

Research Paper

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# The Impact of Ethical Marketing on Consumer Repurchase Intention with Emphasis on the Mediating Role of Brand Identity and Brand Equity (Case Study: Digikala Online Store)

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**Abstract**

The purpose of this study is to analyze the impact of ethical marketing on consumer repurchase intention with emphasis on the mediating role of brand identity and brand equity. The research method is descriptive-survey in terms of nature, and applicable in terms of purpose. The statistical population of the research is the customers of Digi Kala online store. The sample size was determined using Cochran's formula of 375 people, and the samples were selected by available sampling method. Ethical marketing questionnaires (Safari.et al.2017), brand equity (Aaker.1991), brand identity (Mael & Ashforth, 1992) and repurchase intention (Hong.et al.2012) were used to collect data. The data validity was determined by the academic experts, and the reliability was confirmed by Cronbach's alpha coefficient test. In order to analyze the data, the structural equation technique was used using Lisrel statistical software and SPSS statistical software. The results showed that marketing Ethics has a positive and significant effect on brand identity, customer repurchase intention and brand equity. Brand identity has a positive and significant effect on customers' intention to repurchase. Brand equity has a positive and significant effect on customers' intention to repurchase. Finally, ethical marketing has a significant effect on consumer's intention to repurchase by emphasizing the mediating role of brand identity and brand equity.

**Keywords:**

Ethical marketing,  
consumer repurchase  
intention,  
brand identity,  
brand equity.

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## **Extended Abstract**

### **Introduction**

Rapid change in today's world has faced organizations with various challenges, but in the meantime, successful organizations are those which, with the help of management tools and new technologies, take advantage of the opportunities created to their benefit. The e-commerce environment is one of these tools. Internet-based e-commerce environment allows customers to search for information and purchase goods and services through direct contact with online stores (Feyznia.2017). Today, shopping intention reflects the predictable behavior of the consumer in future purchasing decisions that significantly helps in the formation of consumer attitudes (Xiao, & Liu.2018). Identity is one of the factors that keeps the brand stable and directs it to new markets and products (Muhonen.et al.2017) Brands identify themselves to customers and differentiate themselves from other competitors. The process of creating a brand identity is to formulate the mindsets that the brand intends to create and ensure that the brand is identified by the customer and associated with a particular category of needs (Khodavardikhani, 2018). The customers prefer one tbrand to other based on the factors important to them (Ebrahim, 2020). Brand equity is one of the assets that maintains the value of the company and, by creating a competitive advantage over competitors, will attract customers' attention and loyalty (Zollo.et.al.2020). The intention to repeat the purchase is the process of referring and repeatedly purchasing goods and services from a store in the long run, the main reason for which is positive experiences after the purchase (Birjandi.et.al.2019). Ethical marketing is a domain of applicable ethics which is related to hidden ethical principles in behavior, advertising and regulation in marketing (Purwanto.etal.2019). This issue, which is widely discussed in management and market science today, is called ethical marketing (Pittz.et.al.2020). Digi Kala online store is one of the most reputable virtual stores in our country which many people buy from around the clock to provide the products and services they need. Considering that a suitable platform for online sales and purchases has not yet become popular in our country, the researcher intends to analyze the relationship between consumer intention to repurchase, brand identity and brand equity while analyzing the aspects of ethical marketing. This study tries to answer the question whether ethical marketing has a significant effect on the consumer's intention to repurchase, by emphasizing the mediating role of brand identity and brand equity in the Digikala online store.

### **Theoretical literature**

Using the definition of Taylor (2000), Till (2009) defines marketing ethics as follows: Research into the nature and levels of belief, beliefs, standards, and rules of ethical behavior in relation to business decisions and sales conditions (Safari, et.al.) 2017). Intention to buy is a pattern of attitude towards the product for future purchases (Shaghlani, 2017). Su (1990) states that the intention to buy refers to some exchange behaviors that occur after consumers evaluate the product and reflect an emotional response in their behavior to an issue (Safari, et al. 2017). Brand identity expresses the ideal characteristics that the brand intends to offer to customers. In other words, brand identity is what the brand commits to the market (Essamri, et. al.2019). Whatever is supposed to be portrayed in the future and engraved in the mind of the customer is the essence of the brand. Adorned appearance and what is seen is the expression of a brand identity (Ahmadian.2017). According to Acker (1991), brand equity has three basic components: brand awareness, brand loyalty and brand association. Brand awareness is the level of awareness and cognition by which the customer recognizes, remembers and can identify brand-related products and services (bordbar, et al.2018). Chae.et al. (2020) in a study concentrated on the effect of product features on perceived value, brand trust and repurchase intention. The results showed that product features have a positive

and significant effect on perceived value, brand trust and repurchase intention. Ghaffari (2018) also stated in his research that there is a positive and significant relationship between ethical marketing and customer loyalty. Izadian (2019) also concluded in his research that there is a positive and significant relationship between brand personality with brand trust and brand loyalty.

### Methodology

The present research is applicable in terms of purpose, and descriptive-survey in nature. The statistical population of the research consists of customers of Digi Kala online store, 375 of whom were selected as the research sample using Cochran's formula and available sampling method. ethical marketing questionnaires (Safari.et al 2017), brand equity (Aaker.1991), brand identity (Mael, & Ashforth, 1992) and repurchase intention (Hong.et al.2012) were used to collect data.

### Discussion and Results

In order to investigate the mediating effect of brand identity in the hypothesis under discussion, the direct effect of the two structures with the indirect effect in the case of involving mediating variables should be examined so that if the effect increases, the mediating effect can be considered acceptable. In the present hypothesis, the direct effect is equal to 0.49. If there is a mediating variable of brand identity, the indirect effect is:

$$(0.69) \times (0.73) = (0.507)$$

Due to the fact that the direct path effect is less than the indirect path, therefore, the existence of a mediating variable increases the brand identity and the mediating role in the present hypothesis is confirmed.

In order to investigate the mediating effect of brand personality in the hypothesis under discussion, the direct effect of two structures with indirect effect in the case of involving mediating variables should be examined so that if the effect increases, the mediating effect can be considered acceptable. In the present hypothesis, the direct effect is equal to 0.49. Indirect effect in the presence of a mediator variable of brand equity is:

$$(0.72) \times (0.78) = (0.561)$$

Due to the fact that the effect of direct path is less than indirect paths, therefore, the existence of a mediator variable increases the equity of the brand, and the mediating role in the present hypothesis is confirmed.

### Conclusion

Considering the confirmation of the first main hypothesis; the effect of ethical marketing on repurchase intention with emphasis on the mediating role of brand identity, the result is explained in such a way that providing the desired services to customers creates trust among customers and persuades them to refer to this site in different situations. Therefore, the idea is imprinted in the minds of customers that if they want quality services, they will always trust this online store and keep it in mind, and if the services required by customers are available on this site, they will not be willing to use services and products of other stores. As a result, the management of this store fulfills its obligations to customers correctly and honestly, and customers are assured about the goodness of the products they receive from this site, compared to other online stores. The degree of easy access of customers to the services or products listed on the Internet sites can affect their satisfaction with the perceived usefulness of these facilities and goods. When the customer can easily make online purchases and buy the desired product, he acts with more interest in understanding the usefulness and the

purchase process. These results match with research findings of Demirgüneş.(2015); Rezaei, (2018); Izadian, (2019) and supported by them.

The result of testing the second hypothesis based on the positive and significant effect of ethical marketing on repurchase intention by emphasizing the mediating role of brand equity is explained in such a way that considering the intangibility of goods and services received by customers through the Internet and their purchase from virtual stores has reasonably high perceived risk. When buying online from store sites, customers pay special attention to the details of the purchase and the products offered on this site. Paying attention to the characteristics of the offered products and the amount of site commitment about the returning of impaired goods can be considered as a significant aspect in this case. On one hand, online stores should explain precisely the details and application of their products with high clarification so that customers can make the right choice to meet and satisfy their needs. On the other hand, these stores must be committed to selling their goods and provide after-sales service satisfy the customers. In this way, site managements can stimulate the customer's sense of trust to their virtual store and encourage them to buy online. These results match with research findings of Bavarsad, et al. (2015); Vazifehdust & Memarian. (2014); Chen & Qvester, (2015) and supported by them.