PERCEPTIONS AND IMPLICATIONS OF ETHICAL BRANDING IN E-COMMERCE: A CONSUMER PERSPECTIVE

[1]Ms. Suvarna Raikar and [2*]Dr. G Ramesh
[1]Employee of L.S.Raheja College of Arts and Commerce and Research Scholar from St. Francis Institute of Management and Research
[2]St. Francis Institute of Management and Research

ABSTRACT

"Ethics is knowing the difference between what you have a right to do and what is right to do" - Potter Stewart

The purpose of this paper is to understand and analyze consumer perception on Ethical branding in E-commerce business. The rise of ethical branding in E-commerce is immensely influencing consumer behavior, demonstrating an increasing trend towards socially responsible patterns of consumption. The study explores consumer perceptions on ethical branding and its implications within the online marketplace.

The research further examines awareness and understanding levels of consumer on ethical branding in e-commerce. The research explores the familiarity of respondents towards ethical branding and their perception on the significance of ethical practices. Through a comprehensive analysis of responses, the study identifies the key factors that contribute to influence consumer purchase intentions and behaviors on ethical branding in e-commerce. The study further tries to highlight the positive influence of ethical branding on consumers that can enhance the trust on e-commerce brands. The study also aims at emphasizing on the fact that consumers perceive ethical branding can accelerate the brand value of a brand indicating the role of ethics in today's digital world.

Keywords: Ethical branding, Consumer perception, E-commerce, Purchase Intentions, Brand Value

OBJECTIVES

- To examine Consumer Awareness and Understanding of Ethical Branding in E-Commerce.
- To analyze the Influence of Ethical Branding on Consumer Purchase Intentions and Behavior in E-Commerce
- To assess the Impact of Ethical Branding on Brand Value of E-Commerce

RESEARCH METHODOLOGY

Research Design: The research employs mixed approach including both descriptive and exploratory in nature.

Data Sources: The study includes data from both primary and secondary sources. Primary data is collected using a structured questionnaire. Secondary data was gathered from various sources, including websites, journals, and articles.

Sampling method: The convenience sampling method was used for collecting primary data through a structured questionnaire directed to a sample of 71 respondents from Mumbai.

Data Analysis: The survey data was analyzed using descriptive statistics to summarize and describe the data collected. Measures of frequency distribution, mean, median and mode, standard deviation, sample variance, kurtosis and skewness.

SIGNIFICANCE OF THE STUDY

The study aims at understanding the consumer perceptions and implication of ethical branding in e-commerce. It also explains the level of awareness and understanding of consumers about ethical branding in e-commerce. The study will further help to explore the influence of ethical branding on consumer purchase intentions and behaviours. Understanding and exploring the perceptions and implications of ethical branding will direct e-commerce businesses to manage and implement suitable brand management strategies so as to achieve long-term objectives. The study further can be extended to brick-and-mortar business models in the future as ethical branding is a universal concept applicable to all streams and areas of business either online or offline.

The study aims to understand consumer perceptions and the implications of ethical branding in e-commerce. It examines the level of awareness and comprehension consumers have regarding ethical branding in the online marketplace. Additionally, the research explores how ethical branding influences consumer purchase intentions and behaviors. By investigating these perceptions and implications, the study provides valuable insights that can

guide e-commerce businesses in developing and implementing effective brand management strategies to achieve long-term goals. The findings may also be applicable to brick-and-mortar business models in the future, as ethical branding is a universal concept relevant to all types of businesses, whether online or offline.

Literature Review

➢ Alwi, Sharifah & Ali, Sulaiman & Nguyen, Bang. (2017). The study highlights the vital role of ethics in branding. It explores how ethical branding facilitates between a company's reputation and loyalty. The study reveals that the company with strong ethical branding not only boosts its reputation among consumers but also accelerates consumer brand loyalty to a higher level. The research emphasizes that the ethical practices significantly impact consumer perceptions and behaviors towards brands. The findings demonstrate that a brand functional and emotional values such as product quality, perceived price and service quality affect the company's reputation influencing ethical branding practices.

➢ Sharma, Gajendra & Lijuan, Wang. (2014). The research investigates the diverse factors that influence trust and privacy of consumer on e-commerce platforms. It also identifies various ethical factors that impact consumers perceptions towards buying from e-commerce sites. The findings revealed that the ethical demonstrations of e-commerce companies will facilitate rise in trust among consumers which in turn will improve long term commitment and loyalty for the brand. The study suggested security and privacy are the two major driving forces that lead to consumers develop trust on digital platforms.

➢ Adam, Avshalom & PhD, Avshalom & Sadeh, Arik. (2007). The study explores the significance of ethical factors and its impact on consumers' willingness to purchase online. The study further investigates factors considered by consumers, one is commercial factors (pricing and quality aspects), and other is ethical factors (privacy and security, accountability and accurate product description). The study although reflects on the positive impact of ethical considerations on consumers buying behavior, the findings underscore the adherence to ethical practices by online marketers to attract and retain e-consumers.

INTRODUCTION & BACKGROUND

Meaning of Ethical Branding

Ethical branding refers to the practice of prioritizing and promoting ethical principles and values in businesses. This involves exhibiting socially responsible and morally acceptable actions. Ethical branding ensures practicing positive actions that leads to minimal detrimental effect to public and environment. The Ethical branding also leads to changing perceptions of consumers and considering buying products and services from the marketers who follow moral principles and ethics. This also involves displaying transparency, honesty and social responsibility in all aspects of business. In this digital age, consumers are gradually being more conscious and demanding for the products and services form the marketers that contribute towards sustainable ways of doing business. Ethical branding in business refers to being further responsible and causing no harm towards public, society, environment etc. It refers to build strategies and values that is ethically and morally acceptable by consumers and the society at large.

One of the significant aspects of ethical branding is maintaining transparency. This means the marketers exhibit honesty and sincerity in sharing detailed information about their products and services. This involves information on the materials used, quality details,

Another significant aspect of ethical branding is social responsibility. This involves considering the impact of the company's operations on people, environment and society. The marketers need to implement practices that minimize the negative effects and promote sustainable ways of undertaking business.

Ethical branding also involves treating and considering all stakeholders of business with fairness, respect and equality. The stakeholders include customers, employees, suppliers, creditors, general public, government, investors etc. A fair and constructive business practices are needs to be promoted and displayed by the marketers.

Overall, ethical branding is crucial for building trust and confidence with consumers and creating a positive reputation for a company. By demonstrating a commitment to ethical principles and values, businesses can attract and retain customers who value transparency, social responsibility, and fairness. By following ethical branding practices, a company can set apart its image from its competitors and lead to long-term success. Ethical branding not only builds better reputation but also helps to attain consumer trust and loyalty with positive word of mouth.

ETHICAL BRANDING IN E-COMMERCE

Even though we live in a digital era fueled with technology all across, customers may express a dilemma of trusting from an online marketplace as compared to physical store. Thus, it is vital for online marketers to exhibit ethical practices so as to gain the trust and loyalty of customers. Ethical branding in E-commerce helps to combine the company's values and principles along with its business operations to maintain its brand identity.

Ethical branding in E-commerce leads to responsible practices that aligns business operations with social responsibility demonstrating positive effects and minimize harm to people and environment.

Some of the core values and principles of ethical branding practices in E-commerce could be:

Sustainable Development: Using materials that are eco-friendly, easily recyclable, and biodegradable so as to reduce the negative impact on environment and its resources. Brands need to emphasize their commitment towards environment and its resources.

Transparent Communication: Maintaining and corresponding adequate and clear information to all the stakeholders as and when required is the key to gaining trust among customers.

Honest marketing: Accurately demonstrating the facts and information about the products and services will help retain positive customer relationships. Deceptive, false and misleading claims will affect the credibility of business.

Protecting Customer Privacy: Protecting customer privacy and confidentiality is of utmost priority for businesses. Any breach of the same shall impact on the credibility and image of the brand significantly. Prioritize customer to be the first and last chain of any business operations.

Fair trading practices: Demonstrating fair trade practices signifies brands commitment towards social responsibility. It also establishes a positive and respectable image in the consumers mind changing their attitudes and perceptions towards a company.

Empowering and educating consumers: Consumers are the deciders in todays digital age. Their views and knowledge about the products and services are most valued and considered in the online marketplace. Hence empowering them with required information will help build trust and confidence amongst consumer groups.

Social Initiatives: Brands that participate and contribute towards social causes develop a lasting and positive image in the market. Contribution to education, healthcare, environment conservation, people welfare activities help to foster goodwill and respect from all the stakeholders.

In today's digital era, consumers expect companies to display rightful and correct image of their brand that benefits all the consumers as well as the society at large. By adopting ethical practices, brands can accelerate their growth and success, meanwhile building trust, fostering customer loyalty and gaining a competitive advantage over their competitors in the online marketplace.

DATA ANALYSIS AND INTERPRETATION

This section gives the demographic details of the respondents of the survey.

Table 1: Profile of the respondents

Particulars	Frequency (N=71)	Percentage
Gender		
Female	40	56.3%
Male	31	43.6%
Age (in years)		
Up to 24	26	36.6%
25 to 35	16	22.5%
36 to 46	22	30.9%
47 to 56	5	7%
Above 56	2	2.8%

Source: Survey Data

Table 1 shows that there is an unequal distribution of females and males amidst the respondents. Majority of the respondents are in the age group of up to 24 followed by 36 to 46 years.

Table 2: Channels Used for Shopping

Channel	Frequency	Percentage based on number of respondents
Both	65	92%
Offline	4	5%
Online	2	3%

Source: Survey Data

Table 2 indicates that out of the total sample size, the majority of respondents (65) use both online and offline channels for their shopping needs. A smaller number of respondents (4) use offline channels and even smaller (2) use only online channels. The results indicates that the respondents prefer to optimize both the online and offline channels, helping them to avail the best of products and services from both platforms.

Table 3: Familiarity with the concept of Ethical Branding in E-commerce

Familiarity Scale	Frequency	Percentage based on number of respondents
Very familiar	17	24%
Somewhat familiar	35	49%
Neutral	16	23%
Somewhat unfamiliar	2	3%
Very unfamiliar	1	1%

Source: Survey Data

Table 3 highlights the respondent's familiarity with the concept of Ethical branding in E-commerce. As per the study, out of the total 71 respondents surveyed, 49% of the respondents are Somewhat familiar with the ethical branding concept, and about 24% of the respondents are Very familiar, followed by 23% being Neutral about their familiarity. Respondents who are not familiar or unfamiliar falls in the range of 3% and 1% which indicates that majority of the sampled respondents are aware and familiar with Ethical branding concept E-commerce. The results provide an overview of respondents having an understanding of ethical practices that may be considered and influence their decisions while purchasing from online market places.

Table 4: Importance of Ethical Branding in E-commerce

Scales	Frequency	Percentage based on number of respondents
1-Not important at all	Nil	0
2-Slightly important	1	1%
3-Moderately important	16	22%
4-Very important	19	27%
5- Extremely important	35	49%

Source: Survey Data

The Table 4 contains statistical data on how important respondents think ethical branding is for e -commerce companies rated on a scale of 1 to 5. From the data significant majority of respondents 35% consider ethical branding to be 'Extremely important' and 27% rating it as 'Very important'. 22% of the respondents consider ethical branding as 'Moderately important' acknowledging ethical branding as less critical but still consider it important. Only 1% of respondent rated as 'Slightly important' whereas, there are no respondents who view ethical branding as 'Not important at all'. The overall survey results reinforces the importance of ethical branding for E-commerce companies.

Table 5: Descriptive Statistics of Data (Importance of Ethical Branding in E-commerce)

Mean	Median	Mode	Standard Deviation	Sample Variance	Kurtosis	Skewness
4.239	4	5	0.852	0.727	-0.937	-0.629

Range	3
Minimum	2
Maximum	5
Count	71

Table 5 show the high mean, median, and mode values indicate that the majority of respondents surveyed

consider ethical branding to be very important for e-commerce companies. The moderate standard deviation and sample variance indicate that while maximum respondents agree on the importance, there is some variability in the degree of importance they assign. The negative skewness and kurtosis suggest that there is a tendency towards higher ratings, with relatively few with very low ratings. Thus, the data implies that there is strong consensus among respondents that ethical branding is vital for e-commerce companies.

Table 6: Brand engaged in Ethical Branding are Trustworthy

Particulars	Frequency	Percentage based on number of respondents
Yes	47	66%
No	2	3%
Maybe	22	31%

Source: Survey Data

Table 6 highlight the respondents' belief that brands that engage in ethical practices are more trustworthy than those that do not. The findings of the study shows that a substantial majority of the respondents (66%) perceive brands that engage in ethical practices as more trustworthy. The higher favorable response suggests a strong preference for ethical branding. However, with the 31% of respondents being uncertain, indicates even though ethical branding is vital, there are also other factors that determines brands trustworthiness among consumers.

Table 7: Trust a Brand based on the specific Ethical Claims

Ethical Claims	Frequency	Percentage based on number of respondents
Company website information	39	39%
Third-party certifications	31	31%
Customer reviews	77	77%
Visible impact of ethical practices	57	57%
Social media presence	23	23%
Celebrity endorsements	8	8%

Source: Survey Data

N=100 Multiple Response Rate (MRR)= 235/100= 2.35

Table 7 shows the respondents perceived trust on a brand based on specific ethical claims. The respondents were asked to check out from the specific ethical claims mentioned. According to the MRR=2.35, each respondent has checked out a minimum of 2 boxes. The most preferred ethical claim to trust an e-commerce brand is from Customer reviews (77%) followed by Visible impact of ethical practices (57%) and then Company website information (39%) along with Third-party certifications (31%). The fewer respondents selected Social media presence (23%) and even more fewer selected Celebrity endorsements (8%). The data indicates that customers trust and belief customer reviews to learn about the ethical claims made by the e-commerce companies, while the results also indicate that celebrity endorsements are not adequate to make customers trust a brand.

Table 8: Perception of the Brand Value of an E-commerce company that practices Ethical Branding

Perception of the Brand Value	Frequency	Percentage based on number of respondents
Much Higher	21	29%
Higher	41	58%
Same	9	13%
Lower	Nil	0
Much Lower	Nil	0

Source: Survey Data

Table 8 shows the perception of respondents with respect to the brand value of an e-commerce company that practices ethical branding. The findings of the study reveals that the majority of respondents (58%) perceive the brand value of an e-commerce company that practices ethical branding as "Higher", while other 29% respondents perceive "Much higher". This indicates the respondent's strong positive perception towards ethical branding. The minority set of respondents (9%) indicate they are indifferent towards any change in the brand value due to ethical branding.

The respondents with substantial majority suggest that they view an e-commerce brand value upraises due to following ethical branding practices. No respondents perceive the brand value to be "Lower" or "Much lower". This signifies that ethical branding does not undermine the brand value perception of respondents, emphasizing the idea that practicing ethical branding will either be beneficial or same but not does not reduce the brand value of e-commerce company.

MANAGERIAL IMPLICATION

The findings of the study have several critical managerial implications for e-commerce businesses. By implementing these strategies e-commerce businesses can fulfill ethical expectations and help their businesses to achieve their objectives.

Maintain transparency: E-commerce businesses should ensure to share detailed information about the products and services they offer.

Highlight Ethical practices: E-commerce companies should highlight the ethical practices that they follow through marketing campaigns. Companies should emphasize fair trade practices, sustainability, social initiatives etc which can help attract ethically conscious customers.

Display Customer testimonials and reviews: Customers rely on other customer reviews to verify claims of companies, hence promoting and displaying customer reviews and testimonials can help instill trust amongst customers.

Third-Party Certifications: Procuring third-party certifications from recognized authorities for ethical practices and displaying the same can further strengthen customer trust. Certifications validate the claims made by the companies.

Ethical Sourcing: The companies should ensure to follow sustainable sourcing for their products and services. It includes using eco-friendly materials, fair trade and labour practices, reducing environmental impact through sustainable development.

Social initiatives: E-commerce companies should ensure to contribute to various social causes that will display their social responsibility towards society and people. Social contributions to healthcare, education, environment protection, welfare activities will leave a strong positive impact on customers and also will gain positive image for the company.

CONCLUSION

The awareness on ethics amongst customers is a major challenge for the marketers to withstand customer trust and loyalty. The rise of ethical branding is reflecting an increasing trend for e-commerce companies driving towards socially responsible practices in business. Ethical branding is thus significantly influencing consumer behavior on a larger scale. The study explores the consumer perception and understanding of ethical practices and its impact on their trust and loyalty within the online marketplace. The findings of the study reveal that consumers are familiar with the concept of ethical branding and consider ethical practices as critical determinant for e-commerce business. Another aspect of the findings revealed that customer reviews play a significant role in determining the trust on an e-commerce brand, meanwhile the study underscores the inadequacy of the celebrity endorsements for trusting a brand. Additionally, the findings also illustrated on the perception of respondents, that the brand value of an e-commerce brand significantly enhances by practicing ethical branding.

The research offers valuable insight for e-commerce companies aiming to enhance their brand value by promoting ethical branding. These findings will also broaden the horizon in understanding the factors that influence consumer perception towards ethical branding and also will help build branding strategies that will instill trust amongst consumers and guide towards building sustainable growth practices in business.

BIBLIOGRAPHY

- Alwi, Sharifah & Ali, Sulaiman & Nguyen, Bang. (2017). The Importance of Ethics in Branding: Mediating Effects of Ethical Branding on Company Reputation and Brand Loyalty. Business Ethics Quarterly. Forthcoming. 10.1017/beq.2017.20.

- Fan, Ying. (2005). Ethical branding and corporate reputation. Corporate Communications: An International Journal. 10. 10.1108/13563280510630133.

- Sharma, Gajendra & Lijuan, Wang. (2014). Ethical perspectives on e-commerce: An empirical investigation. Internet Research: Electronic Networking Applications and Policy. 24. 10.1108/IntR-07-2013-0162.

- Limbu, Yam & Wolf, Marco & Lunsford, Dale. (2011). Consumers' perceptions of online ethics and its effects on satisfaction and loyalty. Journal of Research in Interactive Marketing. 5. 71-89. 10.1108/17505931111121534.

- Arjoon, Surendra & Rambocas, Meena & Student, Phd. (2011). Ethics and Customer Loyalty: Some Insights into Online Retailing Services. International Journal of Business and Social Science. 2.

- Harris, Lisa & Spence, Laura. (2002). The Ethics of eBanking.. J. Electron. Commerce Res.. 3. 59-66.

- Turban, Efraim & Outland, Jon & King, David & Lee, Jae & Liang, Ting-Peng & Turban, Deborrah. (2018). E-Commerce: Regulatory, Ethical, and Social Environments. 10.1007/978-3-319-58715-8_15.

- Hunt, Shelby. (2018). The ethics of branding, customer-brand relationships, brand-equity strategy, and branding as a societal institution. Journal of Business Research. 95. 10.1016/j.jbusres.2018.07.044.

- Lu, Long-Chuan & Chang, Hsiu-Hua & Yu, Shih-Ting. (2013). Online shoppers' perceptions of e-retailers' ethics, cultural orientation, and loyalty: An exploratory study in Taiwan. Internet Research: Electronic Networking Applications and Policy. 23. 10.1108/10662241311295773.

- Adam, Avshalom & PhD, Avshalom & Sadeh, Arik. (2007). Do Ethics Matter to E-Consumers?. Journal of Internet Commerce. 6. 19-34. 10.1300/J179v06n02_03.