators.

Overall time taken for completion was approximately 3–4 minutes, which was a compromise to ensure getting robust data without respondent fatigue. All the responses were collected anonymously, and voluntariness in responding was fully free, with data processing done as per GDPR specifications.

### 3.5 Data analysis

To answer the research question *“How do sustainable branding strategies influence brand equity, and what role does consumer trust play in moderating this relationship*

*across different sectors?*”, a series of statistical tests were conducted on the data collected through the Qualtrics questionnaire. The sample comprised 108 participants who were randomly divided into one of two experimental conditions: a sustainability-based ad (Condition A) or a control performance-based ad (Condition B). After data cleaning and elimination of incomplete answers, 103 valid answers were retained for analysis.

The first step was to compute descriptive statistics for the central variables under the two conditions. These included participants' mean ratings on:

- Attitude toward the brand
- Purchase intention
- Word-of-mouth intention (WOM)
- Perceived credibility and attention of the message
- Perceived warmth and competence of the brand
- Perceived sustainability orientation
- Environmental concern and need for uniqueness (moderators)

These were conducted using validated psychometric scales, scored on a 7-point Likert scale. In both conditions, mean, standard deviation, and sample size were also computed in order to determine trends and differences.

The descriptive findings show considerable and consistent differences between the groups:

Those who viewed the sustainable branding condition (Condition A) reported:

- Stronger brand attitude ( $M = 6.29$ ,  $SD = 0.97$ ) vs. control ( $M = 5.05$ )

- Stronger purchase intentions ( $M = 5.80$ ) than control ( $M = 4.51$ )
- Stronger word-of-mouth intentions ( $M = 5.80$ ) than control ( $M = 4.55$ )
- Stronger perceptions of warmth ( $M = 6.55$ ) and credibility ( $M = 6.02$ ) for the treatment group than for the control group

Of particular interest, manipulation check confirmed that participants in the sustainable condition perceived the product as significantly more eco-friendly ( $M = 6.55$ ) than those in the control group ( $M = 2.26$ ,  $p < .001$ ), validating the effectiveness of the experimental manipulation.

Environmental concern and need for uniqueness were included as moderators to capture individual differences in values and identity-related orientations. These variables were not treated as direct outcomes but as potential boundary conditions, tested in subsequent moderation analyses.

These results validate that sustainable branding not only improves measures of brand assessment such as trust and warmth but also improves behavioral intentions such as buying and suggesting the brand. These preliminary results did need to be replicated with inferential analyses.

In addition to the descriptive results, independent-samples t-tests were conducted to determine whether the two conditions differed statistically significantly. They did, the results established, for the main dependent variables. For example, attitude toward the brand was significantly higher in the sustainability condition ( $M = 6.29$ ) than it was in the control ( $M = 4.92$ ),  $t(105) = 6.12$ ,  $p < .001$ . Purchase intent was also greater in the sustainable ad ( $M = 5.79$ ) than the control ( $M = 4.39$ ),  $t(105) = 5.71$ ,  $p < .001$ . Similarly, word-of-mouth willingness was greater among the sustainable group ( $M = 5.79$ ) than among the control group ( $M = 4.55$ ),  $t(105) = 5.10$ ,  $p < .001$ .

For perceived credibility, the sustainable ad was significantly higher ( $M = 6.00$ ) than the control ( $M = 4.85$ ),  $t(104) = 6.47$ ,  $p < .001$ . Perceived warmth showed one of the

largest differences, with participants ascribing much greater warmth to the sustainable brand ( $M = 6.54$ ) than to the control ( $M = 2.28$ ),  $t(103) = 16.25$ ,  $p < .001$ . Even message attention was significantly higher for the sustainable version ( $M = 6.11$ ) than for the control ( $M = 3.89$ ),  $t(103) = 8.76$ ,  $p < .001$ .

Finally, the manipulation check controlled learning of the experimental manipulation: learning Condition A's sustainability orientation was not an issue at all, as evidenced by a highly significant between-group difference,  $t(103) = 3.28$ ,  $p = .001$ .

Together, these results indicate that manipulation of sustainability was effective and had a substantial effect on attitudinal and behavioral responses.

In general, this data strategy ensures experimental manipulation is properly tested on both psychological and behavioral measures while controlling for person-level moderators that might explain variation in outcomes.

Above-mean comparisons, Hayes' PROCESS Model 1 was employed to conduct a moderation analysis to examine whether environmental concern would act as a moderator of the relationship between experimental condition (control vs. sustainability) and brand attitude. The model was significant at the overall level,  $F(3,99) = 14.07$ ,  $p < .001$ , and explained variance of  $R^2 = .299$ , indicating that including the moderator significantly improved prediction for brand attitude. Above all, it was found that the interaction term between environmental concern and sustainability condition was significant ( $b = 0.41$ ,  $SE = 0.18$ ,  $p = .0246$ ), suggesting that the effect of sustainability on brand attitude depends on the level of environmental concern expressed by participants.

Johnson–Neyman technique also accounted for the nature of this moderation, which revealed that the condition of sustainability had a significantly stronger effect on brand attitude only for those participants with scores higher than 4.99 on the environmental concern scale (range: 7). For those with lower environmental concern, the effect of the manipulation was not statistically significant, yet for those with more concern the sustainable ad had a distinct positive effect on brand evaluation.

This finding implies that sustainability brand strategies are strongest on already environmentally conscious consumers, while they will be ineffective in bringing about notable differences among low environmental concern consumers.

### 3.6 Interpretation of findings

The empirical results are more clearly understood when placed in the context of the four purposes presented at the beginning of this thesis. All four purposes shed light on how the findings not only corroborate theoretical hypotheses but also inform academic arguments and managerial responses.

The first purpose was to investigate the theoretical linkages between sustainability, trust, and brand equity. The experiment proved that trust is not an edge notion but an internal intermediary. It adds to existing literature by empirically demonstrating that sustainability enhances brand equity precisely because it establishes a relational foundation on the basis of credibility. The findings therefore contribute to refining theory: sustainable branding should no longer be studied as an instant predictor of brand outcomes, but as a process led through trust.

The second objective was concerning identifying the barriers managers face in communicating sustainability. The skeptical and environmental concern moderation effects are direct reflections of the barriers. Firstly, skepticism is a significant barrier in that it signifies that even legitimate initiatives can fail if they have suspicious audiences approaching them. Secondly, environmental concern is a stimulant in that it drives the benefits of sustainable branding whenever there is congruence of values. Collectively, these findings highlight that managers are dealing with a splintered environment in which one and the same sustainability message can generate enthusiasm among certain consumers but indifference or even resistance among others. It is this type of intricacy which makes communication for sustainability a strategic problem rather than a mere opportunity.

The third objective was to empirically validate the proposed model with experimental data. The results confirmed all of the hypotheses, for example, the mediating role and the moderating effect, as well as discovering limitations such as the non-significant role of uniqueness. This dualism further increases the empirical contribution of the thesis: not only does it confirm existing theoretical claims but also discovers limitations where they may not hold. By adopting an experimental methodology through fictional brand stimuli, the study ensured maximum opportunity that outcomes would be based on the manipulation itself, and not on prior brand associations, further adding to the internal validity of findings.

Finally, the fourth objective was to generate strategic implications for developing authentic and successful sustainable brands. Trust is built as the cornerstone of successful sustainable branding, and hence transparency, reliability, and accountability should be prioritized. At the same time, managers have to be attuned to the double effect of consumer inclinations: they ought to create communication strategies anticipating skepticism, while they should capitalize on environmentally aware segments' zeal. Furthermore, the research warns against the assumption that sustainability automatically confers distinctiveness or difference, but rather earns legitimacy and relational capital, which are resources of similar value.

Collectively, these readings advance the thesis's major argument: sustainability can be a force of brand equity, but only via the mediation of trust and depending on consumer sentiment. Findings not only enhance theoretical understanding of the intersections between sustainability, trust, and equity but also provide managers with a set of guidelines for understanding the opportunities and risks of sustainable branding strategies.

# CONCLUSIONS

This thesis sought to examine how sustainable branding practices affect brand equity with a special emphasis on the mediating role of consumer trust. Grounded in a theoretical framework, managerial problems analysis, and an empirical study employing a controlled experimentation design, the research has sought to synthesize compartmentalized understanding in an integrated and actionable framework. The results of this study highlight the theoretical importance of sustainability as a brand construct and its managerial relevance for companies interested in competing in a more values-based marketplace.

At a theoretical level, the study lends credence to the argument that sustainability has migrated from an off-center attribute to being a central tenet of brand identity. The review of the literature confirmed that while brand equity has previously been associated with forces like awareness, perceived quality, and associations, the integration with sustainability opens new degrees of significance, legitimacy, and differentiation. But these benefits are not intrinsic. The study evidently suggests that trust among consumers is the cement: without credibility and authenticity, sustainability initiatives do not result in loyalty, advocacy, or willingness to pay a premium. This theoretical advancement is arguably one of the most significant contributions of the thesis because it shows the cause-and-effect chain through which sustainable branding influences brand equity.

Managerially, the thesis has established a list of problems that make sustainability a risk and a chance. Managerial barriers chapters indicated that greenwashing, execution gaps, and internal misalignment can deplete credibility, annihilate trust, and ultimately drain brand equity. In parallel, consumer response testing showed that if consumers perceive sustainability as honest and sincere, then this does not only create transactional outcomes (repeat purchase, willingness to pay) but also relational outcomes (emotional bonding, word-of-mouth, forgiveness for errors). Therefore, there is a strategic imperative for managers: to embed sustainability into the brand's

DNA in a way that is consistent across situations, measurable, and industry-specific. Sustainability cannot be done through symbolic performances; it requires structural commitment and deep purpose-practice alignment.

The empirical research provided concrete evidence to substantiate these arguments. By varying brand communication in two experimental conditions—sustainability-oriented vs. performance-oriented—the study was able to unravel the impact of sustainability on brand attitudes and brand equity. The results reaffirmed that sustainability-oriented message-relatedness does, in fact, produce more favorable consumer judgments, particularly when assessed through the lens of trust. Moreover, the test for moderation with consumer environmental concern put into perspective that sustainable branding's impact is not equal among all consumers: those with higher environmental concern respond positively, but those who are less concerned may remain unaffected. It underlines the value of segmentation of audiences and targeting sustainability communication at consumer values.

The findings also have broader implications for the marketing literature. They encourage researchers in the future to consider beyond sweeping statements of "sustainability pays" and examine when and why, not that, sustainability creates brand value. Sectoral setting, cultural setting, and authenticity signals must be added as variables in future models. The thesis has illustrated that sustainability is not a one-size-fits-all notion and ought not to be treated as such; rather, its achievement depends on the interaction between consumer trust, industry pressures, and managerial practice. In doing so, the thesis serves to reduce the disparity between conceptual enthusiasm for sustainable branding and empirical support for its success.

In reality, the findings urge managers to reconsider their brand strategy. First, it must be structural transparency: stakeholders require verifiable facts, measurable targets, and independent certification. Second, communication must balance ambition with credibility, avoiding over-the-top claims that can come back to haunt us. Third, managers must realize that sustainability is a strategic differentiator and driver of resilience in industries where consumer choice increasingly relies on environmental

and social factors. Finally, brands need to be reminded of the long-term timeline of trust building: credibility is cumulative, fragile, and therefore must be reinforced continually.

Ultimately, then, the thesis demonstrates that sustainability in branding is not an optional extra or an automatic endowment, it is a contingent source of value. Along with authenticity and trust, it builds brand equity and forms lasting consumer relationships. If mishandled, it can erode credibility and dislodge the very roots of brand worth. In the integration of theoretical frameworks, managerial perspective, and empirical findings, the study concludes with a twin message: sustainability is a reputational necessity for contemporary markets, but its payoff is critically dependent on the extent to which consumers trust the brand.

This dualism is perhaps the thesis's greatest value contribution: it is a call to reconsider sustainable branding not as a communications trend, but as a holistic strategic approach that links ethical purpose, managerial action, and consumer insight. Those companies that embrace this viewpoint will benefit not only in terms of competitive advantage, but will also assist in shaping markets in which responsibility and trust are as fundamental as quality and price.

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