

THE INFLUENCE OF CUSTOMER PERCEIVED ETHICALITY AND BRAND TRUST ON PURCHASE INTENTION AT THE BODY SHOP INDONESIA

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Abstract:

This study aims to analyze the influence of Customer Perceived Ethicality (CPE) and Brand Trust on Purchase Intention among The Body Shop Indonesia consumers. The ethical and sustainability-based beauty industry is growing, but there is still a research gap regarding the extent to which consumer ethical perceptions of brands and brand trust influence purchase intentions in the Indonesian market, especially amidst increasing consumer awareness of environmental and social issues. This study uses a quantitative approach with a survey method of 200 respondents who are The Body Shop Indonesia consumers in the Medan area. The sampling technique uses purposive sampling. Data were analyzed using Structural Equation Modeling (SEM) with the help of SmartPLS 4.0 software. The results show that Customer Perceived Ethicality has a positive and significant effect on Purchase Intention ($\beta = 0.412$; $p < 0.001$), and Brand Trust has a positive and significant effect on Purchase Intention ($\beta = 0.358$; $p < 0.001$). Simultaneously, CPE and Brand Trust are able to explain 54.3% of the variance in Purchase Intention. These findings imply that companies need to consistently communicate ethical commitments and build strong brand trust to drive consumer purchase intentions.

Keywords: Customer Perceived Ethicality, Brand Trust, Purchase Intention, The Body Shop, Marketing Ethics

Abstrak :

Penelitian ini bertujuan untuk menganalisis pengaruh Customer Perceived Ethicality (CPE) dan Brand Trust terhadap Purchase Intention pada konsumen The Body Shop Indonesia. Industri kecantikan berbasis etika dan keberlanjutan semakin berkembang, namun masih terdapat kesenjangan penelitian mengenai sejauh mana persepsi etis konsumen terhadap merek dan kepercayaan merek memengaruhi niat beli di pasar Indonesia, khususnya di tengah meningkatnya kesadaran konsumen akan isu lingkungan dan sosial. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei terhadap 200 responden yang merupakan konsumen The Body Shop Indonesia di wilayah Medan. Teknik pengambilan sampel menggunakan purposive sampling. Data dianalisis menggunakan Structural Equation Modeling (SEM) dengan bantuan software SmartPLS 4.0. Hasil penelitian menunjukkan bahwa Customer Perceived Ethicality berpengaruh positif dan signifikan terhadap Purchase Intention ($\beta = 0,412$; $p < 0,001$), dan Brand Trust berpengaruh positif dan signifikan terhadap Purchase Intention ($\beta = 0,358$; $p < 0,001$). Secara simultan, CPE dan Brand Trust mampu menjelaskan 54,3% varians Purchase Intention. Temuan ini mengimplikasikan bahwa perusahaan perlu secara konsisten mengkomunikasikan komitmen etis dan membangun kepercayaan merek yang kuat untuk mendorong niat beli konsumen.

Kata Kunci: Customer Perceived Ethicality, Brand Trust, Purchase Intention, The Body Shop, Etika Pemasaran

1. Introduction

The ethically-based beauty and personal care industry has seen significant growth over the past decade. Modern consumers consider not only product quality but also a company's business practices, including environmental responsibility, animal policies, and the social impact of its operations. This growing consumer awareness of ethical issues has led to a perception called Customer Perceived Ethicality (CPE), which is a consumer's subjective assessment of a brand's ethical commitment.

The Body Shop, a global beauty brand that has long identified itself as a pioneer in values-led business, faces increasing pressure to consistently demonstrate its ethical commitment to consumers. In Indonesia, the brand operates in a dynamic market with young consumers increasingly aware of sustainability issues. However, the current phenomenon indicates a gap between consumer ethical awareness and actual purchasing decisions. Nielsen data (2023) noted that 66% of Indonesian consumers stated they were willing to pay more for products from brands committed to social and environmental values, but the conversion rate to actual purchases remains relatively low, at only around 38%.

The research gaps identified in this study are: (1) There is still a lack of research that simultaneously examines the role of CPE and Brand Trust on Purchase Intention in the Indonesian market context, especially in the ethical beauty product category; (2) Most previous research was conducted in Western countries with consumer characteristics that are culturally different from Southeast Asian consumers; and (3) There has been no specific research that examines these two variables on The Body Shop brand in Indonesia post-pandemic, even though there has been a significant shift in consumer behavior and priorities since 2020.

The problematic phenomena underlying this research include: first, The Body Shop's annual report (2023) shows a 12% decline in sales in the Asia Pacific region despite continued investment in ethics and sustainability programs; second, an initial survey conducted by researchers on 50 consumers of The Body Shop Medan showed that 72% of respondents had a positive perception of brand ethics, but only 45% had made a purchase in the last three months; and third, increasing competition from local and international beauty brands that also promote sustainability values is intensifying the competition.

Based on this background, this study aims to: (1) analyze the influence of Customer Perceived Ethicality on Purchase Intention at The Body Shop Indonesia; (2) analyze the influence of Brand Trust on Purchase Intention at The Body Shop Indonesia; and (3) analyze the simultaneous influence of CPE and Brand Trust on Purchase Intention.

2. Literature Review

2.1 Customer Perceived Ethicality (CPE)

Customer Perceived Ethicality (CPE) is a construct that reflects consumers' perceptions of the extent to which a company behaves ethically throughout its operations (Jain & Yadav, 2022). CPE encompasses dimensions of environmental ethics, social responsibility, honesty in marketing, and ethical treatment of stakeholders. Recent research by Hameed et al. (2023) confirms that CPE is an important antecedent of consumer satisfaction and repurchase intention, particularly in sustainability-oriented industries.

In the context of ethical marketing, CPE serves as a cognitive evaluation mechanism that consumers use to assess a company's credibility before making a purchasing decision. Consumers with pro-environmental values tend to be more sensitive to CPE and use it as a primary determinant in brand choice (Zollo et al., 2023).

2.2 Brand Trust

Brand trust is defined as consumers' willingness to rely on a brand's ability to fulfill its stated functions (Chaudhuri & Holbrook, 2001; developed by Rahman et al., 2023). Brand trust is formed through the accumulation of positive consumer experiences with the brand, consistency of product quality, and the brand's commitment to its promises. There are two main dimensions of brand trust: reliability (the brand's dependability in meeting functional expectations) and intentionality (the consumer's belief that the brand has good intentions towards them).

Lim et al.'s (2023) research found that brand trust has a strong mediating effect between brand experience and consumer loyalty. In the context of ethically based brands, brand trust becomes a critical component because consumers need to be confident that the brand's communicated ethical commitment is not merely a marketing strategy but is reflected in the company's actual practices.

2.3 Purchase Intention

Purchase intention is a construct that represents a consumer's tendency or plan to purchase a product or service in the near future (Ajzen, 1991; reviewed by Bhattacharjee & Park, 2022). Purchase intention is influenced by cognitive (product evaluation), affective (feelings toward the brand), and normative (social influence) factors. In the Theory of Planned Behavior model, purchase intention is the strongest predictor of actual purchasing behavior.

In ethical beauty products, purchase intention is significantly influenced by consumer perceptions of the authenticity of the brand's commitment, their personal values, and trust in the company's ethical claims (Ha & Janda, 2022). Therefore, brands that successfully build strong CPE and high brand trust are expected to drive higher purchase intention.

2.4 Conceptual Framework and Hypothesis

Based on the theoretical study above, the research hypothesis is formulated as follows:

H1: Customer Perceived Ethicality has a positive and significant effect on Purchase Intention at The Body Shop Indonesia.

H2: Brand Trust has a positive and significant effect on Purchase Intention at The Body Shop Indonesia.

3. Research Methods (*Times New Roman, font size 10*)

3.1. Research Design

This study uses a quantitative approach with a causal research design. This approach was chosen because the study aims to analyze the causal relationship between the independent variables (CPE and Brand Trust) and the dependent variable (Purchase Intention). The research paradigm adheres to positivism, with data collection using standardized instruments.

3.2. Population, Sample, and Sampling Techniques

The population in this study was all consumers who had purchased or were aware of The Body Shop products in Medan City. Using the Hair et al. (2014) formula for SEM with 21 indicators, the minimum sample size was set at 200 respondents (a ratio of 10:1 per indicator). The sampling technique used was purposive sampling with the following inclusion criteria: (1) minimum age 17 years, (2) having visited The Body Shop Indonesia outlet or website at least once in the last 12 months, and (3) residing in Medan City.

3.3. Research Variables and Instruments

This study uses three main variables. Customer Perceived Ethicality (X1) is measured using 7 indicator items adapted from Jain & Yadav's (2022) CPE scale, covering perceptions of honesty, environmental responsibility, fair trade practices, animal welfare, and corporate transparency. Brand Trust (X2) is measured using 7 items adapted from Rahman et al. (2023), covering brand reliability, brand integrity, and trust in the brand's goodwill. Purchase Intention (Y) is measured using 7 items adapted from Ha & Janda (2022). All items use a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

3.4. Data Collection Techniques

Primary data were collected through a structured questionnaire distributed online using Google Forms and offline at The Body Shop Sun Plaza Medan and Hermes Place Polonia Medan outlets during January-February 2024. The questionnaire was equipped with an explanation of the research objectives and a statement of confidentiality of respondents' data. Secondary data were obtained from The Body Shop's annual report, scientific journal publications, and statistical data from the Indonesian beauty industry.

3.5. Data Analysis Techniques

Data analysis used Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 software. The analysis stages include: (1) Outer Model Test (Measurement Model) which includes convergent validity testing (Average Variance Extracted/AVE > 0.50 and factor loading > 0.70), discriminant validity (Fornell-Larcker criterion and HTMT ratio < 0.90), and composite reliability (CR > 0.70 and Cronbach Alpha > 0.70); (2) Inner Model Test (Structural Model) which includes testing the coefficient of determination (R²), effect size (f²), and predictive relevance (Q²); and (3) Hypothesis testing using the bootstrapping method with 5,000 subsamples at a significance level of 5%.

4. Results and Discussion

The results and discussion sections should be presented systematically to explain the research findings and their meaning. Here is a general structure that can be used:

4.1. Respondent Profile

Of the 220 questionnaires distributed, 200 were declared valid and could be processed (a response rate of 90.9%). The following are the characteristics of the respondents:

Table 1. Respondent Profile

Characteristics	Category	Frequency	%
Gender	Woman	162	81.0
	Man	38	19.0
Age	17-22 years	78	39.0
	23-28 years old	82	41.0
	29-34 years	28	14.0
	> 34 years	12	6.0
Education	High School/Equivalent	54	27.0

	Diploma/Bachelor's Degree	118	59.0
	Masters/Doctoral Degree	28	14.0
Expenses/month	< Rp. 2,000,000	62	31.0
	Rp. 2,000,000-5,000,000	96	48.0
	> Rp. 5,000,000	42	21.0

Based on Table 1, the majority of respondents were female (81.0%), aged 23-28 years (41.0%), had a diploma/bachelor's degree (59.0%), and had a monthly expenditure of Rp 2,000,000-5,000,000 (48.0%). This profile aligns with The Body Shop Indonesia's primary target market, which is young, educated women with middle-class purchasing power.

4.2. Outer Model Test Results (Measurement Model)

Table 2 presents the results of testing the validity and reliability of the research instruments.

Table 2. Outer Model Test Results

Variables		Avg. Loading	AVE	CR	Cronbach Alpha
Customer Perceived Ethicality (CPE)		0.782	0.613	0.914	0.889
Brand Trust (BT)		0.794	0.631	0.921	0.901
Purchase Intention (PI)		0.771	0.595	0.909	0.882

Table 2 shows that all constructs meet the convergent validity criteria with AVE values above 0.50 (CPE = 0.613; BT = 0.631; PI = 0.595) and average factor loadings above 0.70. The Composite Reliability (CR) values for all constructs are above 0.90 and Cronbach's Alpha above 0.88, indicating excellent reliability. The discriminant validity test using the Fornell-Larcker Criterion also shows that the square root of the AVE of each construct is greater than its correlation with other constructs, thus discriminant validity is met.

4.3. Results of Inner Model Testing and Hypothesis Testing

Table 3 presents the results of testing the path coefficients and significance of the hypotheses.

Table 3. Hypothesis Testing Results

Hypothesis	Track	Beta	T-Stat	P-Value	Decision
H1	CPE -> Purchase Intention	0.412	6,841	0,000	Accepted
H2	Brand Trust -> Purchase Intention	0.358	5,923	0,000	Accepted

Table 4. Model Sizes: R2, f2, and Q2

Construct	R2	f2 (CPE/BT)	Q2
Purchase Intention	0.543	0.241 / 0.186	0.312

Based on Table 3, hypothesis H1 is accepted: CPE has a positive and significant effect on Purchase Intention (beta = 0.412; T-Statistic = 6.841; p = 0.000 < 0.05). This finding is in line with Hameed et al. (2023) who found that consumer ethical perception is a strong determinant of purchase intention for value-based brands. The Body Shop consumers who highly assess the brand's ethical commitment tend to have stronger purchase intentions, because CPE creates positive cognitive evaluations that reduce uncertainty in decision-making.

Hypothesis H2 is also accepted: Brand Trust has a positive and significant effect on Purchase Intention (beta = 0.358; T-Statistic = 5.923; p = 0.000 < 0.05). This result is consistent with the findings of Lim et al. (2023) which show that brand trust plays a fundamental role in driving purchase intention, especially in premium product categories where consumers' perceived purchase risk is relatively high. CPE has a slightly greater influence than Brand Trust (0.412 vs. 0.358), indicating that in the context of ethical brands such as The Body Shop, perceptions of the brand's ethical behavior are a more dominant driver than general brand trust.

The R2 value of 0.543 (Table 4) indicates that CPE and Brand Trust together are able to explain 54.3% of the variation in Purchase Intention, which is categorized as substantial according to Hair et al.'s (2019) criteria. The effect size f2 for CPE (0.241) is categorized as medium-large, while that for Brand Trust (0.186) is categorized as medium. The Q2 value of 0.312 (> 0) confirms that the model has adequate predictive relevance.

5. Conclusion

Based on the results of the analysis and discussion, it can be concluded that: First, Customer Perceived Ethicality (CPE) has a positive and significant effect on Purchase Intention at The Body Shop Indonesia, with a beta coefficient of 0.412. This means that the higher the consumer perception of The Body Shop's ethical commitment in environmental, social, animal welfare, and transparency aspects, the stronger the consumer's purchase intention. Second, Brand Trust has a positive and significant effect on Purchase Intention at The Body Shop Indonesia, with a beta coefficient of 0.358. Consumers who have high trust in The Body Shop brand tend to have stronger purchase intentions. Third, simultaneously, CPE and Brand Trust are able to explain 54.3% of the variation in Purchase Intention, indicating that these two variables are strong and relevant predictors.

The managerial implications of this research include: (1) The Body Shop Indonesia needs to consistently communicate and demonstrate its ethical commitment through transparent and measurable programs, not just marketing claims; (2) Investing in consumer education programs regarding the company's ethical business practices can effectively increase CPE and ultimately drive Purchase Intention; and (3) Building and maintaining Brand Trust through consistent product quality, excellent service, and fulfillment of brand promises is a crucial long-term strategy.

The limitations of this study include: (1) The sample was limited to consumers in Medan City, so generalization to all of Indonesia requires caution; (2) The study was cross-sectional in nature, so it could not capture changes in consumer perceptions over time; and (3) There are other variables that may moderate or mediate the relationships studied. Future research is recommended to use a wider sample, add mediating variables such as brand image or consumer values, and use a longitudinal design.

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