

Building green brand trust of environmental-conscious consumers by using identity-based brand management on the example of natural cosmetic brands

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Abstract:

The study investigates the formation of green brand trust from an identity-based brand management point of view between environmental-conscious consumers' perceptions and a green brand. The study is conducted on the example of natural cosmetics.

Structural equation modelling was used to test from a literature review derived hypotheses. The final analysis is conducted by using a partial least squares approach.

The findings show that green brand trust is significantly influenced by a brand's green image. The environmental utilitarian benefits have the strongest positive impact on green brand trust through green brand image. Green perceived risk was not proven significant.

Keywords: green brand trust, consumer-brand identification, green marketing

Track: Product and Brand Management

1. Introduction of paper

Green marketing has received much attention during the last decade owing it to the rising environmental awareness of the general public (Belz & Peattie, 2013). Consumers are becoming increasingly aware of the availability of ecological products and some are even willing to pay a premium price for it, which puts many businesses on the map that are eager to cover environmental concerns with their goals, practices and strategies (Peattie, 2001). Besides the possibility of fostering sales, multiple companies are seeing an advantage in sustainable economic actions to reduce expenses and foster environmental performance (Huang & Li, 2017). Not only cost-savings but also pressure of external stakeholders let companies face the need of sustainability (Chen & Chang, 2013). Companies therefore want to brand their products or services as environmentally friendly. Green branding is thus seen as an important strategy to gain relevant environmental advantages over the competition (Huang & Li, 2017; Belz & Peattie, 2013; Chen, 2008).

Aware consumers in particular are doubtful about sustainability claims and can have a great influence on the success or failure of a brand. When a brand claims to be green, it has to be sustainable from the inside, build a congruent perception of its identity internally and image externally (Weigand, 2017).

Next to industries like food, fashion or energy, the awareness about natural cosmetic products is increasing as well. Generally, the cosmetics industry is a large market that has grown steadily within recent years (Roberts, 2021).

With these developments, brand trust is getting increasingly important to first avoid green washing accusations and second to distinguish the own green brand from others in the market, building a long-term brand relationship with customers. (Schübl, 2012; Dorfstätter, 2020).

1.1 State of research

The variable of interest brand trust is not new at all in the field of marketing research since impacts were already examined deeply by several authors (Song, Wang and Han, 2019; Valette-Florence, & Valette-Florence, 2020). Depending on the research goal, green brand trust (GBT) was looked at from several perspectives. GBT was examined both as an endogenous variable (Bashir et al., 2020) as well as taking in a mediating role (Martínez, 2015). Antecedents of brand trust include brand satisfaction, brand image and brand personality (Song, Wang, and Han, 2019; Valette-Florence & Valette-Florence, 2020; Bekk et al., 2016) whereas known affected variables of brand trust are brand loyalty as well as brand equity (Ansary & Hashim, 2018; Nikhashemi et al., 2015). Due to the fact that this research wants to

give an answer to the question how green brand trust can be fostered, green brand trust will be looked at as an endogen variable.

Looking at the antecedents, brand image was identified as a crucial aspect of brands as such (Lin & Zhou, 2020) and as mediating role between different constructs (Ansary & Hashim, 2018; Bashir et al., 2020). During the research, it became apparent that brand image is often associated with the variables brand attitude (Ansary & Hashim, 2018; Foroudi, 2019), brand preference (Sääksjärvi & Samiee, 2011) and brand satisfaction (Chen, 2010). Consequently, brand image has often been studied in connection with brand trust. Researchers largely agree that image influences trust in a brand and is therefore a predecessor of brand trust (Martínez, 2015; Nikhashemi et al., 2015; Song, Wang, and Han, 2019). The majority of studies focussed on conventional brands, but within the past years, the interest towards green acting companies got more attention, which is why numbers of studies within sustainable circumstances were increasing (Bekk et al., 2016; Gadeikiene, Banyte, and Kasiuliene, 2021; Arbouw, Ballantine, and Ozanne, 2019).

Studies examining brand trust are covering various combinations of variables depending on research interest. It could be seen that some researchers have approached the antecedents of green brand image from the direction of identity-based marketing, covering predominantly affective and cognitive benefits perceived by the customer (Peverelli et al., 2020; Lin & Zhou, 2020; Büyükdağ & Kitapci, 2021; Singla & Gupta, 2019, 152; Fatma, Khan, and Rahman, 2016). While the term identity-based brand management was strongly characterized by Meffert et al. (2019), researchers dived deep into psychology literature to understand the consumer's behaviour and thinking processes. Their assumption towards this field of research were depicted with variables like consumer brand identification (Torres, Augusto, and Godinho, 2017), brand social benefits (Stokburger-Sauer, Ratneshwar, and Sen, 2012), social identity (Palmer, Koenig-Lewis and Jones, 2013) or value including several aspects of benefits for consumers (He, Li, and Harris, 2012). These research findings predominantly agree that identification with a brand is playing a pivotal role in establishing relationships fostering brand loyalty, brand trust and attitude towards a brand, although the variables used carry different names but often overlap (He, Li and Harris, 2012; Kaur et al., 2020; Huang, Mitchell, & Rosenaum-Elliott, 2012; Nikhashemi et al., 2015; Ajitha & Sivakumar, 2017).

Within the field of cosmetic brands, especially natural or organic care products, research is few. In the few cases where the cosmetics industry is used, this refers more to luxury brands and their perception (Ajitha & Sivakumar, 2017) how the influence of social media affects consumers and their buying behaviour of beauty products (Watanabe, Kim, and Park,

2021; Chung & Kim, 2020). Within the context of natural cosmetic brands connected to GBT, no research was to be found, which is why this study will make a big contribution for especially brand managers in this sector.

1.2 Research question

How can the environmental-conscious consumers' green brand trust be fostered from an identity-based brand management point of view within the natural cosmetics industry in middle Europe?

2 Development of hypotheses

Based on the literature review, the following research model depicted in figure 1 was conducted. It consists out of five hypotheses, relying on past findings and theories. It takes an identity-based brand management kind of view, integrating the recent development of green perceived risk and aims to understand which of the chosen factors have a significant influence on GBT. This chapter focuses on how hypotheses are developed and the final SEM built up.

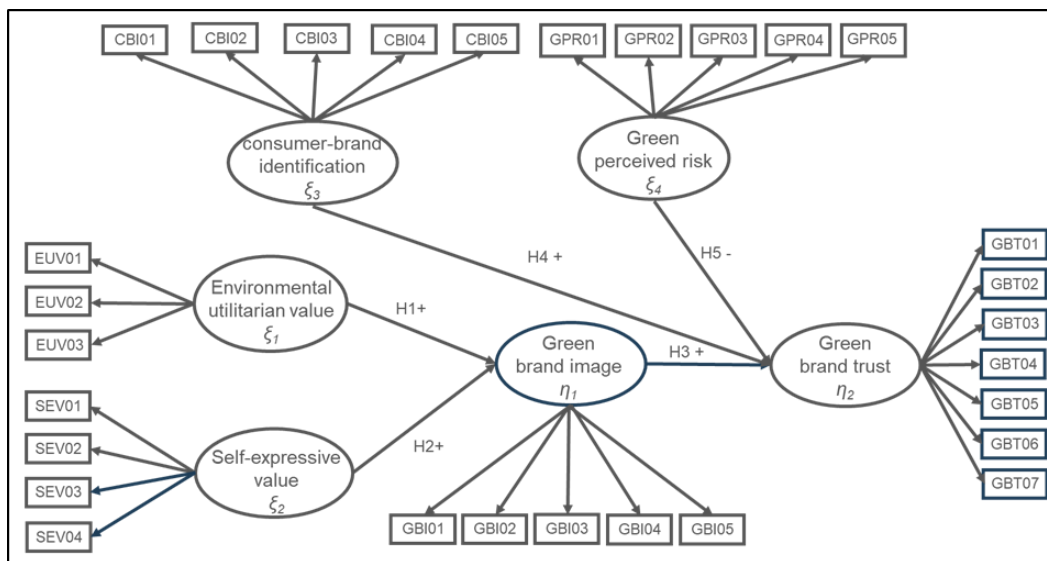


Figure 1. Research model (own illustration)

2.1 Green brand benefits: Environmental utilitarian and self-expressive benefits

The construct of brand image was observed to be based on antecedents (Foroudi, 2019; Chen & Chang, 2012; Bashir et al., 2020; Lin & Zhou, 2020). Taking the identity-based brand management approach into account, Burmann et al. (2018) suggest that brand image is based on two main components: functional and non-functional benefits. Functional benefits are referring to either a utilitarian view like physical and technical brand components or economic benefits which are incorporating for example cost effectiveness. These brand value

propositions are aiming for satisfying the consumers brand needs. Hence, consumers form a positive image and perceive a brand to have good functionality if it exactly addresses these needs. In addition to form a positive brand image, non-functional benefits have to be taken into account. These are distinguished in a personal and social benefit level.

From a theoretical perspective, brand benefits as such are already included within the process of building brand identity and brand image, being a fundamental part of it. Looking at past research, several authors were evaluating the variable interactions through this identity-based approach to support their research models, proving a positive relationship between brand benefits and brand image (Chaudhuri & Holbrook, 2001; Sahin, Zehir, and Kitapçı, 2011; Valette-Florence & Valette-Florence, 2020). Like research on conventional brands, studies according to green brands and their influencing variables had proven also a positive relationship between both functional as well as non-functional benefits and brand image (Lin & Zhou, 2020; Foroudi, 2019). Park, Jaworski, and MacInnis (1986) underlines that the provision of benefits is crucial for brand association and therefore have a great influence forming brand image. Also J. Lin, Lobo, and Leckie (2017) adapted the distinction between utilitarian (or functional) and self-expressive (or emotional) benefits as antecedents of green brand image and had proven with the study their hypotheses as positive.

H1: Brand environmental utilitarian benefits positively influence green brand image.

H2: Brand self-expressive benefits positively influence green brand image.

2.2 *Green brand image*

GBI as such is the pivot within identity-based brand management. It includes not only the brand identity but also the imagery of a brand from an external stakeholder perspective. The consumers brand experience, has to fit with the actual brand behaviour as suggested by Meffert et al. (2019). Only than a trusting consumer-brand relationship can evolve. The brand image is therefore an important connecting link towards brand trust (Malär et al., 2011; Kauppinen-Räsänen et al., 2018).

Multiple studies put brand image into several scenarios as a relevant influencing factor (Sääksjärvi & Samiee, 2011; Hameed et al., 2021; Gaustad et al., 2019). Researchers already proofed that brand image correlates positively towards brand trust in particular (Delgado-Ballester & Munuera-Alemán, 2005; Bekk et al., 2016; Reast, 2005; Song, Wang, and Han 2019), since it also contributes to credibility as part of trust and other brand trust related variables such as brand satisfaction, brand equity and brand loyalty (Assaker, O'Connor, & El-Haddad, 2020; Ansary & Hashim, 2018; Coelho, Rita, and Santos, 2018). As in the

conventional literature, green brand image was proven to be an antecedent of GBT (Chen 2010; Bekk et al., 2016; Assaker, O'Connor, and El-Haddad, 2020) as well, which is why this study proposes for the research model following hypothesis:

H3: Green brand image positively influences green brand trust

2.3 *Consumer-brand identification*

Looking at approaches like setting brand identity itself and brand image in a direct relationship by Meffert et al. (2019), it occurs that the construct of consumer-brand identification (CBI) is part of a brand's non-functional benefit. Other than referring to extrinsic social benefits used by Lin, Lobo, and Leckie (2017), described as self-expressive benefits, CBI refers to the intrinsic motivation of an individual to fulfil self-definitional needs. Therefore, only the hedonic benefit suggested by Meffert et al. (2019) is applied here while aesthetic benefits are excluded from this variable.

Moreover, instead of connecting this personal aspect with GBI suggests, it is looked at from the perspective of social theory, connecting the degree of perceived identification with the formation of brand trust directly. This approach can be supported by several studies proving that first, brand loyalty is a positive outcome of CBI (Fatma, Khan, and Rahman, 2016; Kim, Kim, and Lee 2017; Kaur et al., 2020). Continuing, researchers agree that brand loyalty is a positive outcome of brand trust (Nikhashemi et al., 2015; Martínez, 2015; Molinillo et al., 2017). These findings already point towards a possible positive relationship between CBI and brand trust. Supporting this assumption, He, Li, and Harris (2012) and Nikhashemi et al., (2015) revealed a positive correlation between identification and trust between consumers and brands. Setting this into an environmental-sustainable context, following hypothesis is stated:

H4: Consumer-brand identification positively influences green brand trust.

2.4 *Green perceived risk*

The trust into claimed green acting brands is increasingly undermined and even harder to establish because of the rising number of companies making false or misleading claims regarding their environmentally friendly products or services. Especially environmental-conscious consumers standing critically against new and sustainable believed products or services, which is a problem for true sustainable acting brands to develop GBT in the first place (Bekk et al., 2016; Lin, Lobo, and Leckie, 2017; Peverelli et al., 2020).

Looking closer towards brand management theory, the benefits brands provide are fostering trust and simultaneously reduce perceived risk (Redler et al., 2019). Perceived risk from the parties involved is a fundamental antecedent of brand trust (Mitchell, 1999). Thus, a direct relationship between risk and brand trust can be stated from a theory-based perspective. Also, past research had proven that perceived risks negatively influence trust (Koehn, 2003; Chen & Chang, 2013). As the likelihood of greenwashing incidents has been increasing recently on claimed sustainable product offerings, it is necessary to include this rather new aspect as a variable of perceived green risk in the model (Chen & Chang, 2012). Hence, this study conducts the following hypothesis:

H5: Green perceived risk negatively effects green brand trust.

3. Design

3.1 Content validity and pre-test survey

In order to assess the content validity of the derived SEM model, a questionnaire about the 31 derived items was handed out to four experts in the field of sustainability and marketing. The experts evaluated the items using a 4-point-likert scale regarding the three categories relevance, clarity and ambiguity, following the suggestion from Yaghmaie (2003). Simplicity was not used, since it was considered as difficult for experts, operating in their daily life with this content, to assess the simplicity of specific terms.

All in all, the results showed that the content validity of the model is ensured, since the S-CVI/Ave of the categories are .91 (relevance), .85 (clarity) and .81 (ambiguity). Following Davis (1992), cited by Yusoff (2019), the overall score of CVI should lie at least at .8 to ensure validity. According to him, the necessary scores were achieved.

3.2 PLS-SEM

A total sample size of n=131 was accomplished, so meaningful results were expected. The participants further had to have environmental-conscious mind-set. The data collection process was conducted through an online-based questionnaire. In order to analyse the collected data, PLS-SEM was used.

4. Major results and general discussion

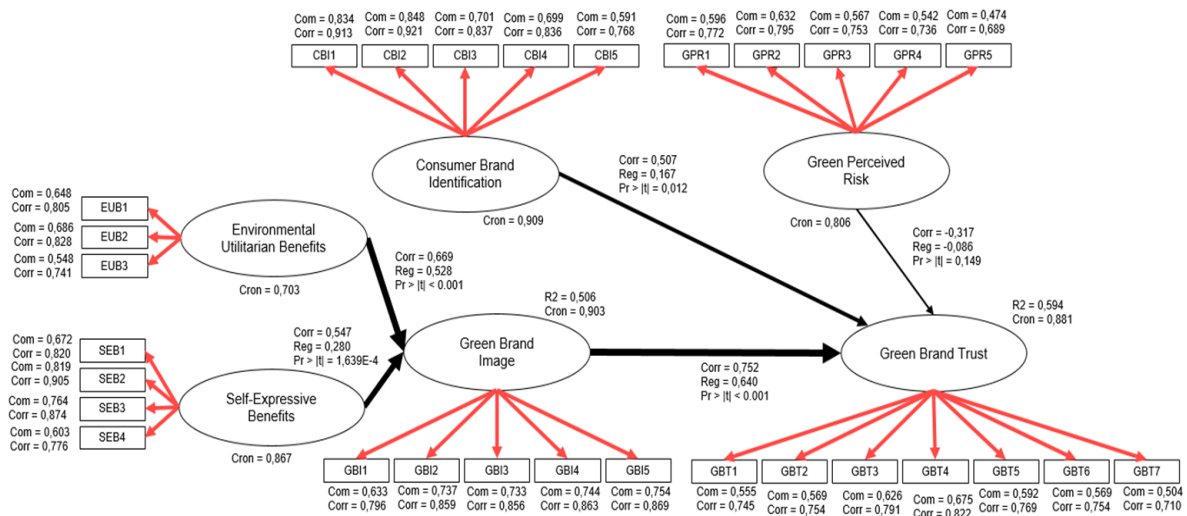


Figure 2. Results of PLS-SEM (own illustration)

All values exceed their cut-off points; that is .60 for loadings, .70 for Cronbach's alpha and composite reliability D.G. rho, and .55 for AVE (Hair et al., 2017; Sääksjärvi & Samiee, 2011). The results reveal that all thresholds regarding the reflective manifest variables surpassed the required numbers.

In sum, the loadings Λ were predominantly high ranging between .689 and .921. The composite reliability of ρ_c is around .9 for SEB, GBI, CBI and GBT. A little bit less did EUB (.835) and GPR (.866) achieve, but are still proved reliable. Looking at Cronbach's alpha α the ranging is similar except of these values are a bit less than the ones of ρ_c .

The communalities (AVE) indicate how strongly which factor contributes to the variance explanation of each individual variable. Results showed that AVE for EUB, GPR and GBT are rather weak, exceeding the cut-off point just above the required .55, while CBI, GBI and SEB showed a stronger value reaching over .70. Still, the outer model can be considered as valid.

Following the Fornell-Larcker Criterion the square root of the AVE of each construct have to exceed the construct's highest correlation of all other construct in the model to show that there is a proofed discriminant validity (Hair et al., 2017).

4.1 Structural model and hypotheses assessment

The results of the GBT model depicted that an acceptable part of the variance of the endogenous LVs could be explained by the model.

Four out of five hypotheses in total were supported. table 1 shows the results of path analysis for this study. Both EUB ($\beta = .528$; $p = .001$) and SEB ($\beta = .280$; $p = .0001$)

positively influence GBI, but a nearly twice stronger influence can be observed with the LV EUB than SEB. Thus, H1 and H2 are supported. GBI has a strong impact on GBT ($\beta = .640$; $p = .001$), while there was a rather weak relation between CBI and GBT ($\beta = .167$; $p = .012$). Despite this, both H3 and H4 are supported. However, the relation between GPR and GBT was not supported since the significant level is above the threshold ($\beta = -.086$; $p = .149$).

Hypotheses	Structural relationships	Path coefficient β	Results
H1	EUB \rightarrow GBI	.528*	supported
H2	SEB \rightarrow GBI	.280*	supported
H3	GBI \rightarrow GBT	.640*	supported
H4	CBI \rightarrow GBT	.167*	supported
H5	GPR \rightarrow GBT	-.086	not supported

*Note: *Pr>|t| < 0.05*

Table 1. Evaluation of hypotheses GBT (own illustration)

4.2 Discussion

For managers in the natural cosmetic business with their target group in middle Europe this study shows that building up a trusting relationship towards environmental-conscious consumers is especially effective by fostering GBI, which aligns with identity-based brand identity theory. Since GBI is a multi-layered construct, the best way considered, based on study results, is to increase EUB. Other variables such as SEB and CBI are considered useful as well, but a huge amount of effort and resources have to be put in, which is highly cost-intensive. To achieve relatively spoken quick and controllable results from the inside of the company, it is suggested to focus on the functional value propositions concerning EUB. Nevertheless, emotional, identity-forming actions are important as well. On the long run, they provide strong competitive advantage since they are part of the constructs of SEB, CBI and GBI. Moreover, from the perspective of identity-based marketing, both value propositions - functional and emotional - are indispensable in order to create an adequate brand identity and thus brand image on the one hand and to build consumer trust on the other. Thus, by strengthening EUB and the existing reciprocal relationships to brand identity and image, synergy effects can be used and indirect influence can be exerted on the non-functional level through EUB. Although the influence of GPR on GBT is proven not to be significant in this study, it is recommended to still consider risk awareness of consumers throughout all green brand marketing actions.

It is thus recommended to focus natural cosmetics marketing activities on GBI and particularly functional environmentally friendly product attributes in the middle European market to build up brand trust of environmental-conscious consumers towards green brands.

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