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**“A Study on Credibility of ESG Communication and Its Impact on
Consumer Trust and Brand Loyalty”**

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ABSTRACT

The purpose of this research is to evaluate the credibility of Environmental, Social, and Governance (ESG) communication and its impact on consumer trust and brand loyalty. In today's competitive and socially conscious business environment, companies must not only deliver quality products but also demonstrate responsible practices. This study involves measuring different aspects of ESG communication such as transparency, authenticity, avoidance of greenwashing, and consumer perceptions of trust. A mixed-methods design was used, involving quantitative surveys of 86 respondents and qualitative interviews. Results show that while consumers are increasingly aware of ESG practices, skepticism exists due to misleading claims. Findings reveal that credible ESG communication significantly enhances consumer trust, which in turn fosters brand loyalty.

The research identifies the most important factors affecting consumer loyalty and provides actionable recommendations for organizations to improve ESG communication strategies. The findings offer relevant implications to marketers and practitioners to enhance credibility, ultimately leading to consumer trust and long-term brand loyalty.

1. INTRODUCTION

With the highly competitive and socially aware marketplace of today, credibility in ESG communication is more crucial than ever. As organizations across industries attempt to position themselves as sustainable and ethical, continuous evaluation of how consumers perceive ESG claims is essential for maintaining trust and loyalty.

This study is intended to measure consumer perceptions of ESG communication credibility on the basis of important areas such as transparency, authenticity, avoidance of greenwashing, and trust-building. The results will determine the strengths of organizations in meeting consumer expectations and highlight areas of improvement.

By focusing on what matters most to consumers, companies can enhance their communication strategies, provide services more effectively, and form stronger emotional bonds with their audience. This research will help organizations strengthen their image as socially responsible brands and fuel long-term growth in the increasingly consumer-centric market.

2. REVIEW OF LITERATURE

1.Kimetal.(2021)

The study examined the impact of greenwashing perceptions on consumer behavior. The findings revealed that green trust plays a significant mediating role between sustainability claims and consumer purchase decisions. The study concluded that credible sustainability communication is essential for building trust and encouraging long-term customer relationships.

2.Bharadwaj(2021)

This study explored how sustainability and ESG-related communications influence corporate brand perceptions. The author found that transparent and consistent ESG communication positively affects consumer attitudes, brand image, and behavioral intentions toward organizations.

2022

3.Kohetal.(2022)

The study investigated the influence of perceived ESG initiatives on consumer attitudes. The findings showed that brand credibility, brand image, and perceived quality significantly mediate the relationship between ESG perceptions and consumer attitudes. The study emphasized the importance of credible ESG communication in strengthening brand evaluation.

3. RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY:

- To determine the major determinants that impact consumer trust in ESG communication.
- To analyze consumer perceptions across different dimensions such as transparency, authenticity, and greenwashing.
- To assess the overall level of consumer trust and loyalty influenced by ESG communication.
- To examine the role of credibility in shaping consumer attitudes and purchase behavior.

HYPOTHESIS:

H0: There exists no meaningful association between ESG communication credibility and consumer trust.

H1: A meaningful positive correlation exists between ESG communication credibility and consumer trust.

NEED OF THE STUDY

In the fiercely competitive business environment of today, **consumer trust and brand loyalty** are no longer driven solely by product quality, pricing, or service delivery. Instead, they are increasingly shaped by how organizations communicate their commitment to **Environmental, Social, and Governance (ESG)** practices. With rising awareness of sustainability and ethical business conduct, consumers expect companies to demonstrate responsibility not only in their operations but also in their communication strategies.

PURPOSE OF THE STUDY

The purpose of this research is to evaluate how the credibility of ESG communication influences consumer trust and brand loyalty. It aims to understand whether transparent and authentic ESG disclosures positively shape consumer perceptions and strengthen long-term relationships with brands. The study also seeks to

highlight the risks of misleading communication, such as greenwashing, and provide insights for organizations to design effective, trustworthy ESG strategies that build confidence and loyalty among consumers.

LIMITATIONS OF THE STUDY

1. The study is limited to consumer perceptions regarding ESG communication and may not fully represent the actual ESG performance of organizations.
2. The research is based on responses collected from a limited sample size, which may not represent the opinions of the entire population.
3. Consumer perceptions and attitudes may vary over time due to changes in market trends, social awareness, and business practices.

RESEARCH DESIGN

The study follows a descriptive research design to examine how the credibility of ESG communication influences consumer trust and brand loyalty. It focuses on analyzing consumer perceptions of transparency, authenticity, and the risks of greenwashing, while also exploring how trust acts as a mediator between communication and loyalty. Both quantitative and qualitative approaches are applied, combining statistical analysis with consumer insights to provide a holistic view of how credible ESG communication shapes attitudes and strengthens long-term brand relationships.

DATA COLLECTION METHOD

1. **Customer Trust Theory:** Focuses on how credibility in communication builds confidence and strengthens consumer relationships.
2. **Expectation–Confirmation Theory:** Suggests that consumer trust is influenced by the confirmation or disconfirmation of ESG claims made by organizations.
3. **Communication Credibility Model:** Evaluates credibility based on dimensions like transparency, authenticity, reliability, and consistency.

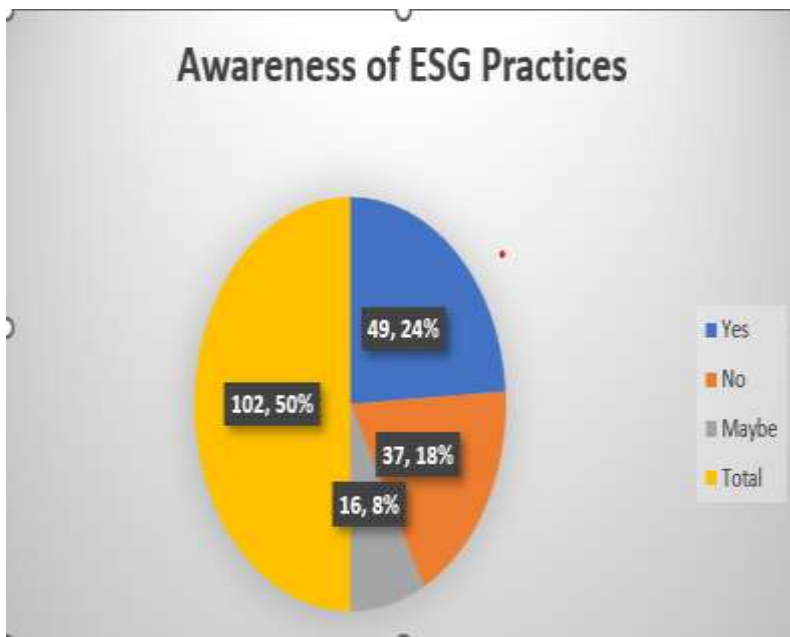
Population and Sample: 102

Data Analysis Techniques: Chi-square test

4. RESULT/FINDINGS

Are you aware of companies adopting ESG (Environmental, Social, Governance) practices?

Response	Respondents	Percentage
Yes	49	48.0%
No	37	36.3%
Maybe	16	15.7%
Total	102	100%

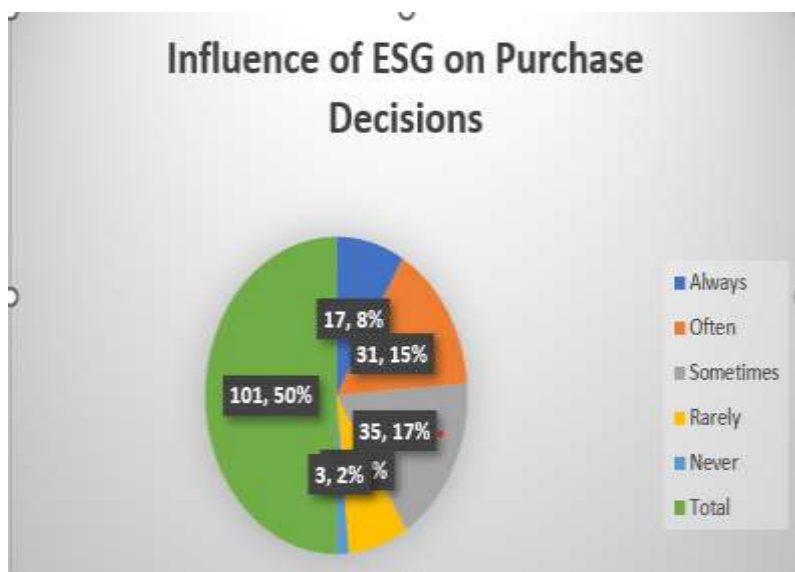


Interpretation

The above table shows the level of awareness among respondents regarding companies adopting ESG (Environmental, Social, and Governance) practices. A majority of respondents, **49 (48.0%)**, indicated that they are aware of companies implementing ESG practices. Meanwhile, **37 respondents (36.3%)** reported that they are not aware of such practices, and **16 respondents (15.7%)** were uncertain. The findings suggest that nearly half of the respondents possess awareness of ESG initiatives, indicating a moderate level of public familiarity with ESG-related activities among companies. This awareness is important in understanding how ESG communication influences consumer trust and brand loyalty.

5.How often do ESG practices influence your purchase decisions?

Response	Respondents	Percentage
Always	17	16.8%
Often	31	30.7%
Sometimes	35	34.7%
Rarely	15	14.9%
Never	3	3.0%
Total	101	100%

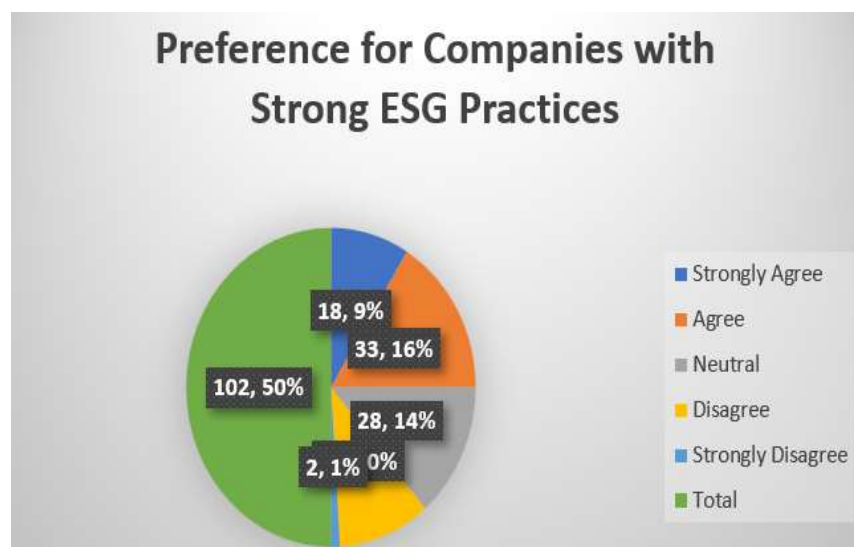


Interpretation

The above table shows the extent to which ESG (Environmental, Social, and Governance) practices influence respondents' purchase decisions. Most respondents (34.7%) stated that ESG practices **sometimes** influence their buying decisions, followed by 30.7% who reported being **often** influenced. Meanwhile, 16.8% are **always** influenced, 14.9% are **rarely** influenced, and only 3.0% are **never** influenced. These findings indicate that ESG practices have a moderate influence on the purchasing behavior of most consumers.

6. Would you prefer buying from a company known for strong ESG practices?

Response	Respondents	Percentage
Strongly Agree	18	17.6%
Agree	33	32.4%
Neutral	28	27.5%
Disagree	21	20.6%
Strongly Disagree	2	1.9%
Total	102	100%



Interpretation

The above table shows respondents' preference for buying from companies known for strong ESG practices. A majority of respondents (32.4%) agree that they prefer such companies, while 17.6% strongly agree. Additionally, 27.5% remain neutral, whereas 20.6% disagree and only 1.9% strongly disagree. The findings indicate that consumers generally show a positive preference toward companies with strong ESG practices.

7. Are you willing to pay more for products from companies with good ESG practices?

Response	Respondents	Percentage
Yes	31	30.4%
No	47	46.1%
Maybe	24	23.5%
Total	102	100%



Interpretation

The above table shows respondents' willingness to pay more for products from companies with good ESG practices. A majority of respondents (46.1%) indicated No, suggesting that they are not willing to pay a higher price based solely on ESG practices. Meanwhile, 30.4% responded Yes, and 23.5% selected Maybe. The findings indicate that although ESG practices are valued by consumers, price remains an important factor in their purchasing decisions.

8. Which ESG factor influences your decision the most?

ESG Factor	Respondents	Percentage
Environmental (Eco-friendly, Sustainable)	14	13.7%
Social (Employee Welfare, Community Support)	38	37.3%
Governance (Ethical Practices, Transparency)	28	27.5%
All Equally	17	16.7%
None	5	4.9%
Total	102	100%



Interpretation

The chart shows that Social factors (37.3%) have the greatest influence on consumers' decisions, followed by Governance factors (27.5%). About 16.7% of respondents consider all ESG factors equally important, while 13.7% prioritize environmental factors. Only 4.9% stated that ESG factors do not influence their decisions. This indicates that social responsibility and ethical business practices are the most important ESG considerations for consumers.

Statistical tools for analysis

HYPOTHESIS

Impact of ESG Communication Credibility on Consumer Trust and Brand Loyalty

Impact	Respondents	Percentage
To a great extent	28	24.8%
To a moderate extent	46	40.7%
To some extent	27	23.9%
To a small extent	9	8.0%
Not at all	3	2.6%
Total	113	100%

Chi square calculation

Impact	OBSERVED VALUE (O)	EXPECTED VALUE (E)	$X^2 = (O-E)^2/E$
To a great extent	28	22.6	1.29
To a moderate extent	46	22.6	23.53
To some extent	27	22.6	0.85
To a small extent	9	22.6	8.18
Not at all	3	22.6	17.09
Total			50.94

Result Comparison

x^2 table value	x^2 calculated value
9.488	50.94

Decision

Decision H_0 Rejected H_1 Accepted

As table value is less than calculated value, we reject H_0 (null) and accept H_1 (alternative).

Note

- X^2 = Chi-square
- O = Observed value
- E = Expected value
- Formula: $(O - E)^2 / E$

- Degree of freedom = 4
- Significance level = 0.05

Hypotheses

- Null Hypothesis (H_0): There is no significant relationship between ESG communication credibility, consumer trust, and brand loyalty.
- Alternative Hypothesis (H_1): There is a significant relationship between ESG communication credibility, consumer trust, and brand loyalty.

Chi-Square Values

- Chi-Square Calculated Value (χ^2): 50.94
- Chi-Square Table Value ($df = 4, \alpha = 0.05$): 9.488

Decision Rule

If χ^2 calculated $>$ χ^2 table $\rightarrow$ Reject H_0

CONCLUSION

The study concludes that credible ESG communication plays a vital role in building consumer trust and fostering brand loyalty. Transparency and authenticity in communication strengthen positive perceptions, while misleading claims risk damaging confidence. Organizations must focus on genuine ESG practices and clear communication to sustain long-term relationships with consumers.

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