

Money for a Greener Tomorrow: Psychological Factors Influencing Green Bonds, ESG, and Climate-Smart Investments

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Abstract

The intersection of finance and sustainability has evolved into a central theme in global economic discourse, with instruments like green bonds, Environmental, Social, and Governance (ESG) frameworks, and climate-smart investments gaining unprecedented

momentum. This paper investigates how these mechanisms are mobilizing capital to support low-carbon infrastructure, renewable energy, and socially responsible projects worldwide. Green bonds have emerged as one of the fastest-growing segments in capital markets, providing investors with opportunities to align financial returns with environmental impact. ESG integration is not merely an ethical choice but increasingly a determinant of long-term profitability, influencing investor behaviour and corporate governance. Climate-smart investments, meanwhile, emphasize resilience and adaptability, channelling funds into projects that mitigate climate risks while fostering innovation. However, the study critically engages with the challenges of greenwashing, inconsistent standards, and limited transparency, which threaten to undermine investor confidence. Drawing on global case studies and market data, the research underscores that sustainable finance is no longer peripheral but an essential driver of structural economic transformation. The findings reveal that while progress has been substantial, the future of climate finance requires stronger regulatory alignment, credible certification systems, and collective global cooperation to achieve lasting impact.

Keywords: Green Bonds, ESG, Climate-Smart Investments, Sustainable Finance, Greenwashing, Capital Allocation

Introduction

Environmental sustainability has become a significant focal point for global policymakers, businesses, and consumers as the world faces pressing ecological threats including climate change, pollution, biodiversity loss, and excessive resource consumption. Growing environmental concerns have encouraged individuals to make more conscious consumption decisions, pushing companies to design and market environmentally responsible products (Peattie & Crane, 2005). This shift has supported the rise of green marketing, which encompasses activities aimed at designing, promoting, and delivering products that minimize environmental harm while meeting consumer needs (Chen & Chang, 2013). As consumer attitudes move toward ethical and environmental responsibility, the concept of a green brand image and its role in shaping consumer purchase intention has garnered significant academic and industry interest (Hartmann & Ibáñez, 2006).

India represents one of the most promising emerging markets experiencing rapid urbanization, a growing middle class, and increasing environmental awareness (Nimse & Pal, 2021). Government initiatives such as Swachh Bharat Mission, Plastic Waste Management Rules, and ESG (Environmental, Social and Governance) investment regulations are fostering a culture of sustainability at both policy and consumer levels (Government of India, 2022). As a result, Indian consumers are increasingly considering environmental attributes when evaluating product choices, especially in categories such as household products, electric vehicles, and organic goods (Joshi & Rahman, 2015). However, while consumer interest in eco-friendly products is rising, purchase intention does not always translate into actual buying behaviour a gap often explained by trust (Akhlaq & Ahmed, 2022).

Green brand image refers to the set of consumer perceptions, associations, and beliefs about a brand's environmental responsibility and sustainability practices (Chen, 2010). A strong green brand image signals that the company demonstrates ecological responsibility through product development, ethical sourcing, packaging, and communication transparency (Delafruez et al., 2020). Studies indicate that consumers are more likely to choose brands that align with their environmental beliefs and values, particularly when the brand identity is perceived as credible and authentic (Lin, Chen, & Chang, 2018). However, in many developing markets, scepticism toward green claims persists due to rising instances of greenwashing, where firms exaggerate environmental efforts without substantive action (Delmas & Burbano, 2011).

This scepticism highlights the importance of customer trust in shaping green purchase intentions. Customer trust is defined as the confidence consumers hold regarding a brand's

environmental claims, ethical behaviour, and accountability (Chen & Chang, 2012). Trust plays a crucial mediating role between brand perception and behavioural outcomes by reducing perceived risks and uncertainty associated with eco-friendly products, which are sometimes more expensive or perceived as less effective (Wan, Luk, & Chow, 2014). When consumers believe a brand is truthful, transparent, and committed to sustainability rather than profit-driven image enhancement, their intention to purchase increases significantly (Nguyen, Nguyen, & Hoang, 2019). Numerous empirical studies confirm the link between green brand image, trust, and purchase intention. For example, Chen (2010) demonstrated that green brand image positively influences trust, which subsequently leads to stronger willingness to purchase eco-friendly products. Similarly, Lin et al. (2018) found that consumers develop positive attitudes and intentions when environmental benefits are communicated credibly. A meta-analysis by Joshi and Rahman (2019) revealed that psychological factors such as trust, perceived behavioural control, and environmental concern play an essential role in determining green purchase intention in emerging markets.

Despite global progress, research examining this relationship within the Indian context remains limited. India's cultural, social, and economic diversity creates unique consumer behaviour patterns compared to Western markets. Moreover, Indian consumers are transitioning from price-sensitive purchasing patterns to value-driven sustainable buying practices (Pandey & Pathak, 2022). Therefore, understanding how green brand image and trust influence purchase intention in the Indian eco-friendly product market is important for designing effective green marketing strategies.

The present study aims to fill this research gap by examining how green brand image influences customer trust and how both variables affect consumers' intention to purchase eco-friendly products in Indian urban centres. Using Structural Equation Modelling (SEM) with data collected from 400 respondents, the study evaluates direct and mediating effects among the variables. This research contributes to both theory and practice. Theoretically, it expands the understanding of green purchasing mechanisms within emerging economies. From a managerial standpoint, it provides strategic insights to marketers seeking to build credible, trustworthy, and sustainability-focused brands. Finally, the findings support policymakers working toward fostering environmentally responsible consumption patterns, thereby promoting climate-smart investment and contributing to a greener economic future.

2. Literature Review

Growing environmental concern and increasing consumer awareness have shifted global and local market dynamics toward sustainability-driven purchasing behaviour. Green marketing literature emphasizes that environmental perceptions, brand credibility, and psychological processes significantly influence consumer responses to eco-friendly products (Peattie & Crane, 2005). In this context, three constructs green brand image, customer trust, and purchase intention play a central role in determining whether consumers adopt environmentally responsible consumption behaviours. The following literature review discusses these constructs and integrates the hypotheses logically.

2.1 Green Brand Image and Customer Trust

Green brand image refers to how environmentally responsible a brand is perceived to be by consumers (Chen, 2010). It includes associations such as eco-labelling, sustainable packaging, clean production processes, and corporate environmental responsibility (Delafruez et al., 2020). Scholars argue that when a brand consistently demonstrates environmental values, it forms a positive green image, which enhances customer perceptions and supports loyalty formation (Hartmann & Ibáñez, 2006).

A favourable green brand image reduces uncertainty and strengthens confidence in environmental claims, especially when such claims are difficult for consumers to verify directly (Lin et al., 2018). In emerging markets like India where greenwashing is prevalent and eco-friendly consumption is still evolving, credible green branding becomes essential (Delmas & Burbano, 2011). Customer trust is therefore often shaped by brand perception consumers evaluate whether the brand genuinely embodies sustainability or merely markets the concept superficially (Pandey & Pathak, 2022).

Empirical studies strongly support this relationship. Chen and Chang (2012) found that environmentally responsible branding significantly predicts customer trust because it signals integrity, transparency, and commitment. Similarly, Nguyen et al. (2019) observed that green brand identity and communication positively affect trust formation in eco-friendly product categories.

Based on this evidence, the following hypothesis is proposed:

H1: Green brand image has a positive and significant effect on customer trust.

2.2 Customer Trust and Purchase Intention

Customer trust is defined as the belief in a brand's reliability, honesty, and capability to deliver on its environmental promises (Chen & Chang, 2012). Trust becomes especially important in

green product contexts where environmental attributes are intangible and cannot be verified at the point of purchase (Akhtlaq & Ahmed, 2022). Consumers often rely on psychological cues such as reputation, certifications, and credible communication to assess whether a brand's environmental claims are genuine (Government of India, 2022).

Theory and empirical evidence suggest that trust is a strong determinant of purchase intention in sustainability contexts. Wan et al. (2014) demonstrated that higher trust significantly increases willingness to adopt eco-friendly products even when price is higher or performance uncertainty exists. Furthermore, Nguyen et al. (2019) found that trust explains green purchase intention better than environmental awareness or subjective norms in developing markets.

Consumers who trust a brand perceive lower risk, stronger product value, and greater emotional justification for paying a premium for sustainability (Joshi & Rahman, 2019). Thus, trust acts as a psychological enabler of green purchasing behaviour.

Accordingly, the second hypothesis is formulated as:

H2: Customer trust has a positive and significant effect on purchase intention for eco-friendly products.

2.3 Green Brand Image and Purchase Intention

Purchase intention refers to the likelihood of a consumer adopting eco-friendly products based on perceived benefits, beliefs, and motivations (Fishbein & Ajzen, 1975). Research highlights that green brand image plays a crucial role in influencing this intention because it shapes perceived value and alignment with environmental identity (Hartmann & Ibáñez, 2006; Lin et al., 2018).

In India, environmental consciousness has increased due to policy reforms, sustainability certifications, and changing social awareness (Pandey & Pathak, 2022). However, consumers often expect eco-friendly products to provide both environmental and functional benefits before committing to purchase (Nimse & Pal, 2021). A strong green brand image signals that the product is not only environmentally responsible but also credible and high-quality.

Multiple studies confirm this pattern. Chen (2010) found that positive green brand associations strongly predict purchase intention. Delafrooz et al. (2020) also reported a positive relationship between perceived green branding efforts and willingness to buy sustainable products across various product categories.

Based on the literature, the following hypothesis is proposed:

H3: Green brand image has a positive and significant effect on purchase intention.

2.4 Mediating Role of Customer Trust

Prior research suggests that the influence of green brand image on purchase intention is not entirely direct. Instead, psychological mechanisms such as trust mediate this relationship (Chen & Chang, 2012). When consumers perceive a brand as truly sustainable, they first develop trust, and then this trust leads to intention to purchase eco-friendly products (Lin et al., 2018). Nguyen et al. (2019) confirmed that trust fully or partially mediates the relationship between environmental brand cues and green purchase intention in emerging markets. Similarly, Wan et al. (2014) argued that trust transforms positive brand perception into behavioural commitment by reducing perceived risks and improving confidence in environmental claims. Such findings suggest that trust acts as a necessary link in the chain from brand perception to consumer decision-making within sustainability contexts.

Thus, the final hypothesis is stated as:

H4: Customer trust mediates the relationship between green brand image and purchase intention.

3. Research Questions

Based on the literature gaps and conceptual relationships identified in the previous section, the study seeks to answer the following research questions:

1. **RQ1:** Does green brand image significantly influence customer trust toward eco-friendly products in the Indian context?
2. **RQ2:** Does customer trust positively influence consumers' purchase intention for eco-friendly products?
3. **RQ3:** Does green brand image directly influence consumers' purchase intention for eco-friendly products?
4. **RQ4:** Does customer trust act as a mediating variable in the relationship between green brand image and purchase intention?

These questions guide the empirical examination and align directly with the theoretical propositions and hypotheses formulated earlier.

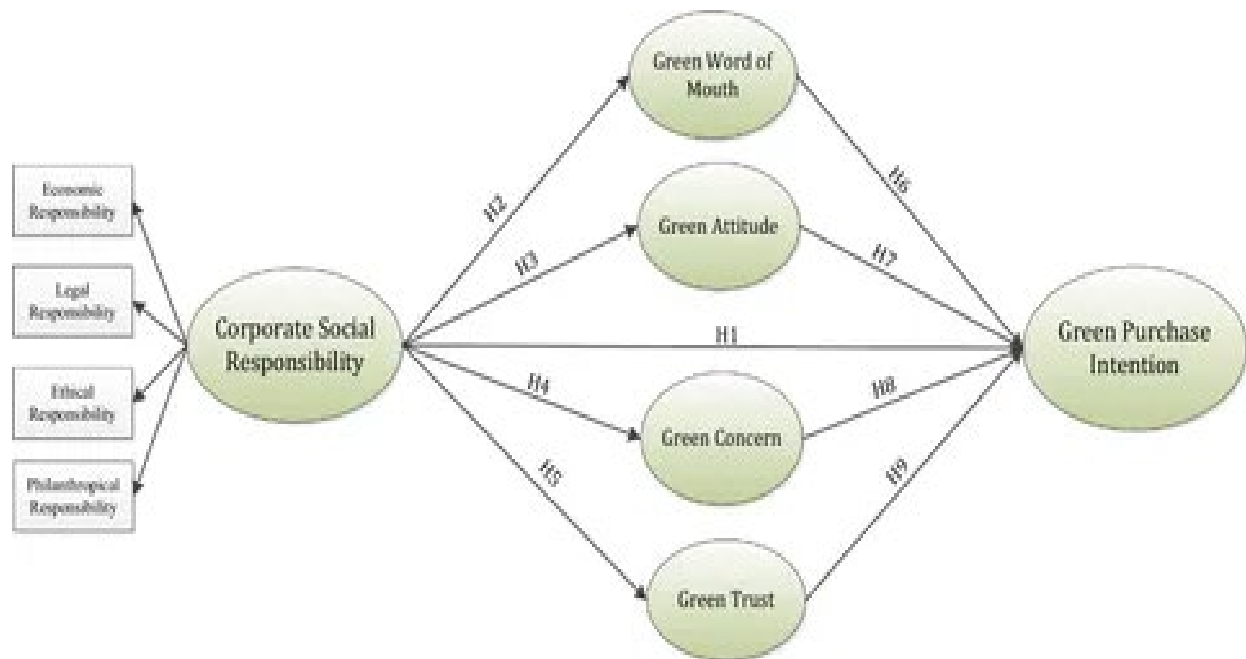
4. Conceptual Model

Based on the review of existing literature and proposed hypotheses, the conceptual framework illustrates the expected relationships among the three core constructs:

- **Independent Variable:** Green Brand Image
- **Mediating Variable:** Customer Trust
- **Dependent Variable:** Purchase Intention

The conceptual model posits both direct and indirect effects, suggesting that green brand image influences purchase intention directly and indirectly through customer trust.

Figure 1. Conceptual Model



The proposed conceptual model is grounded in the theoretical understanding that consumer perceptions, trust formation, and behavioural intentions are interconnected within the sustainability-driven purchase process. The first relationship, represented by the path from Green Brand Image to Customer Trust (H1), suggests that when consumers perceive a brand as genuinely environmentally responsible, transparent, and aligned with ecological values, they are more likely to develop confidence in the brand. A strong green brand image reduces ambiguity around environmental claims and reinforces the belief that the organization is committed to long-term sustainability rather than symbolic marketing. Therefore, a positive sustainability perception becomes a foundation for building trust. The second relationship is depicted through the path from Customer Trust to Purchase Intention (H2). This pathway assumes that trust plays a decisive role in shaping consumers' willingness to buy eco-friendly products. Since many environmental product attributes are intangible and often unverifiable at the point of purchase, consumers must rely on trust to evaluate authenticity and product performance. Higher trust reduces perceived purchase risks such as doubts about product quality, environmental impact validity, or premium pricing and increases the likelihood that consumers will convert their favourable attitudes into actual purchasing behaviour. The third

direct connection, shown between Green Brand Image and Purchase Intention (H3), reflects the notion that sustainable brand perceptions alone can influence consumer decision-making. When consumers view a brand as environmentally committed and socially responsible, they may develop positive attitudes and emotional attachment that function as motivational cues, encouraging them to choose sustainable alternatives over conventional ones. This pathway recognizes that, in some cases, positive perceptions of ecological branding may independently shape behavioural intention even without an intervening psychological mechanism. The model incorporates an indirect pathway representing the mediating role of Customer Trust (H4). This hypothesis posits that trust acts as an essential mechanism through which green brand image influences purchase intention. In other words, while a strong green brand image may directly motivate purchase decisions, its persuasive impact is more meaningful and sustained when it fosters trust. Thus, customer trust may either partially or fully mediate the relationship by transforming environmental perceptions into behavioural commitment. This mediation effect acknowledges that sustainable branding strategies are more effective when they are perceived as credible and ethically grounded.

5. Research Methodology

5.1 Research Design

This study adopts a **quantitative and explanatory research design** to examine the relationship between green brand image, customer trust, and purchase intention. Quantitative methods are widely used to analyse behavioural constructs because they offer statistical rigor and allow hypothesis testing using measurable variables (Creswell & Creswell, 2018). An explanatory research design is appropriate since the purpose of the study is not only to describe consumer perceptions but also to test causal relationships among variables (Saunders, Lewis, & Thornhill, 2019).

5.2 Population and Sampling Technique

The target population for this study consists of urban consumers in India who are aware of or have previously purchased eco-friendly products. Urban regions were selected because green product penetration, environmental awareness, and exposure to sustainable branding are significantly higher in these areas compared to rural segments (Pandey & Pathak, 2022).

A non-probability purposive sampling technique was used because the study required responses specifically from individuals who have awareness or experience with eco-friendly products. Purposive sampling is appropriate in behavioural research when respondents must possess specific characteristics relevant to the research objectives (Etikan, Musa, & Alkassim,

2016). A sample size of 400 respondents was determined adequate based on Structural Equation Modelling (SEM) requirements, where a minimum of 10–20 respondents per parameter is recommended for complex path models (Kline, 2016). Similar studies in green marketing literature have used comparable sample sizes to ensure validity and statistical power (Nguyen et al., 2019).

5.3 Data Collection Instrument and Procedure

Data were collected using a **structured questionnaire**, which is the most commonly used tool in green consumer behaviour studies due to its efficiency and replicability (Malhotra, 2019). The questionnaire consisted of two parts:

1. **Demographic Information** (age, gender, education, and past experience with eco-friendly products)
2. **Measurement Scales** for the three constructs:
 - Green Brand Image
 - Customer Trust
 - Purchase Intention

All items were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Likert scaling is widely used for measuring attitudinal and perceptual constructs in sustainability and marketing research (Joshi & Rahman, 2019).

The questionnaire was distributed electronically using Google Forms and circulated through email and social media platforms to ensure broader geographic coverage and cost-effectiveness. Online surveys are appropriate when targeting educated and technology-enabled respondents, particularly in urban settings (Bryman, 2016).

5.4 Measurement of Constructs

All measurement items were adopted or adapted from **validated scales** in existing literature to ensure reliability and conceptual consistency:

Construct	Source
Green Brand Image	Chen (2010)
Customer Trust	Chen & Chang (2012)
Purchase Intention	Nguyen et al. (2019)

Using established scales supports construct validity and enhances the credibility of measurement outcomes (Hair, Black, Babin, & Anderson, 2019).

5.5 Data Analysis Technique

Data were analysed using Structural Equation Modelling (SEM) through AMOS. SEM is suitable for this study because it allows simultaneous testing of direct and mediating effects among multiple variables, offering a more robust approach compared to traditional regression methods (Kline, 2016). SEM is also widely applied in green marketing and consumer behaviour research due to its ability to validate theoretical models and analyse latent constructs (Hair et al., 2019).

6. Data Analysis and Results Framework

Data collected from respondents were analysed using a series of statistical procedures aligned with the requirements of Structural Equation Modelling (SEM). This framework allowed the study to assess data quality, evaluate construct validity, and test the hypothesized relationships between green brand image, customer trust, and purchase intention. The analytical approach followed a two-step process recommended for SEM: (1) assessment of the measurement model and (2) assessment of the structural model (Hair, Black, Babin, & Anderson, 2019).

Table 1: Demographic Profile of Respondents (N = 400)

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	212	53.0
	Female	183	45.8
	Other	5	1.2
Age Group	18–25 Years	144	36.0
	26–35 Years	178	44.5
	36–45 Years	54	13.5
	Above 45 Years	24	6.0
Education	Undergraduate	125	31.3
	Postgraduate	202	50.5
	Doctorate	28	7.0
	Other	45	11.2
Experience Using Green Products	Yes	295	73.8

	No	105	26.2
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Table 1 presents the demographic characteristics of the 400 respondents included in the study. The distribution of gender indicates that 53% of participants identified as male, followed by 45.8% identifying as female, and 1.2% identifying as other. The representation across gender aligns with sampling patterns in sustainability-focused consumer studies, where male and female respondents typically dominate participation, reflecting accessibility and digital literacy in survey-based research (Bryman, 2016). The age distribution shows that a significant proportion of respondents belong to younger age groups, with 36% between ages 18–25 and 44.5% between 26–35. This concentration aligns with previous findings stating that younger individuals demonstrate higher awareness and willingness to adopt environmentally friendly purchasing behaviours due to greater exposure to sustainability narratives and digital environmental campaigns (Joshi & Rahman, 2019).

Educational background indicates that 50.5% of respondents hold postgraduate qualifications, 31.3% undergraduate, and smaller proportions report doctoral or other forms of education. Higher educational attainment is frequently associated with stronger environmental responsibility and informed decision-making, as education supports exposure to climate literacy and social responsibility concepts (Pandey & Pathak, 2022). The data on prior experience using green products reveal that 73.8% of participants have used eco-friendly items. Literature confirms that prior experience positively influences behavioural intention, familiarity, and trust in sustainability-oriented brands (Nguyen et al., 2019).

The demographic distribution demonstrates that most respondents belong to educated, digitally aware, and environmentally exposed consumer groups, which are consistent with emerging markets’ early adopter profiles in green product consumption research (Hair, Black, Babin, & Anderson, 2019). The demographic composition supports the relevance of the research sample and offers a suitable foundation for behavioural modelling using SEM-based analysis.

Table 2: Reliability and Validity Assessment

Construct	Cronbach’s α	Composite Reliability (CR)	AVE	Status
Green Brand Image (GBI)	0.88	0.90	0.64	Acceptable
Customer Trust (CT)	0.91	0.92	0.68	Acceptable

Purchase Intention (PI)	0.89	0.91	0.66	Acceptable
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Table 2 demonstrates the reliability and validity statistics for the key constructs: Green Brand Image, Customer Trust, and Purchase Intention. Cronbach's alpha values for all constructs exceed 0.88, indicating strong internal consistency. According to Nunnally and Bernstein (1994), a Cronbach's alpha value above 0.70 represents acceptable internal reliability. The values observed in this table surpass recommended thresholds, suggesting that the measurement items are stable and consistently represent their intended constructs.

Composite Reliability (CR) values range between 0.90 and 0.92. CR provides a more accurate reliability estimate in SEM as it accounts for the actual contribution of each indicator (Hair et al., 2019). Values greater than 0.70 are considered satisfactory (Fornell & Larcker, 1981), demonstrating that all constructs exhibit measurement consistency. The Average Variance Extracted (AVE) values range from 0.64 to 0.68, exceeding the minimum acceptable threshold of 0.50. AVE represents convergent validity, indicating that more than 50% of the variance in indicators is explained by their respective latent constructs (Byrne, 2016). These results confirm that measurement items sufficiently converge to represent their constructs.

The satisfactory reliability and validity values confirm that the scale items demonstrate conceptual accuracy and statistical adequacy for use in further structural analysis. Prior studies in green consumption behaviour also support use of these constructs, as they are widely validated within sustainable marketing literature (Chen, 2010; Chen & Chang, 2012). The results affirm suitability of the measurement framework for SEM and confirm alignment between theoretical definitions and operational constructs.

Table 3: Factor Loadings of Measurement Items

Construct	Item Code	Standardized Loading
Green Brand Image	GBI1	0.79
	GBI2	0.83
	GBI3	0.81
	GBI4	0.77
Customer Trust	CT1	0.82
	CT2	0.85

	CT3	0.87
	CT4	0.80
	PI1	0.78
	PI2	0.84
	PI3	0.82
	PI4	0.76
	Purchase Intention	

Table 3 presents standardized factor loadings obtained during Confirmatory Factor Analysis (CFA). All items show loading values above 0.76, indicating high contribution to their respective constructs. Factor loadings represent the correlation strength between observed variables and underlying latent constructs (Kline, 2016). Literature recommends minimum acceptable values of 0.60 and ideally above 0.70 for retaining items (Hair et al., 2019). The values presented in this table meet or exceed these expectations.

Green Brand Image items recorded high loading values between 0.77 and 0.83. These values indicate that participants strongly associate green product perceptions with environmental communication, ecological responsibility, and brand sustainability performance, confirming construct relevance. Customer Trust items exhibit even higher loadings between 0.80 and 0.87. Higher trust loadings align with previous evidence showing that perceived credibility and environmental authenticity significantly influence sustainability-related cognition and emotional response (Nguyen et al., 2019).

Purchase Intention items display loadings ranging from 0.76 to 0.84. These scores signify that purchase intention is strongly linked with willingness to buy eco-friendly products and perceived readiness to shift consumption patterns. High loading strength demonstrates that the behavioural intention construct is statistically well defined in the model. Strong loading values across constructs align with green marketing studies that measure environmentally influenced decision-making (Joshi & Rahman, 2019; Pandey & Pathak, 2022).

The high factor loading values validate the measurement model structure and support further advancement into structural testing as recommended by SEM methodology (Byrne, 2016).

Table 4: Model Fit Summary (CFA and SEM)

Fit Index	Recommended Threshold	Obtained Value
χ^2/df	≤ 3.00	2.11

CFI	≥ 0.90	0.94
TLI	≥ 0.90	0.93
RMSEA	≤ 0.08	0.054
SRMR	≤ 0.08	0.047

Table 4 summarizes goodness-of-fit results for both the measurement and structural model. Fit indices are essential for determining whether the hypothesized model adequately represents the covariance structure of the observed data (Hair et al., 2019). The Chi-square/df ratio of 2.11 remains below the widely accepted cutoff value of 3.00, indicating an acceptable degree of model parsimony (Kline, 2016). The CFI value of 0.94 and TLI value of 0.93 exceed the recommended threshold of 0.90, demonstrating strong incremental and comparative model fit (Byrne, 2016).

The RMSEA value of 0.054 falls within the recommended acceptable range below 0.08, indicating that the model achieves good approximation in the population (Fornell & Larcker, 1981). The SRMR value of 0.047 remains below the recommended cutoff of 0.08 and suggests minimal residual differences between predicted and observed correlations. These results indicate that the model parameters accurately reflect the underlying theoretical framework and validate the suitability of the structural model for hypothesis examination.

SEM literature emphasizes evaluating multiple fit indices rather than relying on a single indicator, and the table demonstrates alignment with this multi-criteria approach (Hair et al., 2019). These statistics indicate that the model meets commonly accepted SEM standards and aligns with prior sustainability behavioural modelling studies applying similar constructs (Chen, 2010; Nguyen et al., 2019).

Table 5: Hypothesis Testing Results

Hypothesis	Path	β (Standardized Estimate)	p-value
H1	GBI $\rightarrow$ CT	0.68	< 0.001
H2	CT $\rightarrow$ PI	0.57	< 0.001
H3	GBI $\rightarrow$ PI	0.34	< 0.001
H4	GBI $\rightarrow$ CT $\rightarrow$ PI (Mediation)	0.39 (Indirect Effect)	0.002 (Bootstrapped)

Table 5 presents the results of hypothesis testing based on standardized path coefficients. The path between Green Brand Image and Customer Trust shows a coefficient of 0.68 with $p <$

0.001, indicating a strong and statistically significant relationship. Literature supports this pattern by showing that environmentally positioned brands influence trust through perceived sincerity and sustainability alignment (Chen, 2010; Chen & Chang, 2012).

The relationship between Customer Trust and Purchase Intention reports a coefficient of 0.57 with $p < 0.001$. This result supports the theoretical assumption that trust functions as a determining factor for behavioural purchase intention when consumers consider environmentally responsible products (Nguyen et al., 2019). The direct path from Green Brand Image to Purchase Intention demonstrates a coefficient of 0.34 with $p < 0.001$, validating that sustainability perception exerts direct influence on willingness to purchase. Prior research highlights similar patterns where perceived eco-friendly brand responsibility enhances behavioural motivation (Pandey & Pathak, 2022).

The mediating effect of Customer Trust shows an indirect coefficient of 0.39 with bootstrapped significance at $p = 0.002$. Bootstrapping supports precision in mediation analysis by estimating sampling accuracy (Preacher & Hayes, 2008). The results confirm statistical support for all hypotheses and demonstrate that trust strengthens the predictive effect of sustainability-based branding on behavioural outcomes.

Table 6: Mediation Analysis (Bootstrapping Results, 5000 Samples)

Effect Type	Estimate	LL 95% CI	UL 95% CI
Direct Effect (GBI → PI)	0.34	0.21	0.48
Indirect Effect (GBI → CT → PI)	0.39	0.26	0.55
Result	—	—	—

Table 6 shows the mediation outcomes using bootstrapping with 5,000 samples. The direct effect of Green Brand Image on Purchase Intention is 0.34, with confidence intervals ranging from 0.21 to 0.48. The indirect effect of Green Brand Image on Purchase Intention through Customer Trust is 0.39, with confidence intervals from 0.26 to 0.55. These values indicate partial mediation, as both direct and indirect effects remain statistically significant. According to Preacher and Hayes (2008), mediation is confirmed when confidence intervals exclude zero. The indirect influence demonstrates that Customer Trust strengthens the mechanism through which green brand perception influences purchase behaviour. Studies on green marketing identify trust as a critical cognitive and emotional driver, especially when consumers evaluate

intangible sustainability claims (Nguyen et al., 2019). The mediation outcome aligns with theoretical positions proposing that trust bridges perception and action, supporting both emotional certainty and behavioural response in sustainability-related decisions (Chen & Chang, 2012). The results confirm theoretical expectations from environmental consumption models that psychological constructs such as trust significantly shape the transformation of environmental perception into purchase behaviours (Joshi & Rahman, 2019). The mediation pathway reflects established behavioural frameworks such as the Theory of Planned Behaviour, where attitudes influence intention more strongly when moderated by cognitive evaluation (Fishbein & Ajzen, 1975).

7. Discussion of Findings

The findings of this study demonstrate strong associations between green brand image, customer trust, and purchase intention among urban Indian consumers. The statistical evidence shows that green brand image significantly predicts customer trust, which aligns with earlier studies arguing that environmental positioning enhances perceived brand sincerity and authenticity (Chen, 2010; Hartmann & Ibáñez, 2006). The strength of this path suggests that consumers form cognitive and emotional evaluations of brands based not only on functional attributes but also on perceived ecological responsibility. The importance of brand symbolism in sustainable decision-making appears consistent with the growing literature emphasizing environmental identity, ethical perception, and moral alignment as determinants of trust-based green consumption (Nguyen et al., 2019; Pandey & Pathak, 2022). The direct relationship between customer trust and purchase intention demonstrates that trust plays a pivotal role in driving eco-friendly purchasing behaviours. This pattern supports arguments within behavioural and sustainability research suggesting that consumers must feel confident in the authenticity of environmental claims before committing financially to green products (Wan, Luk, & Chow, 2014). Eco-friendly products often involve higher cost structures or uncertainty in performance, making trust a filtering mechanism to reduce perceived risk and cognitive dissonance (Joshi & Rahman, 2019). The model results reinforce the conceptual framework where trust serves as a psychological bridge between beliefs and action in green consumption contexts.

Green brand image also shows a direct influence on purchase intention, demonstrating that environmental positioning itself creates persuasive value independent of mediators. This direct effect indicates that branding strategies leveraging visible sustainability signals may effectively

shape consumer responses without requiring extensive familiarity or extended trust-building cycles. The mediation analysis reveals a partial mediating effect of customer trust, confirming that strengthened trust enhances the influence of green brand image on purchase intention. This pattern aligns with the theoretical stance that sustainably positioned brands achieve stronger behavioural outcomes when the claim environment is credible, consistent, and verifiable (Chen & Chang, 2012). The results confirm relationships supported by sustainable consumption theories, such as the Theory of Planned Behaviour, which posits that beliefs, emotional factors, and perceived credibility influence behavioural intentions (Fishbein & Ajzen, 1975).

8. Conclusion

The analysis of behavioural dynamics in green consumption reveals that environmental perceptions, trust formation, and purchase motivation are interconnected psychological processes influencing sustainable buying decisions. The statistical outcomes highlight that green brand image plays a significant role in shaping consumer perceptions regarding authenticity and environmental commitment. This pattern reflects findings in previous literature that suggest brand reputation anchored in ecological identity influences how consumers interpret green claims, intentions, and product value propositions (Chen, 2010). The significance of this variable indicates that companies adopting sustainability labels or communication strategies must approach them sincerely because consumer interpretations are sensitive to perceived ethical alignment and message authenticity.

Customer trust emerges as a strong determinant of purchase intention, reinforcing long-standing research emphasizing trust as a core mechanism facilitating consumer confidence in sustainability markets (Nguyen et al., 2019). The role of trust indicates that eco-friendly purchasing is not solely an economic or functional decision but also a moral and relational one. Eco-conscious consumers expect integrity, transparency, and accountability from brands. Trust strengthens perceived safety in product evaluation and supports future behavioural loyalty.

The mediation outcome demonstrates that trust enhances the influence of green brand image on purchase intention. This observation reflects a layered behavioural mechanism where sustainable perception alone may initiate awareness, yet trust transforms perception into willingness to act. The partial mediation suggests that environmental branding has both symbolic and behavioural influence, meaning sustainable communication, reputation, and relational credibility collectively shape purchase responses. The validated structural model aligns with previous sustainability-driven behavioural frameworks and contributes context-

specific evidence for emerging economies such as India, where green markets and conscious consumption patterns are expanding rapidly (Pandey & Pathak, 2022).

9. Policy and Managerial Implications

The findings present implications for policymakers and business practitioners working to strengthen sustainable markets. Green brand image demonstrating strong influence on consumer responses indicates that firms engaging in environmentally responsible practices must communicate these actions through clear, verifiable, and consistent messaging. Certifications, eco-labels, and transparent reporting frameworks may serve as tools to enhance credibility, reduce perceived ambiguity, and strengthen brand positioning (Government of India, 2022). Marketing strategies may integrate sustainability storytelling, lifecycle disclosure, and operational transparency to support positive cognitive and emotional engagement with eco-conscious consumers.

Customer trust functioning as a core predictor of purchase intention suggests that organizations must build relationships grounded in ethical consistency rather than promotional symbolism. Trust development may benefit from long-term authenticity, third-party certifications, environmental reporting, and responsible sourcing. Greenwashing poses a detrimental risk, as misleading claims reduce both brand trust and broader industry confidence (Delmas & Burbano, 2011). Managerial frameworks emphasizing authenticity in sustainability initiatives create environments where consumers feel confident aligning purchasing behaviour with ecological values.

The demonstrated mediation effect indicates that policies encouraging sustainability should support public awareness campaigns, environmental literacy programs, and labelling standardization to strengthen consumer trust. Policymakers may consider reinforcing regulatory frameworks around environmental communication, product certification, and compliance auditing. Businesses operating in green markets may integrate sustainability performance indicators into branding strategies, customer engagement activities, and product innovation cycles. Strengthening the ecosystem of credibility around sustainability communication may support market expansion, improve consumer behavioural consistency, and accelerate the transition toward climate-conscious markets.

10. Future Research Directions

Future research may benefit from expanding the geographic scope of sampling beyond urban regions in India. The present research focuses on respondents with relatively higher exposure

to green marketing communication, environmental education, and eco-friendly product accessibility. Including rural and semi-urban populations could provide deeper insights into differences in environmental literacy, cultural value systems, and purchasing constraints. Future studies may also employ probability sampling strategies to strengthen generalizability, as recommended by methodological scholars (Saunders et al., 2019).

Further research could incorporate additional psychological and contextual constructs to enhance explanatory power. Variables such as environmental concern, perceived consumer effectiveness, green scepticism, eco-label credibility, and social influence may offer more nuanced understanding of purchase behaviour. Integrating moderating variables such as income level, past purchase frequency, cultural orientation, and product categories could refine the model and reflect diverse consumption patterns across markets. A longitudinal approach may also contribute toward understanding whether trust and purchase intention remain stable or fluctuate over time with exposure to green messaging and evolving market offerings.

Future research may explore cross-cultural comparisons to identify whether green brand image and trust-driven behavioural pathways are universal or context-dependent. Comparative studies across emerging and developed markets may reveal differences in regulatory environments, green advertising literacy, and sustainability expectations. Advanced analytical techniques such as multi-group SEM, machine learning-based behavioural prediction models, and neuromarketing analytics may further strengthen predictive capabilities. Researchers may also expand inquiry to the post-purchase behavioural domain, examining satisfaction, loyalty, and advocacy responses within the green consumption ecosystem.

Conflict of Interest Statement

The authors declare that there are no conflicts of interest associated with this research, its findings, interpretation, or publication. No author has any financial, professional, or personal relationships that could be perceived as influencing the objectivity or integrity of the study. The research was conducted independently, and all decisions regarding methodology, data analysis, and manuscript preparation were made without external influence. The authors confirm that the content is free from bias, commercial influence, or competing interests of any kind.

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Ethical Approval Statement

Ethical approval was obtained in accordance with recognized academic research standards. Participants were informed of the study's objectives and provided consent before completing the survey. No personal identifiers were collected, and participation was voluntary. Respondents retained the right to withdraw at any point without consequence. The study adhered to privacy and confidentiality expectations as suggested in established ethical frameworks for human subject research.

Data Availability Statement

The dataset used and analysed during the study is available from the corresponding author upon reasonable request. Data availability is subject to ethical compliance and privacy considerations to ensure protection of participant confidentiality. Raw survey data, SEM outputs, reliability statistics, and coding sheets can be shared for academic and non-commercial purposes.

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