Branding and its Relationship with Ethical Marketing: An Empirical Study on Iraqi Delivery Companies

Maha Najam Abd Abdulluh, Assoc. Prof. Dr. Zaid Yaseen Saud

Faculty of Administration and Economics, Al-iraqia University

ABSTRACT

This study explores the impact of ethical marketing practices on brand strength by examining the relationship between ethical values—transparency, social responsibility, and environmental sustainability—and key brand image factors, including awareness, reputation, and loyalty. The research focuses on two Iraqi delivery companies, Uber and Al-Musafir, with a sample of 200 consumers surveyed to gather data, which was then analyzed using SPSS.27. Statistical methods such as mean analysis, standard deviation, correlation coefficient, and simple linear regression were applied. The findings indicate that a stronger association between a brand and ethical marketing practices enhances overall brand strength. The study emphasizes the importance of integrating ethical marketing as a core element of brand identity rather than treating it as a temporary promotional tool.

Keywords: Brand Strength, Ethical Marketing, Social Responsibility, Transparency

INTRODUCTION

According to the radical transformations in the digital world, the increasing social and environmental awareness to the brand "is no longer just a logo or name but has evolved into a value-driven entity that reflects an organization's identity and commitment to ethical and social responsibility" (Keller, 2023). The relationship between branding and ethical marketing has become a strategic focus in an era where consumers increasingly demand transparency and sustainability. Quality and price are no longer the sole purchasing criteria—"ethical values embraced by brands have become a decisive factor in building loyalty and trust" (De Pelsmacker & Janssens, 2020). Conversely, unethical marketing practices, such as "deceptive advertising or social exploitation, raise critical questions about the alignment of branding strategies with human and environmental principles" (Brunk et al., 2023). Hence, "ethical marketing emerges as a guiding framework that redefines the role of brands from mere profit-driven entities to active partners in sustainable development" (Lury, 2021).

In Iraq's evolving delivery sector, "Uber" and "Al-Musafir" are key players navigating these shifts. While Uber helped modernize local delivery logistics through group of factors such as; app-based tracking, cashless transactions, and customer service enhancements. Al-Musafir, focuses on regional delivery services with strong ties to local businesses. Both companies have begun adopting ethical marketing strategies by "promoting fair labor conditions", "supporting local employment", and reducing environmental impact through optimized delivery routes and fuel-efficient fleets.

The "Uber" and "Al-Musafir" operations contribute directly and indirectly to Iraq's GDP, through creating job opportunities for drivers, logistics personnel, and training support teams, therfor, these companies stimulate employment in an Iraq with a young and growing workforce. Additionally, their platforms support small and medium-sized enterprises (SMEs) by improving access to last-mile delivery, a vital component for e-commerce growth. Uber's integration of global tech and standards boosts consumer confidence and infrastructure development, while Al-Musafir's local adaptability strengthens internal market resilience. Together, they foster innovation, digital transformation, and service sector expansion—key drivers of long-term economic development.

Despite the growing tendency of companies to adopt ethical narratives in branding, such as "sustainability and social justice," the fundamental contradiction between these brands' declared values and their actual practices (Daniel, 2020). This discrepancy threatens their credibility and deepens the trust crisis with consumers. The absence of standardized criteria to measure "ethics" in marketing presents a major challenge in balancing brand identity based on ethical values with competitive and profit pressures, especially given the prevalence of phenomena such as "greenwashing" and the superficial use of social causes for promotional purposes. Also, it is important for these company to seek adopt an approach to bring the wellbeing and public value for the clients (Hasan, & Baskaran, 2022)

Accordingly, the research problem can be outlined a following question:

1. Does the association of ethical marketing practices with brand enhance its strength?

This question branches into several sub-questions:

1. Does marketing transparency influence brand awareness?

2. Does social responsibility impact brand reputation?

3. Do environmental practices affect customer loyalty to the brand?

Amid the contemporary challenges facing brands, this study seeks to bridge the gap between declared ethical principles and actual marketing practices by analyzing the mechanisms through which brands can embody ethical values in their strategies without falling into contradictions that undermine their credibility. The study aims to establish quantitative and qualitative standards for assessing "ethical marketing" and examine how these standards enhance consumer trust and loyalty, particularly in light of increasing public sensitivity to environmental and social issues.

The importance of this research lies in addressing a critical need to redefine the role of brands as ethical players in the global economy rather than merely profit-driven entities. By linking theory with practice, the study provides strategic insights for companies to align their commercial goals with ethical requirements, thus ensuring long-term business sustainability. Additionally, it enriches academic literature with a critical analytical framework for understanding the interplay between brand identity and corporate social responsibility. It also offers practical evidence for policymakers on the necessity of developing regulatory frameworks that prevent marketing deception while maintaining a balance between commercial competition and public interest, thereby enhancing market transparency and fairness in a globalized economy.

THEORETICAL FRAMEWORK

Ethical Marketing

Ethical marketing integrates ethical principles into all decision-making stages, from product development to customer communication, aiming to balance profitability with respect for individual rights, society, and the environment "it extends beyond legal compliance to embody a deeper responsibility towards stakeholders" (Murphy et al., 2021). Ethical marketing responds to the needs of the modern era, where consumers seek products and values aligned with their personal principles.

Ethical marketing has become a fundamental component of modern business practices, emphasizing transparency, trust, and responsibility to align marketing strategies with societal expectations. Ethical marketing "fosters trust and strengthens long-term customer relationships by adhering to moral principles, such as accurate product representation and consumer privacy protection" (Naveed & Murtaza, 2023). Organizations that prioritize ethical marketing gain a competitive edge and enhance overall performance. Furthermore, "ethical practices contribute to higher customer satisfaction by eliminating misleading tactics and integrating corporate social responsibility (CSR) initiatives, which, in turn, bolster customer loyalty" (Naveed

& Murtaza, 2023, Atta, Hasan, & Saud, 2023). From a financial perspective, ethical marketing positively influences Customer Lifetime Value (CLV) and firm valuation, driving sustainable business growth" (Naveed & Murtaza, 2023). However, while ethical marketing is crucial for building consumer trust, some argue that the pressure to meet financial targets may lead businesses to compromise on ethical standards, highlighting the ongoing challenge of balancing profitability with ethical integrity in marketing strategies.

Branding

A brand represents the integrated identity of a product or company, shaping consumer perceptions through a combination of tangible and intangible elements such as name, logo, values, and promises. According to the American Marketing Association (AMA, 2023), a brand "is a name, term, symbol, or design that identifies a good or service from a specific seller". However, "branding extends beyond this narrow definition to encompass emotional and cultural experiences that shape customer perceptions, making it a strategic tool for building long-term relationships" (Kapferer, 2020).

Branding is essential in differentiating products or services from competitors "by creating a unique identity that reflects specific values" (Al-Maghrabi, 2022). It also fosters consumer trust, "particularly when it delivers satisfactory experiences that reduce purchasing risks" (Keller, 2020; Hassan, M. S. 2018). Beyond marketing, branding significantly contributes to financial growth by increasing company valuation and attracting investments. Furthermore, "brand loyalty is crucial to successful branding, as loyal customers drive financial sustainability through repeat purchases and positive word-of-mouth" (Oliver, 2010).

Brand Dimensions

- **Brand Awareness:** Refers to the extent to which consumers can recall and recognize a brand when making a purchase decision. It is crucial in converting potential consumers from "possible choices" to "actual buyers" "The higher the brand awareness, the more likely consumers will select it as a primary choice, especially in highly competitive markets" (Keller, 2020).

- **Brand Reputation:** A brand's reputation is shaped by consumer perceptions of its quality and reliability, which are influenced by past experiences and shared testimonials. A strong reputation significantly reduces marketing costs as built trust becomes a primary driver of purchase decisions. A positive brand reputation also "attracts investment partners and enhances business credibility" (Al-Habib, 2023).

- **Brand Loyalty:** Brand loyalty is measured by the extent to which consumers consistently choose the same brand despite competitive alternatives. It is an indicator of a brand's success in fostering deep customer satisfaction that goes beyond temporary preference. According to Oliver (2010), loyal customers contribute up to 80% of a company's profits, highlighting the economic significance of brand loyalty".

Conceptual framework

This conceptual framework was developed based on existing literature underscoring the pivotal role of ethical marketing in fostering consumer trust and strengthening brand equity. Transparency in marketing has been demonstrated to enhance brand awareness and consumer engagement by providing clear and honest communication about products and services (Fan & Jiang, 2022). Corporate social responsibility (CSR) initiatives further contribute to brand reputation by shaping positive consumer perceptions and fostering long-term loyalty. Additionally, environmentally sustainable practices have "enhanced consumer loyalty, as modern consumers increasingly prioritize sustainability when making brand choices" (Garg, Gupta, & Saini, 2021). Ethical marketing also "emphasizes the importance of clear and truthful communication, ensuring marketing messages are free from misleading claims" (Davidović et al., 2024). Furthermore, "integrating CSR and sustainable development goals (SDGs) into marketing strategies promotes ethical consumer behaviour and reinforces brand credibility" (Sharma & Nayyar, 2024).

Therefore, Ethical marketing is depicted as a multidimensional construct encompassing marketing transparency, social responsibility, and environmental practices. These dimensions influence key brand-related outcomes, including brand awareness, reputation, and loyalty. The primary hypothesis (H1) suggests that ethical marketing positively affects overall brand strength, while the sub-hypotheses (H1b, H1c) detail the specific impact of transparency, social responsibility, and environmental practices on different aspects of branding. By integrating these dimensions, the framework provides a structured approach to analyzing the impact of ethical marketing on brand strength within Iraqi companies. Hence, the research framework developed based as shown in Figure 1.
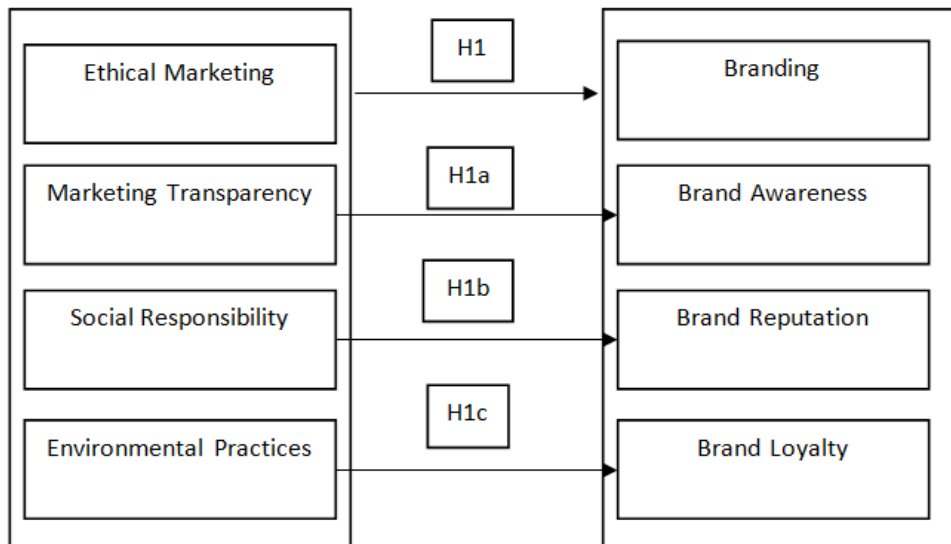

Figure 1 The conceptual framework

RESEARCH METHOD

Research Instrument

The study relied on a questionnaire as the primary tool for data collection and hypothesis testing. The questionnaire was divided into two main sections. The first section included five closed-ended questions designed to capture the demographic and general information of the study sample. The second section consisted of two separate scales: the first measured the independent variable (ethical marketing) across three dimensions, each containing five questions, while the second measured the dependent variable (branding) through three additional dimensions, also comprising five questions each. In total, the questionnaire consisted of 35 questions, all designed using a five-point Likert scale (ranging from "strongly agree" to "strongly disagree") to ensure precise quantitative analysis and accurate response classification.

Instrument Validity and Reliability

The validity and reliability of the research instrument were assessed using two primary methodologies:

1. **Content Validity:** The **Extreme Group Comparison** method was employed to examine the ability of the questionnaire items to differentiate between high and low-response groups. The results indicated that the calculated **T-value (T = 3.62)** exceeded the critical table value **(T = 1.96)** at a significance level of **($\alpha \leq 0.05$)**, confirming statistical significance and the effectiveness of the items in distinguishing between responses.

2. **Reliability:** Cronbach's Alpha coefficient was calculated to measure internal consistency among questionnaire items. The obtained value was **0.82**, which is considered high according to statistical standards, reinforcing the reliability of the instrument and its ability to produce stable and generalizable results.

Research Population and Sample

The research population comprised private companies operating in Baghdad, with a focus on two leading firms:

- Uber is a pioneer in smart transportation services.

- Al-Musafir is a specialized travel and tourism service provider.

A purposive sample of customers from these two companies was selected, with an initial sample size of 200 consumers, and an equal number of questionnaires were distributed. The data collection process resulted in 165 retrieved questionnaires, yielding % response rate of 82.5%**.** After excluding 15 incomplete or invalid responses (7.5%), the final valid sample consisted of 150 questionnaires**,** accounting for **75%** of the total distributed forms. This response rate is considered sufficient to achieve the objectives of the statistical analysis based on research standards.

Statistical Methods Used

The statistical analysis was conducted using **SPSS.27**, applying various techniques, including:

- Percentage calculations

- Means and standard deviations

- Correlation analysis

- Simple linear regression

Normality Test for Questionnaire Responses

To ensure the objectivity of the research results and determine the type of data distribution, the Kolmogorov-Smirnov test was conducted. Table (1) presents the results of this test.

Table 1 Results of the Normality Test

No.	Axis Title	Number of Items	Significance Level (p-value)
1	Transparency	5	0.073
2	Social Responsibility	5	0.061
3	Environmental Practices	5	0.089
4	Brand Awareness	5	0.081
5	Brand Reputation	5	0.050
6	Brand Loyalty	5	0.073
Total		**30**	

The results confirm the appropriateness of parametric tests for data analysis, as they align with the assumption of normal distribution, and this enhances the credibility of the research findings by minimizing the risk of bias from using tests unsuitable for the data distribution type.

Analysis of Study Axes

To evaluate participants' opinions on the questionnaire domains, the mean (M) and verification level were used, as shown below:

Table 2 Mean Scores and Verification Level of Respondents' Answers

No.	Questionnaire Axes	M (Mean)	Verification Level
1	Ethical Marketing	2.12	High
2	Branding	2.2	High
Overall Mean		**2.1**	**High**

The results indicate that ethical marketing indirectly strengthens the brand, as responsible practices are linked to building a positive brand reputation. The high verification level for all axes demonstrates the questionnaire's effectiveness in measuring the targeted concepts and the reliability of the findings in explaining the studied phenomenon.

HYPOTHESIS TESTING

To validate the main research hypothesis:

H1: *"There is an impact of a brand's association with ethical marketing practices on enhancing its strength,"*

Three sub-hypotheses were tested based on the dimensions of both the independent and dependent variables. The relationship and regression analysis were conducted using the following mathematical model:

$$y = a + \beta x + \varepsilon$$

Sub-Hypothesis 1:

H1a: "There is an effect of transparency in marketing on brand awareness in Iraqi companies."

Table 3 Hypothesis H1a result by SPSS27

c	Model Indicators						Levels		
	R	R Square	Adjusted R Square	F	Sig.	Durbin-Watson	B	t	Sig.
(Constant)	0.720	0.380	0.376	9.26	0.00	2.2	1.992	5.911	0.00
Transparency							0.871	4.237	0.00

The analysis revealed a statistically significant relationship between the two variables. The coefficient of determination (R^2) recorded a value of 0.380, indicating that 38% of the variations in brand awareness can be explained by marketing transparency. In comparison, the remaining 62% is attributed to other factors not included in the model. The Adjusted R^2 value of 0.376 confirms the model's suitability and no overestimation in variance explanation.

The F-test recorded a value of 9.26 with a significance level of 0.00, confirming that the statistical model is effective and reliably explains the relationship between the two variables. Additionally, the Durbin-Watson

value of 2.2 indicates no autocorrelation issue among the residuals, further strengthening the credibility of the results.

Regarding regression coefficients, the marketing transparency variable recorded a standard coefficient (B = 0.871) with a t-value of 4.237 and a significance level of 0.00, confirming transparency's statistically significant positive effect on brand awareness. In other words, the more transparency practices are applied in marketing, the higher the level of brand awareness in Iraqi companies. The constant value (B = 1.992, Sig. = 0.00) suggests an independent fundamental effect on brand awareness, apart from the transparency variable. From these findings, the first sub-hypothesis is confirmed:

There is a statistically significant positive effect of transparency in marketing on enhancing brand awareness.

H1b: "There is an effect of social responsibility on brand reputation in Iraqi companies."

The following results were obtained:

Table 4 Hypothesis H1b result by SPSS27

c	Model Indicators						Levels		
	R	R Square	Adjusted R Square	F	Sig.	Durbin-Watson	B	t	Sig.
(Constant)	0.788	0.454	0.438	12.55	0.00	2.15	2.447	6.501	6.501
Social Responsibility							0.966	3.242	3.242

Based on the statistical analysis examining the impact of social responsibility on brand reputation in Iraqi companies, a statistically significant positive relationship was found between the two variables. The coefficient of determination (R^2) recorded a value of 0.454, meaning that 45.4% of the variations in brand reputation can be attributed to social responsibility, while other factors outside the model explain the remaining 54.6%. The Adjusted R^2 value of 0.438 confirms the model's suitability and absence of overestimation in variance explanation.

The F-test yielded a significant value (Sig. = 0.00), indicating that the model is statistically significant and effectively explains the relationship between the two variables. Moreover, the Durbin-Watson value of 2.15 means the absence of autocorrelation among residuals, reinforcing the reliability of the results.

Regarding regression coefficients, the social responsibility variable recorded a standard coefficient (B = 0.966) with a t-value of 3.242 and a significance level of 0.00, confirming a statistically significant positive impact of social responsibility on brand reputation. In other words, as social responsibility practices increase, the brand's reputation improves in Iraqi companies. The constant value (B = 2.447, Sig. = 0.00) reflects an independent fundamental effect on brand reputation, apart from the influence of social responsibility.

Thus, the second sub-hypothesis is confirmed:

"Social responsibility has a statistically significant positive effect on enhancing brand reputation."

H1c: "There is an effect of environmental practices on customer loyalty to the brand in Iraqi companies."

The following results were obtained:

Table 5 Hypothesis H1c result by SPSS27

c	Model Indicators						Levels		
	R	R Square	Adjusted R Square	F	Sig.	Durbin-Watson	B	t	Sig.
(Constant)	0.600	0.250	0.243	14.422	0.00	2.01	2.605	5.650	0.00
Environmental Practices							1.022	4.595	0.00

Based on the statistical analysis examining the impact of environmental practices on customer loyalty to the brand in Iraqi companies, a statistically significant positive relationship was found between the two variables. The coefficient of determination (R^2) recorded a value of 0.250, meaning that 25% of the variations in customer loyalty can be attributed to environmental practices. In comparison, the remaining 75% is explained by other factors not included in the model. The Adjusted R^2 value of 0.243 confirms the model's suitability and that there is no overestimation in the variance explanation.

The F-test yielded a value of 14.422 with a significance level of 0.00, indicating that the statistical model is effective and reliably explains the relationship between the two variables. Moreover, the Durbin-Watson value of 2.01 suggests the absence of autocorrelation among residuals, reinforcing the credibility of the results.

Regarding regression coefficients, the environmental practices variable recorded a standard coefficient (B = 1.022) with a t-value of 4.595 and a significance level of 0.00, confirming a statistically significant positive impact of environmental practices on customer loyalty. This indicates that as companies adopt more environmentally responsible practices, customer loyalty to the brand increases. The constant value (B = 2.605, Sig. = 0.00) reflects an independent fundamental effect on customer loyalty, apart from the influence of environmental practices.

Hence, The results confirm the third sub-hypothesis, indicating a statistically significant positive effect of environmental practices on enhancing customer loyalty. With all three sub-hypotheses validated, the main research hypothesis is also confirmed, concluding that ethical marketing is crucial in strengthening brand performance in Iraqi companies.

CONCLUSIONS AND RECOMMENDATIONS

The findings of this study confirm a statistically significant positive relationship between ethical marketing practices—specifically transparency, social responsibility, and environmental practices—and brand strength, encompassing brand awareness, reputation, and loyalty. Transparency in marketing accounts for 38% of the variation in brand awareness, with a regression coefficient of 0.871, highlighting that increased transparency enhances brand recognition. Social responsibility explains 45.4% of the variation in brand reputation, with a regression coefficient of 0.966, indicating that improved social engagement strengthens a brand's image. Environmental practices contribute to 25% of the variation in customer loyalty, with a regression coefficient of 1.022, demonstrating that a focus on sustainability fosters consumer commitment.

These findings suggest several strategic recommendations to enhance ethical marketing practices and reinforce brand strength. Companies should issue quarterly transparency reports detailing supply chain operations, production costs, working conditions, and carbon emissions. Such disclosures would bolster consumer trust and mitigate misinformation. Establishing long-term strategic partnerships with local organizations for sustainable development projects—such as building schools or vocational training centres—would reflect a genuine commitment to social responsibility rather than engaging in one-time donations. Internationally recognized certifications, such as Fair Trade or LEED, should be integrated into product packaging and company websites to validate environmental and social commitments, preventing accusations of

greenwashing. To enhance consumer engagement, sustainability-driven loyalty programs should be introduced, offering discounts for recycling product packaging or allocating a percentage of profits to environmental initiatives selected by customers. Innovative tracking technologies, such as QR codes or blockchain, should be embedded to document a product's journey from raw materials to final purchase, ensuring complete transparency and enhancing brand credibility.

Furthermore, mandatory training workshops on ethical marketing principles should be implemented for employees, with performance evaluations linked to their adherence to these principles to ensure consistency across all departments. A dedicated interactive platform should be established, enabling customers to report unethical practices related to the brand, with real-time public responses and corrective actions to promote a culture of accountability. Finally, companies should adopt a mandatory green packaging policy, utilizing 100% recycled materials while displaying the product's carbon footprint on labels to attract environmentally conscious consumers.

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