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Walking the Talk on Sustainability: Consumer Perceptions on Retail Brand Equity Drivers

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Abstract

This paper investigates how traditional and sustainability drivers influence customer-based retail brand equity (RBE). The work integrates brand awareness (BA) and perceived quality (PQ) with a second-order construct, sustainable brand associations (SBA), which captures consumers' environmental (ES) and social (SS) perceptions of retailers. Data were collected via an online questionnaire administered to 599 Italian grocery shoppers recruited from social networks. Multi-item Likert scale was used, and the proposed model was tested using structural equation modeling (SEM). The analysis confirms that ES and SS jointly build SBA, which, in turn, enhances RBE. BA is the strongest direct antecedent of RBE, while PQ has slightly meaningful effect in this highly commoditized category. Overall, the findings underscore the importance of both traditional brand salience and credible sustainability positioning for strengthening retailer's brand equity. This study contributes to Consumer-Based Brand Equity (CBBE) theory by demonstrating the added value of sustainability cues and provides retailers with practical advice on combining awareness campaigns with visible social and environmental initiatives.

Keywords: consumer-based brand equity, sustainable brand associations, brand awareness, perceived quality, grocery retail.

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1. Introduction

Over the past few decades, the academic literature has highlighted significant transformations in the competitive retail landscape, with the retailer's brand assuming a pivotal role in the creation of value. Indeed, there has been a noteworthy transition in the role of retailers: from mere distributors of products to service-based and experiential brands, capable of offering a distinctive identity and promoting direct relationships with customers. In this context, the concept of *Retail Brand Equity (RBE)* has gained increasing academic and managerial attention, becoming a core strategic asset and a lever to differentiate in saturated and highly competitive markets. In this sense, RBE is considered as the value perceived by the consumer towards the retailer's brand, because of a set of functional and symbolic associations (Ailawadi & Keller, 2004)

In the era of sustainability, consumers increasingly demand that retailers adopt ethical, transparent, and environmentally responsible practices (Willems, 2022). However, current RBE literature has only recently started to acknowledge the relevance of sustainability-related associations in shaping brand perceptions. In particular, the integration of sustainability into consumer-based brand equity models remains underexplored, especially in grocery retailing, where brand trust and social alignment strongly influence routine purchase behaviour (Gutiérrez Rodríguez et al., 2017). To fill this gap, the objective of this study is to explore the antecedents of RBE, employing a quantitative approach through structural equation modelling (SEM), combining traditional CBBE antecedents with perceived sustainability dimensions.

The theoretical contribution of this study lies in extending the classic CBBE framework by incorporating value-based sustainability perceptions into the measurement of RBE, and in validating a multidimensional construct of sustainable brand association tailored to the grocery context.

2. Theoretical Background and Hypotheses Development

The paper is framed in the customer-based brand equity (CBBE) perspective.

The CBBE approach has been comprehensively theorised thanks to the seminal contributions of Aaker (1991) and Keller (1993), who propose distinct yet complementary models. Aaker defines CBBE as a set of intangible assets, namely *awareness, associations, perceived quality and loyalty*, which hold the potential to enhance the brand value in the consumers' eyes. Aaker's model has a parallel structure, where each dimension contributes independently to the overall value. On the other hand, Keller proposes a sequential structure, in which brand awareness fuels associations, which in turn build favourable attitudes and ultimately loyalty.

In recent years, an increasing amount of attention has been directed towards the concept of RBE, driven by a growing recognition of the strategic role that retailers and their brands play in creating value for consumers, as well as in their ability to develop long-term emotional relationships with consumers. According to Ailawadi and Keller (2004), successful retail branding acts as a cognitive shortcut that recalls prior positive shopping experiences. RBE thus contributes to minimizing the effects of competitive pressures, especially in highly commoditized markets such as the grocery sector, where private label brands have evolved from generics to highly sophisticated and value-driven brands, while retailers have increasingly positioned themselves as brands in their

own right (Kumar & Steenkamp, 2007; Jara & Cliquet, 2012). Although traditional CBBE models have been crucial for the theoretical establishment of the concept, several authors have highlighted the inadequacy of these approaches in fully addressing the distinctive dynamics of the retail context (Londoño et al., 2016; Rudkowski, 2024). This is especially true in the grocery sectors, characterized by high frequency and routine-driven nature of purchases (Casanoves-Boix et al., 2025). Furthermore, as sustainability becomes increasingly central to consumer decision-making, perceived brand sustainability emerges as a key dimension to be integrated by companies (Salina, 2025). As such, adapting the CBBE framework to the retail context requires a tailored set of antecedents able to capture both functional and value-based dimensions of RBE. Accordingly, this study proposes a model of RBE based on three key antecedents: *Brand Awareness (BA)*, *Perceived Quality (PQ),* and *Sustainable Brand Association (SBA).* BA and PQ represent two of the most widely recognized components in classic CBBE models. In contrast, SBA is modeled as a second-order latent construct reflecting consumers' perceptions of the retailer's ethical, social, and environmental integrity. The growing environmental and social awareness of consumers is leading RBE to be progressively influenced not only by functional benefits, but also by symbolic and moral associations (Willems, 2022). In this study, SBA is tailored to the grocery context, where sustainability practices could reinforce the brand's identity through brand associations and in so doing, enhance RBE. In this work, SBA is specifically composed of two first order dimensions: Social Sustainability (SS) and Environmental Sustainability (ES). While the concept of sustainability is traditionally conceptualized across three pillars - environmental, social, and economic (Elkington, 1994) - the present study focuses on the environmental and social dimensions in modelling sustainable brand associations. This choice stems from the recognition that economic sustainability typically refers to internal business practices, such as long-term profitability, financial stability, and operational resilience, which are generally not visible or directly perceived by consumers (Kencebay & Ertugan, 2025).
Therefore, we hypothesize the following:
H_1: Social Sustainability (SS) positively influences SBA;
H_2: Environmental Sustainability (ES) positively influences SBA;
H_3: Sustainable Brand Association (SBA) positively influences RBE;
H_4: Brand Awareness (BA) positively influences RBE;
H_5: Perceived Quality (PQ) positively influences RBE**.**
Additionally, the model includes three control variables, namely *age, gender*, and *household size,* to account for potential demographic influences on consumer perceptions of RBE.

3. Methodology

A structured questionnaire, related to grocery shopping, was administered in February and March 2025 to 599 grocery shoppers through social networks. Each latent construct was measured using multi-item, 5-point Likert scale drawn from prior research. BA, PQ, and RBE rely on canonical brand-equity scales (Aaker, 1991; Keller, 1993).
A structural equation model (SEM) was estimated using maximum likelihood with robust standard errors. Item reliabilities were high (.698–.906; $p < .001$). Internal

consistency satisfied conventional benchmarks: Cronbach's α ranged from .727 to .923, and McDonald's ω/ρ ranged from .846 to .924. These values exceed the .70 guideline for adequate reliability (Hair et al., 2022). Convergent validity was supported (AVE = .572–.742 > .50) (Fornell & Larcker, 1981). Although the squared correlations between constructs surpassed the AVE for several perceived dimensions, the subsequent HTMT ratios (all <.85) alleviated major concerns about discriminant validity. The overall model fit was acceptable, with a SRMR of .058, which is well below the .08 threshold, and indicates a good fit (Hu & Bentler, 1999). These fit indexes confirmed that the measurement model was sound and suitable for testing the hypotheses.

4. Results

Figure 1 shows the structural model. ES exerted a strong positive influence on SBA ($\beta = .471$, $z = 5.01$, $p < .001$), while SS contributed more modestly ($\beta = .198$, $z = 2.00$, $p = .046$). These results fully support H_1 and H_2. In turn, SBA enhanced retail BE ($\beta = .174$, $z = 2.98$, $p = .003$), supporting H_3.

Among the classic antecedents, BA emerged as the most significant predictor of RBE ($\beta = .588$, $z = 10.88$, $p < .001$), confirming H_4. However, PQ exhibited a slightly statistically significant effect ($\beta = .103$, $z = 1.89$, $p = .059$), leaving H_5 supported at the 10% level. Demographic controls (gender, age, and household size) were not significant, except for age with a slightly positive effect on RBE.

The coefficient of determination for RBE was .999, indicating that the combined set of antecedents explains nearly all the variance, primarily due to a significant contribution from BA. The low SRMR, coupled with strong item reliabilities, provides confidence in the robustness of these relations.

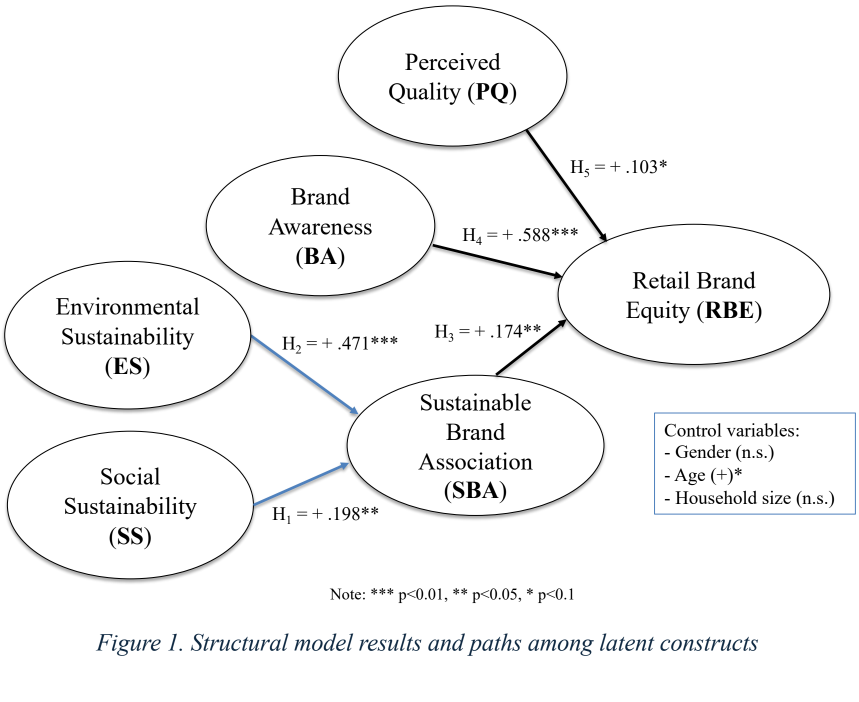

Figure 1. Structural model results and paths among latent constructs

5. Discussion

The study enriches customer-based brand equity research by empirically integrating sustainable associations into the context of grocery RBE. In line with foundational theories (Aaker, 1991; Keller, 1993), brand awareness is the primary driver of retail brand equity, highlighting the importance of brand recall in frequent purchasing environments. However, the results show that environmental and, to a lesser extent, social sustainability signals indirectly strengthen RBE via SBA. This finding aligns with recent claims that ethical and ecological credentials have become strategic differentiators for retailers (Willems, 2022). The greater significance of ES indicates that consumers view concrete environmental initiatives, such as waste reduction and eco-friendly packaging, as more reliable indicators than general social initiatives. This reflect marketplace trends where campaigns focusing on the environment tend to have a more immediate impact than those focusing on social issues.

On the other hand, the only slightly significant path from PQ to RBE suggests that perceived quality may have lost importance in a sector where basic product standards are widely accepted (Kumar & Steenkamp, 2007). When quality becomes a basic expectation, consumers seem to use much more awareness and sustainability heuristics to evaluate retailers.

From a managerial standpoint, investing in credible and well-communicated environmental programs can increase SBA and, ultimately, brand equity.

Finally, this study has some limitations. The model was tested only in grocery retailing, therefore replications using probability sampling, richer multi-item scales, and longitudinal or behavioral data across diverse retail sectors are needed to confirm the robustness and generalizability of our results.

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