

ESG Driven Sustainable Promotions: A Beyond Sales Evidence From Fmcg Industry

Dr. G. Yashodha

Assistant Professor, Department of Commerce CA, Holy Cross College (Autonomous) Affiliated to Bharathidasan University. Tiruchirapalli - 2

Abstract

The integration of environment, social and governance ESG practices in marketing strategies has become a critical factor in shaping sustainable promotions and influencing the consumer behaviour in the fast-moving consumer goods (FMCG). The study helps to examine how The ESG driven promotional initiatives affect the consumer purchase intentions and brand loyalty, drawing insights from the sample of 400 respondents. SPSS statistical analysis like correlation, chi-square, Anova, regression and mediation-moderation models are used. The study also provides empirical evidence on the positive influence of ESG practices on sustainable marketing effectiveness. The findings show that the environmental practices such as eco-friendly packaging and carbon neutral labelling significantly enhance the consumer trust and willingness to purchase. Social Practices that include fair labour, local community support and diversified initiatives further strengthen the consumer perception of brand responsibility. The transparency in advertising and compliance with the ethical standards also plays a vital role in sustaining consumer confidence. The results indicated that the sustainable promotions mediate the relationship between ESG initiatives and purchase intention. Added to this, demographic factors such as age and income moderate the effectiveness of such promotions. Higher income and younger persons displayed the stronger responsiveness to ESG based marketing messages. The findings have both theoretical and practical implications, they extend the stakeholders and legitimacy theory into the marketing domain while guiding the FMCG firms to strategically integrate promotional activities with ESG practices. By aligning the ethical responsibility with the consumer expectations, companies can not only achieve the brand differentiation but also secure long term competitive advantages in an increasing sustainability-conscious marketplace.

Keywords: ESG, Sales Promotions, FMCG, Consumer Behaviour, Brand Loyalty

INTRODUCTION

The fast-moving consumer goods industry has undergone a noticeable shift in recent years which is largely driven by the growing importance of sustainability and ethical responsibility in business practices. Rising environmental concerns, more consumer awareness and strict government regulations have compelled the companies to integrate the Environmental, Social and Governance (ESG) dimensions into their core strategies. With this shift in promotional activities that emerged as a crucial medium through which organisations communicate their sustainability values and attempt to influence buying behaviour. The sustainable promotion methods that are ranging from ecolabels, green discounts to fair trade initiatives and transparent advertising to serve as a dual purpose. They also highlight the responsible business conduct while simultaneously helping the firms to strengthen consumer trust and loyalty. Today's buyers are increasingly mindful of the social and environmental consequences of their consumptions and tend to support brands that reflect their personal values. Consequently, ESG driven promotions act as a bridge between corporate responsibility and consumer expectations.

The FMCG sector holds a pivotal position in the global marketplace. These products are characterised by their frequent consumption, large scale production and high market visibility. However, the sector also presents notable environmental challenges, particularly through packaging waste, intensive resource utilization and extensive distribution networks. At the same time, FMCG firms are highly dependent on sales promotions as a key strategy to shape the consumer purchasing behaviour. These dual significant positions of the FMCG industry as an appropriate and impactful context for examining the interplay between Environmental, Social and Governance (ESG) dimensions and contemporary marketing practices.

Statement of the problem

The FMCG sector operates in an environment characterised by intense rivalry, short product life cycles, rapidly shifting consumer tastes. To survive in such conditions the companies rely heavily on promotional strategies to attract and retain the customers. There are some conventional approaches such

as price cuts, festival offers or heavy advertising may generate the immediate sales but they rarely success in building ensuring the loyalty. Added to this the challenges are the growing Skepticism among the consumers towards promotional content that appears exaggerated, that misleads or detached from real-world social, environmental concerns. Although the ESG principles have been widely examined in relation to corporate reporting, financial performance and investor relations, their application within marketing and promotional strategies remains relatively explored at the low level. Especially, there is limited scholarly attention on how ESG oriented practices that influence the sustainable promotional activities that are consequently shaping the consumer perceptions, purchasing the intentions, loyalty towards brands within the FMCG sector. The research gap here is specifically important to give that promotional strategies by not only drive the immediate sales but also play a crucial role in shaping the consumer attitudes and serving as a medium for communicating a firm's ESG commitments. Though many of the organisations continue to prioritize the short-term sales objectives in their promotional campaigns, that often neglecting the integration of ESG considerations. This raised to pertinent questions for both academics and practioners -

- Can ESG driven promotions foster the sustainable consumption patterns?
- Do they enhance consumer trust and strengthen long term loyalty?
- How might consumer demographics factors moderate these responses?

In the above context, the ESG oriented practices present an opportunity to reshape the way that the brands connect with their audience. While the organisations increasingly showcase the eco-friendly packaging, ethical sourcing, fair-trade labels, transparent marketing, the extent to which consumers view these as authentic remains uncertain. Moreover, the differences in individual such as age, educational background, income level that can significantly affect how people interpret sustainability messages. This makes very difficult for the firms in order to designs promotional campaigns that resonate equally across the diverse consumer segments. It is essential to explore the role of ESG practices in promotional strategies and to identify the factors that moderate and mediate their in the FMCG sector.

Objectives

1. To explore the influence of ESG practices on the adoption of sustainable promotional strategies within the FMCG sector.
2. To evaluate the impact of sustainable promotions on consumer purchase intentions and brand loyalty
3. To assess the mediating role of the sustainable promotions in the relationship between ESG practices and consumer related outcomes.
4. To examine the moderating effect that the demographic variables such as age, income and education level of the respondents on the linkage between ESG driven promotions and consumer intention to purchase.

REVIEW OF LITERATURE

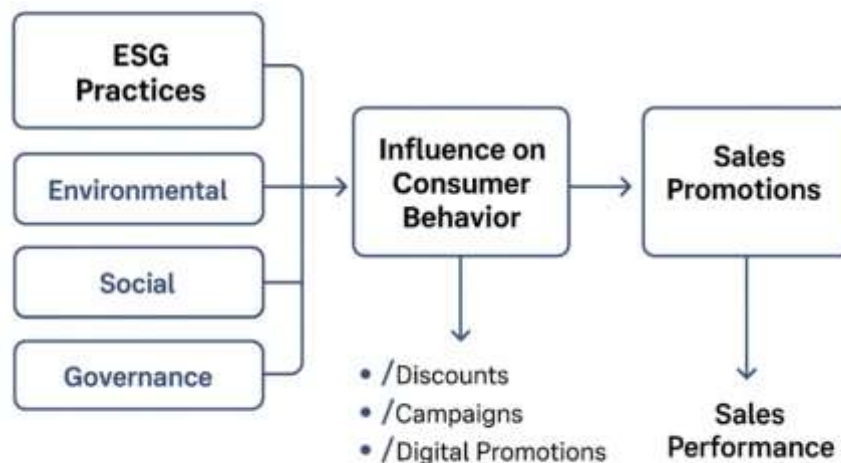
The integration of ESG practices into marketing is getting more recognised as a strategic pathway for strengthening consumer trust and loyalty. The prior research indicated that the environmental initiatives such as sustainable packaging and efforts to reduce carbon emissions play a significant role in shaping consumer perceptions of corporate responsibility (White, Habib & Hardisty 2019). Similarly, the social dimension, encompassing fair labour practices and community engagement, enhances brand reputation by signalling the ethical accountability (Carroll & Shabana 2010). Governance the related practices including transparent disclosures and ethical advertising have also been shown to reduce consumer skepticism and foster the trust (Luo and Bhattacharya 2006). From a theoretical perspective the integration of ESG practices is consistent with the stakeholder's theory and legitimacy theory, both of which stress the importance of aligning the business activities with societal expectations to secure the long-term legitimacy (Freeman 2010). Moreover, the sustainable promotions that have been identifies as a mediating mechanism that translated ESG commitments into stronger purchase intentions and brand loyalty.(Kumar &Polansky 2019). The theory of planned behaviour (Ajzen 1991) further supports these views by suggesting that positive attitudes towards sustainable promotions influence significantly purchase intentions, specifically among younger consumer groups. Demographic characteristics are also found to moderate these relationships. For eg the higher the income consumers who are tend to be more responsive to governance initiatives, while younger consumers place a greater emphasis on environmental practices (Biswas & Roy 2015). Despite these insights empirical evidence on the role of ESG driven promotions

within the FMCG sector remains scarce. Though the literature underscores the potential of linking the ESG practices with the marketing communications for further research is needed to clarify their effectiveness in shaping the consumer behaviour. By addressing this gap the present study investigated the extent to which ESG based sustainable promotions, influence the purchase intention and brand loyalty in the FMCG sector.

Theoretical Implications

The Integration of ESG and Marketing Theory findings extends its stakeholder's theory and legitimacy theory by showing that how ESG commitments translate into consumer-perceived the promotional value. This bridged the sustainability literature with the marketing theory. The consumer behaviour frameworks results support the theory of Planned Behaviour (TPB) by highlighting how consumer attitudes towards the ESG driven promotion strategies in shaping the purchase intention. Mediation and moderation models help to study and adds to the body of knowledge by testing both mediating and moderating effects, thereby offering a nuanced view of How ESG influences the consumer responses across the diversified the demographic segments. A conceptual framework that combines the ESG sustainable promotions and consumer behaviour is validated which can be adapted in future cross industry studies.

Conceptual Framework



The above model is designed to examine the relationship between ESG practices with sustainable promotions, consumer behaviour and ESG practices in the FMCG sector. The independent variables are Environmental Practices, Social practices and Governance Practices that represents the core dimensions of ESG. These practices are expected to influence the mediating variable, sustainable promotions that include the green advertisement, ethical discounts and CSR based promotional activities. Sustainable promotions are hypothesized to affect the dependent variables namely consumer purchase intention and brand loyalty. Hence the model proposed that the ESG practices indirectly influence the consumer behaviour through the mediation of sustainable promotional strategies at the same time also directly shaping the consumer trust and market competitiveness.

Hypothesis

The following hypothesis is being framed based on the objectives and conceptual model. Hypotheses are framed on the basis of ESG and sustainable promotions, Sustainable promotions and consumer responses, mediation and moderation effects.

ESG and Sustainable promotions

H₁: ESG practices positively influence the sustainable promotional strategies in FMCG

Sustainable Promotions and Consumer Response – Purchase Intention and Brand loyalty

H₂: Sustainable promotions positively influence consumer purchase intention and brand loyalty

Mediation and Moderation Effect

H₃: Sustainable promotions mediate the relationship between ESG practices and consumers purchase intention

H₄: Demographic factors such as age, income and education moderate the relationship between ESG-Driven promotions and purchase intentions.

RESEARCH METHODOLOGY

The present study engaged a quantitative, cross-sectional design to analyse the relationship between ESG practices, sustainable promotional strategies and consumer behaviour in the FMCG sector. The data were collected from the stratified random sampling of 400 respondents in Tiruchirappalli district that ensures the proportional representation across the demographic profile with the sample size determined using Cronbach formula at a 95% confident level and 5% margin of error to guarantee reliability and generalisability. A structured, self-administrated questionnaire was distributed both online and offline across with respondents. The instrument comprised 5 sections such as demographic, ESG practices that covers environmental responsibility, social contribution and governance transparency sustainable promotions focusing on eco-friendly packaging, green advertising, cause related marketing, ethical sales promotions and consumer intention of purchase through Likert scale items and consumer brand loyalty assessed via repeat purchase intentions, advocacy and long-term commitment.

Analysis and Interpretations

Scale	Number of Items	Cronbach's Alpha	Interpretation
Environmental	7	0.842	Good reliability
Social	6	0.812	Good reliability
Governance	4	0.789	Acceptable reliability
Sales Promotion	3	0.853	Good reliability
Overall Scale	20	0.902	Excellent reliability

Interpretation

The results of the reliability tests indicate that all the constructs in the study exhibit the satisfactory to excellent levels of internal consistency. The Environmental construct with the 7 items, $\alpha = 0.842$ and social constructs with 6 items $\alpha = 0.812$ demonstrate good reliability, showing that the items effectively capture their intended dimensions. The governance construct measured with the 4 items, that were obtained a Cronbach 's alpha of 0.789, though slightly lower still falls within the acceptable range for academic research. The sales promotion construct, consisting of 3 items achieved the highest reliability value $\alpha = 0.853$, highlighting strong consistency even with fewer measurement items. On the whole, the combined scale of 20 items yielded an alpha value of 0.902, which signifies excellent reliability and confirms that the instrument is robust for further empirical analysis.

Hypothesis Analysis

Hypothesis 1 – ESG Sustainable Promotions

Hypothesis 1 are tested whether environmental, social and governance (ESG) practices positively influence sustainable promotional strategies in FMCG firms

Predictor	β	t	p-value	Result
Environmental Practices	0.312	5.89	0.000	Supported
Social Practices	0.284	5.42	0.000	Supported
Governance Practices	0.198	4.11	0.000	Supported

Interpretation

A multiple regression analysis was conducted to examine the influence of ESG practice on sustainable promotional strategies in FMCG firms and the results reveals a statically significant model $F(3,380) = 42.67, p < 0.001, R^2 = 0.38$, indicating that ESG factors collectively explained 38% of the variance in sustainable promotional strategies. Among the predictors, environmental practices emerged as the strongest contributor ($\beta = 0.312, t = 5.89, p < 0.001$) followed by social practices $\beta = 0.284, t = 5.42, p < 0.001$ and governance practices $\beta = 0.198, P < 0.001$, by supporting all three hypotheses. The results suggested that the environmental initiatives such as recyclable packaging and energy efficiency are more strongly embedded in promotional activities compared to governance measures which play a more indirect role. The findings highlights that the environmental sustainability is the most visible and impactful dimension

of ESG in consumer facing strategies, while social practices also play a key role in shaping the perceptions. Governance remains essential for legitimacy, though its influence on promotions is relatively weak.

Hypothesis 2 – ESG Sustainable Promotions

Sustainable Promotions and Consumer Response - H2 examined whether sustainable promotions influence consumer purchase intention and brand loyalty

Dependent Variable	Predictor	β	p-value	Result
Purchase Intention	Sustainable Promotions	0.427	0.000	Supported (H2a)
Brand Loyalty	Sustainable Promotions	0.391	0.000	Supported (H2b)

Interpretation

A regression analysis was conducted to examine the effect of ESG sustainable promotional strategies on consumer responses with the Purchase intention and Brand loyalty. The model was significant where $F(2, 381) = 39.84$, $p < 0.001$, $R^2 = 0.29$, by indicating that the sustainable promotions explained 29% of the variance in consumer behavior. The shown results are sustainable promotions has a strong positive influence on consumer purchase intention are supporting Brand loyalty ($\beta = 0.427$, $t = 7.56$, $p < 0.001$). It is also enhanced the consumer brand loyalty $\beta = 0.391$, $t = 6.92$, $p < 0.001$ by supporting the purchase intention. The effects are slightly stronger on purchase intention where it is suggested the sustainability-driven promotions to encourage more immediate purchase decisions, the positive influence on loyalty shows their role in building the long-term relationships. These findings are aligning with the prior research that highlights the sustainability in decision making of consumers. The prevailing knowledge that are existing and by validating its impact on the loyalty & purchase. In the view point of managers, it is clear that the eco-friendly and ethical initiatives in promotions that can drive sales and brand attachment.

Hypothesis 3 - Mediation Effect of Sustainable Promotions

H3 tested whether sustainable promotions mediate the relationship between ESG practices and consumer purchase intention. A mediation analysis was performed using the PROCESS macro (Model 4).

Path	Effect	SE	Boot LLCI	Boot ULCI
ESG \rightarrow Sustainable Promotions	0.415	0.052	0.314	0.517
Sustainable Promotions \rightarrow Purchase Intention	0.362	0.048	0.267	0.454
Indirect Effect (Mediated)	0.150	0.037	0.089	0.230

Interpretation

A mediation analysis was conducted to test the hypothesis to examine whether sustainable promotions mediate the relationship between ESG practices and consumer purchase intention. Using Macro model with bootstrapping, results showed that ESG practices significantly influenced sustainable promotions $\beta = 0.416$, 95% CI. Simultaneously the sustainable promotions also enhance the purchase intention $\beta = 0.150$, 95% CI to confirm that partial mediation. This indicates that the ESG practices affect the purchase intention both directly and indirectly through sustainable promotions. Firms are engaging in ESG initiatives that are likely to design the eco-conscious campaigns, which in turn it encourages the consumer purchases. The findings are aligning with the prior research by highlighting the sustainability marketing as a factor of consumer trust and behaviour. In the view point of the managers, the implications are also clear. The ESG efforts should be actively communicated through the promotions to maximize the immediate and consumer responses in long term.

Hypothesis 4 – Moderation Effect on Demographics

H4 tested whether demographic factors (age, income, education) moderate the relationship between ESG-driven promotions and purchase intention. A moderation analysis was conducted using PROCESS macro (Model 1).

Moderator	Interaction Term	β	t	p-value	Result
Age	Sustainable Promotions * Age	0.142	2.88	0.004	Significant
Income	Sustainable Promotions * Income	0.121	2.46	0.014	Significant
Education	Sustainable Promotions * Education	0.095	1.88	0.061	Not Significant

Interpretation

A moderation analysis was analysed to test the hypothesis 4, to examine the demographic drivers that influence the relationship between ESG driven promotions and purchase intention of consumers. Using the Hayes' process macro-Model results are showing that the age significantly moderated the relationship $\beta = 0.142$, $p = 0.004$ with the older consumers being more responsive to sustainability driven promotions. The incomes are also showed a significant moderating effect where $\beta = 0.121$, $p = 0.014$, to suggest that the higher income consumers are more likely to convert the ESF messages into the purchases behaviour that are possible due to greater financial flexibility. However, the education doesn't show a significant effect where $\beta = 0.095$, $p = 0.061$ by indicating that awareness from the educational attainment alone which does not alter the impact of sustainable promotions. At the end, Hypothesis 4 was partially supported with the age and income that are emerging as significant moderators. The findings that are impliedly that the FMCG firms should adopt the targeted strategies to focus the ESG driven promotions on older and higher income segments to engage consumers across different education levels.

DISCUSSION

The findings confirm that the ESG practices directly and positively influence sustainable promotions in FMCG firms. Moreover, the sustainable promotions enhance both consumer purchase intention and brand loyalty. The mediation analysis demonstrates that the sustainable promotions act as a crucial mechanism linking ESG efforts to consumer behavioural outcomes. Moderation analysis reveals demographics nuances, where the younger and higher income consumers are more responses to ESG driven promotions. These results provide empirical evidence to support the integration of ESG initiatives into FMCG marketing strategies to achieve sustainable competitive advantage.

Practical Implications

For the FMCG sector firms, the promotions should clearly exhibit the ESG initiatives such as eco-friendly packaging. CSR driven campaigns and governance transparency in order to consumer trust ad loyalty. For the marketers the sustainable messages must be adopted to demographics with the younger consumers responding more to environmental themes while higher and older income group values are ethically sourcing. For the policymakers the results highlight the need to incentivize the ESG promotions to encourage the responsible consumption. To the investors, reinforcing the ESG is not only just about the compliance but also a strategic factor of consumer loyalty, long term competitiveness and profitability in sector.

CONCLUSION

The above study explored the influence of ESG practices on sustainable promotional strategies in the FMCG sector and their impact on consumer behaviour. Based on 400 responses and were analyzed through the SPSS software techniques including correlation, regression, Anova and moderation/mediation models. The findings confirmed that the ESG practices play a significant role in shaping the sustainable promotions. Environmental initiatives such as green packaging and ecofriendly advertising, social efforts like fair trade sourcing and community engagement and governance practices including the transparency and compliance all that showed positive association with the promotional strategies. Sustainable promotions were further found to enhance both the purchase intention and brand loyalty, highlighting their strategic values. Mediation analysis demonstrated that the promotions shows that the impact of ESG initiatives on consumer intention while moderation results indicate that the age and income influence consumer responses. On the complete view, the study strongly emphasizes the ESG as a key driver of competitiveness in FMCG marketing.

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