



The Impact of ESG on Brand Trust and Customer Loyalty: Case study of FnB Businesses in Hanoi City

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Keywords

ESG; Brand Trust; Customer Loyalty; Food & Beverage Businesses; Social Responsibility

Abstract

This research investigated the impacts of environmental, social, and governance (ESG) components on brand trust and customer loyalty towards Vietnamese Food and Beverage (FnB) enterprises in Hanoi. The research team employed Statistical Product and Services Solutions (SPSS) 20 and Analysis of Moment Structures (AMOS) 24 methodologies, analyzing data from 631 customers, assessing reliability using Cronbach's Alpha and Structural Equation Modeling (SEM). Three main findings were obtained. Firstly, ESG factors—particularly social factors—positively influence customer loyalty. Secondly, ESG positively impacts brand trust. Thirdly, the social factor within ESG standards has the greatest impact on brand trust and customer loyalty. Based on these results, recommendations are made for FnB businesses and policy makers to enhance social effectiveness. The practical implications of this research involve enhancing social responsibility in FnB industry. Government policies should promote the adoption of ESG principles through laws, regulations, tax incentives, and financial assistance. Furthermore, consumer behavior is pivotal in steering businesses towards sustainable development, as informed consumer choices favoring ESG-compliant products and services exert significant influence.

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1. Introduction

ESG stands for Environmental, Social, and Governance, and it is a set of standards for measuring sustainability and the impact of a business on the community. The field of sustainability development has garnered significant interest from stakeholders, financiers, and decision-makers. In the past, a company's value was primarily determined by short-term metrics and quantitative assessments such as financial reports. However, the outbreak of the COVID-19 pandemic, along with the global climate change crisis, has significantly influenced the strategic direction of businesses. The global spread of the COVID-19 pandemic has made ESG an increasingly prominent concern in the international marketplace (Li et al., 2022). Consequently, developing a sustainable business in accordance with ESG criteria is no longer a choice but a crucial decision for companies.

Globally, ESG is gradually becoming a trend among businesses. Many companies have been and continue to strive to reduce carbon emissions and waste, use socially responsible inputs, and meet ESG criteria. Global corporations like Samsung, Hyundai, Kia Motors, Hanwha, and POSCO are seriously implementing ESG management as a survival strategy, focusing on developing renewable energy, avoiding the use of fossil fuels, and expanding the use of electric vehicles, among other initiatives (Koh et al., 2022). Aligning with the global trend of ESG adoption, many Vietnamese companies such as Vinamilk, Vinfast, and Masan have also made changes in their management thinking regarding sustainable development and have incorporated ESG into their business strategies. As society continues to develop, consumers will have increasingly stringent demands for the products they receive. The 2022 Customer Experience Excellence (CEE) report for Vietnam shows that up to 93% of customers in Vietnam are willing to pay more for products and services integrated with ESG (KPMG Vietnam, 2022).

Previous studies on ESG in Vietnam have primarily focused on identifying the impact of ESG on business performance, looking at ESG performance indicators to make decisions, and understanding the management perspectives of businesses regarding ESG. Some studies have also paid attention to consumer behavior and perceptions, but rarely in the food and beverage industry, and no such studies have been conducted with consumers in Hanoi—a major city with a large number of high-income consumers. Similar to many other developing countries, green consumption and green products are still relatively new and emerging concepts in Vietnam (Mai et al., 2019). Vietnamese consumers are becoming extremely conscious of their lifestyle choices,

with greater awareness of the impacts of their consumption on the environment and health (KPMG Vietnam, 2022). In particular, consumers in a major economic and cultural hub like Hanoi are even more aware of the ethical and environmental reputation of businesses, emphasizing the importance of ESG attributes in influencing brand trust and subsequently customer loyalty. 86% of consumers in Hanoi have expressed interest in sustainably developed products (Nielsen, 2021). Given the current situation and the urgency of the issue, the research team has decided to choose the topic “The Impact of ESG on Brand Trust and Customer Loyalty: Case study of FnB Businesses in Hanoi City.”

2. Theoretical framework and hypothesis development

2.1 ESG

ESG is an acronym for Environmental, Social, and Governance. This term is understood as a set of standards used to measure factors related to a business's sustainable development. Initially, the concept of ESG was mentioned in the form of CSR (Corporate Social Responsibility) in a publication in 1953 by American economist Howard Bowen. Later, the term ESG first appeared in 2004 in a report by the United Nations (2004) titled "Who cares wins - Connecting Financial Markets to a Changing World" (Bae et al., 2023)

ESG is used by investors as a standard and comprehensive management method to evaluate financial performance as well as current and future operations. The three basic elements of ESG help measure the sustainability and social impact of business activities. The first element of the ESG standards set is Environmental (E). This factor measures the extent to which a business impacts the environment and natural resources. The second is Society (S), which evaluates factors related to relationships both inside and outside the business, including relationships with partners and customers, as well as with employees. The final element of the ESG standards set is Governance (G), which includes compliance with ethical principles in business; Transparency in disclosing information related to corporate activities; Protect intellectual property rights, select leadership and be responsible to shareholders.

Investing in ESG is a terrific initiative for companies to enhance their image, increase profitability, and support sustainable business practices. Previous research on the impact of ESG implementation at Starbucks has demonstrated that ESG activities can directly or indirectly influence brand trust and repurchase intention (Moon et al., 2022). The 2015 annual global sustainability report by Nielsen indicated that globally, 66% of consumers are willing to pay more for a product if it comes from a brand that applies the ESG standard, and approximately 81% of Millennials predict that their favorite companies will publicly declare that they operate sustainably and ethically (Landrum, 2017). FnB companies also have significant interest in ESG management, and previous studies have confirmed the relationship between ESG factors, business value, trust, and behavioral intention. Moreover, these social activities of businesses have a positive impact on performance improvement by enhancing the company's image, which can have a positive impact on society (Mitra & Anas, 2021)

2.2 Impacts of ESG on customer loyalty

Environmental, social, and governance are abbreviated as ESG (Bătae et al., 2021). First and foremost, company environmental initiatives have a positive impact on brand image and brand loyalty (Namkung & Jang, 2013). Over-packaging negatively affects brand attitude, green brand image, and brand engagement (Chen et al., 2017). When customers support green businesses and brands, they feel self-satisfied by contributing to these green efforts (Bhattacharya et al., 2009). Based on the 20-80 principle, the top 20% of customers can generate 80% of profits for a company (Kotler & Keller, 2005). Loyal customers can provide sustainable economic income for companies and act as "brand ambassadors," spreading brand image to acquaintances, thus acquiring new customers at lower costs. An environmental variable among factors influencing emotional attachment of customers to a location, finding significant differences among these factors in their study (Tumanan & Lansangan, 2012).

Considering the above observations, we take a step forward in unravelling such complicated linkages by examining whether ESG scores impact the loyalty of customer. Thus, the first hypothesis is as follows

Hypothesis 1: *ESG has a positive impact on customer loyalty.*

2.3 Impacts of ESG on brand trust

From the perspective of brand research and consumer behavior, the social and governance attributes of ESG are considered to have a positive impact on brand reputation, image, and quality (Koh et al., 2022). ESG significantly influences brand trust and consumer word-of-mouth intention (Bae et al., 2023). Implementing ESG directly or indirectly affects consumer brand trust and repurchase intention at Starbucks (Moon et al., 2022). When a brand gains consumer trust, it is more likely to deliver satisfactory outcomes for them (Kim et al., 2015). Brand trust can be seen as crucial in building customer-business relationships, representing consumer commitment to continue using that brand. When consumers decide to trust a brand, they are less likely to dwell on comparisons regarding quality, pricing, or pros and cons with competitors (Bhattacharya & Sen, 2003). Therefore, trust in a brand is pivotal in consumer purchase decisions and contributes significantly to building brand reputation and image. Hence, the proposed hypothesis is as follows:

Hypothesis 2: *ESG has a positive impact on brand trust.*

2.4 Impacts of brand trust on customer loyalty

In a study on café chains in Indonesia, cafes can enhance customer loyalty through improved brand awareness and brand trust (Bernarto et al., 2020). Customer loyalty is developed through repeat purchases, leading to specific buying habits (Ameen et al., 2022). Loyalty represents a consumer's willingness to switch to another brand, especially when that brand offers favorable changes in price or product features (Klein & Sharma, 2022). Interaction in customer perception, marketer interaction, and customer interaction all positively impact brand recognition, thereby contributing to brand resonance (Zhao et al., 2021). The impact of brand trust on brand commitment and loyalty, exploring the mediating and moderating roles of brand commitment and brand reputation (Shin et al., 2019). Based on these interrelationships, the greater the influence of ESG on brand trust, the higher the customer loyalty. Therefore, the authors propose the following hypothesis:

Hypothesis 3: *Brand trust has a positive impact on customer loyalty.*

2.5 The mediating role of brand trust between ESG and customer loyalty

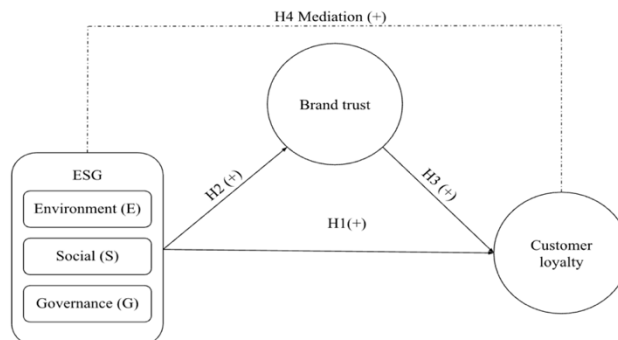
Corporate Social Responsibility activities help build a positive image in the eyes of customers, thereby creating reputation for businesses (Islam et al., 2021). Enterprises implementing ESG can foster brand love among customers, leading them to decide long-term commitment to the business (Suchart & Wilert, 2022). Previous studies have also indicated the mediating role of brand trust between variables. A prior study examined the relationship between brand and consumers' intention to purchase airline services, highlighting the mediating role of trust and loyalty (Zeren & Kara, 2020). Brand trust plays a crucial role as a mediating variable in the relationship between satisfaction and commitment intention (Cuong, 2020). To explore the mediating role of brand trust, we propose the hypothesis:

Hypothesis 4: *Brand trust mediates the effect of ESG on customer loyalty.*

2.6 Impacts of other factors on firm’s brand trust and customer loyalty

Nowadays, with the attractiveness and development potential of the FnB industry, there are many famous foreign brands present in Vietnam and increasingly gaining advantages such as Starbucks, McDonald's, Pizzahut, Cocacola, PepsiCo... This puts significant pressure on the domestic FnB industry, making it increasingly difficult to compete. Therefore, creating trust in the brand and customer loyalty are vital for the survival and growth of domestic FnB businesses. Many authors have conducted research on the factors influencing brand trust and customer loyalty. For example, brand effect has a positive impact on brand loyalty of consumers (Kabadayi & Alan, 2012). Brand effect defined as "the potential of the brand to evoke positive emotional responses in typical consumers through its use" (Chaudhuri & Holbrook, 2001). Brand loyalty will be greater when positive emotional influences encourage consumers to have a positive attitude towards the brand. Hedonic products have a positive impact on brand love and customer loyalty (Thuy et al., 2019). The more enjoyment and pleasure hedonic products bring to customers, the longer they are expected to stay loyal. Many shopping behaviors are simply driven by the joy and satisfaction of the purchase, and customers are only loyal to the pleasure that brands bring.

The study framework is demonstrated in Fig. 1 below.



Source: Authors' compilation from literature review

Fig. 1 Proposed Research Model

3. Research Methodology

3.1 Data collection and questionnaire development

3.1.1 Secondary data collection

Diverse research has been carried out and comprehended in Vietnam and worldwide, in which secondary data has been collected selectively. Through the collection of up-to-date databases, the current nature of the issues has been reflected in detail. The theoretical model related to consumer behavior, intention and social cognition is applied to analyze the factors that affect brand trust and customer loyalty.

3.1.2 Primary data collection

Since the main data collection tool in this study is a survey questionnaire, the questions asked must be appropriate for the research purpose. Therefore, the questionnaire in this study is a set of Likert 5-point scale questions to measure and estimate the key factors (ESG, brand trust, loyalty). According to Puriwat and Tripopsakul (2023), the structure of the questionnaire for this second part is designed and adjusted, consisting of 12 items to evaluate ESG factors, including 4 items related to the environment, 4 items related to society, and 4 items related to governance. The evaluation of brand trust factors is modified from the research of Dwyer et al. (1987) and the authors Bae et al. (2023). Finally, there are 6 items to assess customer loyalty to the brand, based on the research of Kim et al. (2015) and the authors Puriwat and Tripopsakul (2023)

The minimum number of survey samples for a study should be at least 5 times the total number of measured variables (Hair et al., 2014).

$$N = 5 \times \text{number of measured variables} \quad (3.1)$$

The study model represents three independent variables, one intermediate variable, and one dependent variable, including 12 observed variables, 3 observed variables, and 6 observed variables respectively. Therefore, the total number of observed variables in this study is 21. The minimum survey sample size is $21 \times 5 = 105$ to ensure the reliability of the research process. The survey was conducted over a period of one month, starting from the beginning of October 2023; 680 survey forms were distributed. The total number of valid responses obtained was 631, meeting the standard for the reliability of the research results.

The study uses a random sampling method to collect data. Every customer participating in the consumption process of the FnB industry in Hanoi has an equal chance of being selected for the study through this probability sampling method, regardless of whether they are online or offline customers of the brands. After conducting online and direct surveys using a structured questionnaire, data will be collected for careful analysis.

3.1.3 Questionnaire design

The content of the questionnaire is divided into 3 parts as follows:

Part 1: General information.

Part 2: Consumer behavior when using FnB products survey

Part 3: Consumer awareness of the influence of ESG on their shopping behavior

To assess the respondent's understanding of the ESG standard, Parts 1 and 2 are constructed with multiple choice questions to collect demographic information and customers' behavior when shopping FnB products. Part 3 is a set of questions with a 5-point Likert scale to measure the respondent's perception of the impact of ESG on their brand trust and loyalty to FnB businesses

3.2 Data analysis method

The data collected was used first to measure the scale's reliability using Cronbach's Alpha coefficient through SPSS version 20. Following the reliability test, the research team used AMOS 20 to conduct an exploratory factor analysis (EFA) to determine the correlation among the variables in the dataset. The researchers then measured the model's fitness and validity using confirmatory factor analysis (CFA). Furthermore, this study examined convergent and discriminant validity by assessing factor loadings and average variance extracted (AVE) scores. Once the measurement model was evaluated, the proposed model and hypotheses were tested using structural equation modeling (SEM) to assess overall fit.

4. Empirical result analysis

4.1 Overview of FnB businesses, especially in Hanoi

Vietnam stands out as the third fastest-growing country in Asia concerning food expenditure, with a noteworthy impact on its economic landscape. Vietnam's F&B industry will grow at an annual rate of 8.65% between 2021 and 2026 (Mordor Intelligence Inc., 2019). Additionally, F&B holds the highest proportion in Vietnamese spending expenditure, accounting for 35% of monthly spending and 15% of the country's GDP; this number is expected to grow in the coming years (Viracresearch, 2022).

It can be seen that in Hanoi city, with big brands, especially chain brands, with accumulated capital, are taking advantage of market share when competitors weaken. There is a growing global awareness and concern about environmental sustainability, social responsibility, and ethical governance so that consumers in the FnB sector are increasingly conscious of their choices' impact on the environment and society and are more likely to support brands that align with their values and demonstrate responsible business practices. According to Nielsen survey (2021), 86% of Hanoi consumers expressed interest in sustainable products. These factors make Hanoi an ideal research site to explore the impact of ESG on brand trust and consumer loyalty.

4.2 Descriptive results

Demographic characteristics are analyzed using descriptive statistics in SPSS. According to Table 1, males accounted for 59.6% of the participants, while females accounted for 40.4% of the total responses. In addition, 20.3% of respondents were between 43-58 years old, 26.5% were between 27-42 years old, and the remaining 53.2% were between the ages of 11-26 years old. Regarding education level, many survey participants have undergraduate and postgraduate degrees.

Table 1 *Characteristics of the FnB Firms*

Item	Description	Sample	(%)
Gender	Male	376	59.6
	Female	255	40.4
Age	11-26	336	53.2
	27-42	167	26.5
	43-58	128	20.3
Education	High school	56	8.8
	College	21	3.3
	Undergraduate	425	67.4
	Postgraduate	129	20.5
Income (million VND)	Below 5	204	32.4
	5-10	149	23.6
	10-18	186	29.5
	18-32	75	11.9
	32-52	10	1.6
	52-80	4	0.6
	Above 80	3	0.4

Source: Authors' compilation results from primary data

4.3 Testing of the data and model

Table 2 *Observed Variables and Questionnaire Constructs.*

Constructs	Items	Observed Variables
Environmental	EV1	I believe that most Vietnamese FNB businesses are doing a good job of combating plastic waste
	EV2	I think the majority of Vietnamese FNB businesses perform well in promotional activities to minimize environmental impact.
	EV3	I am interested in the regulations on waste classification of FNB Vietnam businesses.
	EV4	I think the majority of Vietnamese FNB businesses will continue to use environmentally friendly materials (bio straws, compostable packaging...).
Social	SC1	I appreciate that Vietnamese FNB businesses care about the health and safety of customers when using their products.
	SC2	I would like to receive complete and accurate information about products on the packaging of Vietnamese FNB businesses.
	SC3	I am interested in employee welfare policies (labor insurance, fairness in recruitment, promotion and compensation...) of Vietnamese FNB businesses
	SC4	I think that Vietnam's FNB businesses play an important role in economic growth.
Governance	GV1	I think that most Vietnamese FNB businesses fulfill their obligations and responsibilities to the state: pay taxes, fees, and charges according to legal regulations, ...
	GV2	I believe that the majority of Vietnamese FNB businesses strictly comply with food hygiene and safety standards.
	GV3	I think that most Vietnamese FNB businesses ensure healthy competition.
	GV4	I believe that the majority of Vietnamese FNB businesses do not produce or trade fake, counterfeit or poor-quality goods.
Brand Trust	BT1	I believe in the products of FNB businesses that apply ESG.
	BT2	I think FNB businesses that apply ESG always try to provide quality products and services as committed to customers.
	BT3	I believe that FNB businesses with ESG commitments always listen to customer feedback.
Customer Loyalty	CL1	Because I believe in the products of FNB businesses that apply ESG, I decided to continue using them in the future.
	CL2	I am willing to stop using the company's products that cause environmental pollution.
	CL3	I will stick with businesses that commit to ESG for a long time.
	CL4	I am willing to pay more for products with ESG factors.
	CL5	I prioritize using FNB products with ESG factors.
	CL6	I will recommend using ESG products to friends/ relatives.

Source: Authors' compilation

The factor loading and measurement items are displayed in Table 3. Every item's factor loading has a loading greater than 0.5 and is significant at the 0.001 level. To confirm the construct reliability of every prospective variable utilized, Cronbach's α was employed. According to Michel et al. (2005), they recommended a confidence criterion of $\alpha > 0.75$, which is satisfied by the major variable values displayed in the table below. According to the test results, all the observed variables had a Cronbach's Alpha scale reliability coefficient more than 0.75, and a Corrected Item (Total Correlation) of greater than 0.3 for all of them. The scale demonstrates dependability, the observed variables are adequately described, and the element of customer loyalty has a stronger positive association.

Table 3 Results of Factor Analysis and Validity ($N = 631$)

Factors	Measured Variable	Factor Loading	Estimate	S.E	p	Cronbach's α
Environmental	EV1	0.818	0.309	0.031	***	0.779
	EV2	0.789	0.263	0.027	***	
	EV3	0.600	0.522	0.037	***	
	EV4	0.569	0.719	0.048	***	
Social	SC1	0.742	0.388	0.035	***	0.778
	SC2	0.815	0.572	0.043	***	
	SC3	0.716	0.466	0.034	***	
	SC4	0.724	0.620	0.045	***	
Governance	GV1	0.689	0.276	0.025	***	0.839
	GV2	0.805	0.388	0.029	***	
	GV3	0.749	0.424	0.035	***	
	GV4	0.748	0.359	0.029	***	
Brand Trust	BT1	0.816	0.206	0.020	***	0.851
	BT2	0.851	0.289	0.024	***	
	BT3	0.810	0.275	0.022	***	
Customer Loyalty	CL1	0.714	0.271	0.024	***	0.862
	CL2	0.554	0.321	0.027	***	
	CL3	0.777	0.247	0.023	***	
	CL4	0.772	0.506	0.037	***	
	CL5	0.833	0.662	0.047	***	
	CL6	0.792	0.469	0.039	***	

Source: Authors' compilation results from primary data

For each construct, the measuring model and discriminant validity analysis are displayed in Table 4. All constructs (Environmental: 0.839; Social: 0.712; Governance: 0.829; Brand Trust: 0.834; Customer Loyalty: 0.786) have an AVE better than 0.50, according to the results, and its estimates guarantee sufficient convergent validity for the items. As per the findings of Fornell & Larcker, discriminant validity can be verified if the squared correlation (R2) between two constructs is lower than the AVE score of each respective construct. Table 4 confirms the discriminant validity, as all AVE scores (0.712–0.839) exceeded the squared correlation (0.414–0.796). So, five distinct dimensions are represented by the following: environmental, social, governance, brand trust, and consumer loyalty. Lastly, the study model fit index verification was carried out. For the appropriateness verification, the absolute and incremental fit index verification was carried out. It was evident from the CMIN value of 491.257, the df value of 142, and the CMIN/df value of 3.460 that this was a very appropriate criterion. The RMSEA value was likewise determined to be 0.062, and the GFI value was 0.923. The AGFI value was 0.896, which was investigated as a highly suitable standard. Because of this, the study model's absolute suitability index was outstanding.

Table 4 Result of Discriminant Validity (N = 631)

Factors	CR	Constructs				
		Customer Loyalty	Enviromental	Social	Governance	Brand trust
Customer Loyalty	0.906	0.786				
Enviromental	0.876	0.414	0.839			
Social	0.804	0.796	0.431	0.712		
Governace	0.868	0.476	0.754	0.516	0.829	
Brand trust	0.873	0.714	0.582	0.762	0.707	0.834

$X^2 = 491.257$, d.f. =142, CMIN/DF = 3.460, GFI = 0.923, AGFI = 0.896, CFI = 0.955, RMSEA = 0.062

Source: Authors' compilation results from primary data

In addition, the authors also investigated the mediating role of the brand trust (BT) variable in the influence of ESG on customer loyalty (CL). The results are illustrated in Table 5.

Table 5 Result of Mediating Variable Analysis

Hypothesis	Paths	Estimate	p-Value	Results
H4a	CL <--- BT <--- EV	0.017	0.267	No conclusion
H4b	CL <--- BT <--- SC	0.149	0.036	Supported
H4c	CL <--- BT <--- GV	0.106	0.017	Supported

Source: Authors' compilation results from primary data

The results show that brand trust does not mediate the effect of environmental factors on customer loyalty because $p = 0.267$ ($p > 0.05$). Meanwhile, social and governance factors have a reverse trend when these two factors indirectly affect customer loyalty with $\beta = 0.149$, $p = 0.036$ and $\beta = 0.106$, $p = 0.017$. Therefore, H4b and H4c are accepted.

Table 6 Result of Structural Parameter Estimates ($N = 631$)

<i>Paths</i>	<i>Estimate</i>	<i>S.E.</i>	<i>p-Value</i>	<i>Results</i>
<i>H1-1: Environmental → Customer loyalty</i>	.026	.037	.485	No conclusion
<i>H1-2: Social → Customer loyalty</i>	.584	.065	***	Supported
<i>H1-3: Governance → Customer loyalty</i>	-.050	.058	.368	No conclusion
<i>H2-1: Environmental → Brand trust</i>	.046	.039	.236	No conclusion
<i>H2-2: Social → Brand trust</i>	.556	.046	***	Supported
<i>H2-3: Governance → Brand trust</i>	.357	.055	***	Supported
<i>H3: Brand trust → Customer loyalty</i>	.261	.071	***	Supported

Source: Authors' compilation results from primary data

5. Discussion

5.1 The Impact of ESG on Brand Trust

The research has shown the positive impact of ESG on Brand Trust (BT). According to Table 5, among the three ESG factors, only Social (SC) and Governance (GV) have a positive impact on brand trust (BT), with $\beta = 0.556$ and C.R. = 11.998 for the impact of SC on BT; and $\beta = 0.357$ and C.R. = 6.505 for the impact of GV on BT. This convergence not only highlights the generalizability of the group's research results but also emphasizes the long-term importance of ESG practices in shaping consumer perceptions. Brand reputation, image, quality, and quantity are believed to benefit from the social and governance aspects of ESG (Koh et al., 2022).

5.2 The Impact of ESG on Customer Loyalty

The research by the group of authors has shown the positive impact of ESG on Customer Loyalty (CL). Among the three ESG factors, only the Social factor (SC) affects Customer Loyalty, as demonstrated by the SEM test results with $\beta = 0.598$ and C.R. = 9.007. The Environmental and Governance factors do not have a direct impact on CL. This indicates that the people of Hanoi are currently uncertain about the long-term commitments in the environmental and governance aspects of FnB enterprises. This result differs from previous studies, where most research identified a positive relationship between all three ESG factors and customer loyalty. These studies focused on the immediate positive impact of ESG perception on customers regarding brand reliability, image, and quality. Customers tend to feel more attached to a brand when they perceive that the business cares about environmental aspects, social responsibility, and good governance, as evidenced by ESG practices.

5.3 The Impact of Brand Trust on Customer Loyalty

The results show that Brand Trust (BT) positively affects Customer Loyalty (CL) with $\beta = 0.261$ and C.R. = 3.701. This indicates that in the dynamic context of the FNB market in Hanoi, the impact of Brand Trust on customer loyalty is particularly relevant. This trust fosters a sense of safety and satisfaction, increasing the likelihood of customers returning for future purchases. Brand image has been recognized as a tool for building credibility and trust among consumers (Corritore et al., 2003). Consumers who trust a brand are more likely to repurchase that brand in the future. The findings of this study, as well as those of other authors, affirm that businesses should focus on providing high-quality products, promoting brand image, and maintaining customer satisfaction levels.

5.4 The Mediating Role of Brand Trust in the Impact of ESG on Customer Loyalty

The research shows the mediating role of Brand Trust (BT) between Social (S) and Governance (G) factors on Customer Loyalty (CL), with $\beta = 0.149$ and $\beta = 0.106$ respectively, excluding Environmental (E) factors. The core hypothesis of the study suggests that brand trust plays a crucial mediating role between social and governance factors, fostering customer loyalty. However, the authors' research contributes not only by reaffirming this relationship but also by elucidating the distinct independence of brand trust in its mediating role between social and governance factors, and conversely, its non-mediating role between environmental factors and customer loyalty. Analyzing the differences in the role of brand trust in ESG-related relationships is a significant aspect of the research. While brand trust is seen as a mediator between social and governance factors, this does not entirely hold true when considering the relationship between environmental factors and customer loyalty. This subtle difference may reflect the complex influence of today's social business environment and other factors impacting customer loyalty.

6. Conclusion

With the aim of investigating the impact of ESG on brand trust and customer loyalty towards FNB brands among consumers in Hanoi, and utilizing data collected over a period of more than 2 months with 631 valid responses, as well as building upon and synthesizing prior research, the authors employed AMOS 24.0 to ascertain correlations between variables and test proposed hypotheses. The research team contends that our study does not generalize all individuals as being identical or assume that various FNB brands wield equivalent levels of influence. Key findings include: Firstly, the factor exerting the strongest influence on brand trust and customer loyalty is Social (S). The Social (S) and Governance (G) factors significantly and positively affect brand trust. Contrary to our expectation, the impact of Environmental (E) factor on both brand trust and customer loyalty failed to receive support from the Hanoi data. It means that green consumption and green products are still relatively new and emerging concepts in Vietnam. The findings and research indicate that ESG positively influences brand trust and customer loyalty when consumers choose FNB products. Comparative analysis results demonstrate that brand trust partially mediates the impact of ESG on customer loyalty towards those brands. This is particularly understandable in the current context, with the group surveyed predominantly composed of young consumers (Generation Z) in a dynamic and competitive

market. Consumers are increasingly concerned with aspects related to labor, product quality, safety, and accessibility when using FnB products today.

From a theoretical perspective, this study investigates an important issue pertaining to the factors driving ESG practices of businesses in the context of transitional and emerging economy in Southeast Asia, Vietnam. The research findings contribute to enrich our understanding about ESG and its antecedents in the cross-cultural context, especially enhance our knowledge of the debatable relationship between sustainable activities of business and customer's behavior.

From a practical perspective, this study is expected to provide some managerial implications. The findings from this study provide insight to better understand consumers and satisfy better their needs. Based on the results, the authors intend to provide suggestions that can be used for all parties. Firstly, firms should recognize the importance of implementing ESG in their daily operations. It is essential to be transparent and publicize sustainable development initiatives as a critical strategy to foster positive brand trust and maintain customer loyalty. Firms may want to design effective communication campaigns to enhance the citizens' knowledge of environmentally friendly products and the multi-facet benefits associated with purchasing and consuming them so that consumers can receive favorable social influence regarding green purchase (Tuu & Khoi, 2024). Businesses should strengthen efforts to build and maintain waste management systems in food processing while improving processing technology, developing environmental responsibility policies such as minimizing and recycling waste during production, reducing pollution (harmful emissions, wastewater, etc.), and using environmentally friendly materials. The principles and production of high-quality and environmentally friendly domestic food, successful experience in the operation of environmentally-oriented companies is required, as well as innovative developments in the agro-industrial sector. (Voronkova et al., 2018)

The findings of this study also provide some implications for policy makers to enhance the role of ESG factors for both businesses and consumers implementing laws and regulations to encourage businesses to adopt ESG practices is crucial. Actions such as providing tax incentives and financial support for effective ESG activities, engaging in constructive dialogues between the Vietnamese government and local business groups facing challenges, and developing clear ESG standards and guidelines to assist businesses in compliance will serve as guiding principles to enhance awareness and enforcement capabilities of ESG in FnB enterprises. Additionally, the government educate and guide consumers to become smarter and more responsible consumers in their purchases and consumption toward green products.

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