

The Role of Business Ethics and Azarine Brand Popularity in Building Consumer Trust

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Abstract

This study investigates the interplay between business ethics and brand popularity in shaping consumer trust, focusing on the Azarine brand within the beauty industry. Maintaining consumer trust is vital for business development and sustainability in an increasingly competitive market. Business ethics encompasses principles such as transparency, honesty, and corporate responsibility, which are crucial for fostering consumer trust. The research highlights a recent incident involving Azarine, where allegations of over-claiming product efficacy led to significant consumer skepticism, despite the brand's strong market presence. Through a qualitative approach, data were collected from students at the Faculty of Economics, Universitas Negeri Medan, via questionnaires designed to elicit opinions on the impact of business ethics and brand popularity on consumer trust. The findings indicate that while brand popularity can attract initial consumer interest, long-term trust heavily relies on ethical practices and product quality. Respondents unanimously agreed that adherence to ethical standards is fundamental in building and maintaining consumer trust, particularly in the beauty sector where product claims directly impact health and safety. The study reveals that ethical violations, such as misleading product claims, can severely damage consumer confidence. Many respondents indicated they would discontinue using Azarine products due to the over-claim incident, viewing transparency and honesty as essential criteria for selecting beauty products. However, a small number expressed willingness to give the brand a second chance, contingent upon Azarine taking responsibility for its actions and improving transparency in its communications. Conversely, while brand popularity can serve as an initial draw, the study concludes that it is insufficient to sustain consumer trust in the face of ethical breaches. Respondents noted a decline in Azarine's popularity following the incident, emphasizing that a brand's reputation is not solely built on recognition but also on ethical integrity. Ultimately, this research underscores the necessity for brands like Azarine to enhance their ethical standards and transparency to rebuild consumer trust and maintain a competitive edge. Recommendations for future research include exploring the relationship between product quality, innovation, and consumer trust in greater depth. By understanding these dynamics, companies can develop more effective strategies that align ethical practices with consumer expectations, thereby fostering long-term relationships built on trust and credibility.

Keywords: Business Ethics, Brand Popularity, Consumer Trust

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1. Introduction

In the business world, maintaining consumer trust is one of the most essential things in developing and advancing a company. One way to keep that trust is by implementing good business ethics. Business ethics cover various aspects such as transparency, honesty, and corporate responsibility. On the other hand, brand popularity also plays a vital role in influencing consumer views and decisions. Popular brands are often considered better quality because they have a wide reputation.

However, consumer trust can be compromised if companies commit ethical violations, such as providing inappropriate or excessive information about their products. This recently happened to the Azarine brand, where there was a case of over-claiming on one of its products. Despite Azarine's high popularity in the market, this incident raises questions about the impact of business ethics on consumer trust, especially in the face of competitive challenges in the beauty industry.

Therefore, this study was conducted to understand how business ethics and popularity affect consumer trust in Azarine.

2. Literature Review

2.1. Business Ethics

David P. Baron (2005) states that ethics is a systematic approach to moral judgment based on reasoning, analysis, synthesis, and reflection (Hikma Niar et al., 2023). Ethics helps us understand behavior, whether moral or not in the context of basic human relationships. How we think and act towards others, and how others think and act towards us. Meanwhile, business ethics is the knowledge of procedures in organizing and managing businesses with regard to universally applicable standards and ethics, economic and social. The application of these standards and ethics supports the aims and objectives of business activities.

According to Mega and Zuhri (2024), the principles of business ethics encourage the application of ethical values in the company's operational activities, so that business can run in harmony with ethical norms reflected in applicable laws and regulations. The principles of business ethics have the aim of providing ways that companies can do in achieving their goals. Here below are the principles of business ethics.

2.1.1 Economic Principles

The company is independent, its authority depends on the field of activity and its implementation is based on the company's vision and mission. In setting policies, companies should seek to develop a corporate vision and mission that is oriented towards the prosperity and well-being of employees and the communities in which they conduct business.

2.1.2 The Principle of Honesty

Honesty is the most fundamental value to support business success. In a business environment, honesty applies to all parties involved in business operations. With the honesty of a company, the people around it will have great trust in the company.

2.1.3 Principle of Goodwill

The principle of goodwill has a strong relationship with honesty. Unethical behavior will clearly not help a company build public trust, and in fact, such actions can damage the business

itself. Clarity of purpose reflects the company's transparency regarding its mission, vision and goals.

2.1.4 Principle of Fairness

The principle of fairness encourages companies to act and be fair to all parties involved in the business ecosystem.

2.1.5 Principle of Self-Respect

The principle of self-respect is a reflection of positive self-esteem. It starts with respecting others. Maintaining a good reputation recognizes the company's existence.

2.2. Consumer Trust

Consumer trust is a crucial element in supporting business growth. In the business world, consumer trust refers to the confidence or certainty held towards a particular product, service or brand. This trust plays a major role in influencing consumers' decisions to purchase, re-use, and recommend products or services. Therefore, building consumer trust is very important. This trust can be defined as the belief that the other party is honest and can be relied upon to fulfill responsibilities in transactions in accordance with expectations. In addition, consumer trust is closely related to the level of satisfaction with the product or service offered, the quality of service provided, and the sense of security that arises from the company's positive reputation in the community.

Trust is formed between individuals or parties who previously did not know each other, either through interaction or in the transaction process. In the business world, trust is the main foundation. A business transaction can only take place if there is mutual trust between all parties involved. However, this trust cannot be obtained just like that, but must be built from the beginning of business operations and proven through concrete actions.

Consumers place trust in certain attributes of a product, where these attributes reflect the image inherent in the product. According to Mowen and Minor (2012), consumer trust can be divided into several types, as follows:

2.2.1 Product Attribute Trust

Knowledge about an object having specific attributes is referred to as object attribute beliefs. Object attribute beliefs link certain attributes to an object, such as an individual, product, or service. Through these beliefs, consumers express their understanding of something based on a variety of attributes.

2.2.2 Trust Benefits Attributes

Individuals tend to look for products and services that are able to solve their problems and fulfill their needs, or in other words, have characteristics that provide clear benefits. The relationship between these characteristics and the resulting benefits reflects the second form of trust. Trust in benefit attributes refers to consumers' perceptions of the extent to which a particular characteristic can provide expected benefits.

2.2.3 Trust Object Benefits

The third type of trust is formed through the relationship between the object and the benefits it provides. Object benefit trust is a consumer's perception of the extent to which a particular product, individual, or service is capable of providing a particular benefit.

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Various factors can affect the level of consumer trust in a product, service or company, including:

1. Experience

Experience is closely related to the activities carried out by the company, including in terms of business and company achievements in the economic and other fields. The company has a lot of experience in the business world, so the company can better understand the wants and needs of customers.

2. Quality of Work

Work quality includes the process and results of the company's work that can be evaluated by customers or society. High-quality performance will build a strong level of trust.

3. Intelligence

The company's ability to manage and solve internal problems that occur in the company is very important in building customer trust. In addition, intelligence in dealing with situations and making the right decisions also plays a role in building customer trust, because high credibility without being supported by intelligence in attracting customers will not be effective in increasing customer trust.

2.3. Brand Popularity

A brand is an element in the form of a symbol, image, name, word, or a combination of these elements that identifies and distinguishes a company's products or services from its competitors. In the business world, brands have an important role because they build an image, reputation, and unique identity that distinguishes a product or service from others.

Brand popularity is the level at which a person can identify and recognize a brand well, through symbols, images, names, words, as well as through the reputation or experience of the community towards the brand. Brand popularity reflects the extent to which a brand is accepted and recognized by the public. This is not only related to the ability of consumers to recognize the brand, but also the positive perceptions attached to the brand. The popularity of a brand is not limited to its presence in the minds of consumers, but also creates an emotional connection. A well-known brand can instill values, images, and experiences that make consumers feel connected. The unique combination of these qualities creates an appeal that is difficult to explain in detail. Here are the factors that make up brand popularity.

2.3.1 Product or Service Quality

Product or service quality is the basis of brand popularity. Products that have high quality will create satisfaction for consumers and become a strong basis for brand reputation.

2.3.2 Consistent Branding

A brand that is consistent in its appearance, values and message can build trust. This consistency creates a trustworthy reputation in the eyes of consumers.

2.3.3 Sustainable Innovation

Brands that continue to innovate can create new appeal. Innovation gives the impression that the brand is always following and even leading trends.

2.3.4 Positive Customer Experience

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A positive interaction between the customer and the brand, from purchase to customer service, can create a positive experience. This experience can shape consumer opinions and views.

2.3.5 Community Engagement

Brands that build and engage with their customer communities experience increased appeal. This can create a sense of belonging and identity among consumers.

2.3.6 Effective Marketing Campaigns

A strong and effective marketing campaign can help shape a brand's reputation in the minds of consumers. A strong and compelling message can leave a lasting impression.

3. Research Method

The research methodology used in this research is qualitative method. The qualitative method aims to understand a phenomenon in depth based on the experiences, views, and opinions of the respondents. This research focuses on collecting data through words and opinions to explain the issues under study.

This research method is carried out to reveal data based on the questions formulated using data collection tools in the form of questionnaires filled out by respondents.

A questionnaire is a data collection tool containing a series of written questions to obtain information from respondents.

This research was conducted at the Faculty of Economics, Medan State University, from November 20, 2024, to November 23, 2024. The subjects of this research were students of the Faculty of Economics, Digital Business, and Management study programs at Medan State University.

4. Findings and Discussions

4.1. *The Role of Azarine Business Ethics in Building Consumer Trust*

Based on our research data, all respondents agree that business ethics are critical in building consumer trust in a brand, especially in the beauty industry. Business ethics are the main foundation for companies to maintain good consumer relationships. Respondents argue that if a brand violates the principles of business ethics, for example, by making excessive claims or *overclaims* such as what happened to Azarine products where they claimed that their niacinamide serum contained 10% niacinamide. However, when checked, the serum only contains 1.76% niacinamide. This decreased consumers' trust in the brand. One respondent even stated that the exaggerated claims showed the company's lack of honesty in promoting its products. This made them doubt Azarine's credibility and integrity as a brand.

In addition, business ethics violations also directly impact consumers' decision to buy or use a product. Many respondents revealed that serious violations would make them stop using Azarine products. They feel that transparency and honesty are critical in choosing beauty products as they are directly related to skin health and safety. However, a small number of respondents were willing to give Azarine a second chance under several conditions, namely if the company showed responsibility for its mistakes, was more transparent in providing information, and improved its product claims to be more in line with reality.

From these findings, it is clear that business ethics is not just a moral obligation, but also a key to maintaining consumer trust. When a brand violates the principles of business ethics, the

consequences are not only limited to being criticized by consumers, but also losing the trust of consumers and can damage the brand's reputation. A damaged reputation will be difficult to repair and risks causing a permanent loss of consumers. Therefore, companies like Azarine must be more careful in every marketing they do, especially in making product claims. By maintaining transparency and honesty, a brand can build and maintain consumer trust in the long run.

4.2. The Role of Azarine Brand Popularity in Building Consumer Trust

The results show that the popularity of a brand has an influence on consumer trust and consumer decisions, especially in the early stages of getting to know the product. When a brand is popular, people will tend to be more interested in trying the product because they think the product is widely known and widely used. Some respondents stated that they would look at reviews or recommendations from others as their reason for choosing a popular brand.

However, brand popularity is not the main factor that can build consumer trust in the long run, especially when problems such as Azarine's overclaims occur. Most respondents felt that Azarine's popularity decreased after the overclaim case. They consider that popularity alone is not enough to improve the brand image and restore consumer trust. One respondent stated that Azarine's popularity is still relevant, but the brand needs to improve its image and consumer trust after the overclaim case. Azarine needs to demonstrate its commitment to delivering quality products and be transparent in its product claims.

Some consumers who are concerned about business ethics think that popularity will backfire when a brand does not immediately correct mistakes that occur. They would prefer other brands that are more honest in their product claims, even if they are not as popular as Azarine. This shows that popularity can only help brands attract consumers' attention in the beginning, but trust still depends on product quality and business ethics applied in business practices.

On the other hand, there are also respondents who feel that Azarine's popularity can still help the brand survive in the market, especially for consumers who are used to using its products or who are not too concerned about the brand's overclaims. Some consumers believe that if Azarine takes concrete steps to make amends, such as admitting mistakes, improving its product claims, and increasing transparency, then the brand's popularity could again become an important factor to attract consumers.

5. Conclusions

The role of business ethics and the popularity of the Azarine brand is very important in building consumer trust. Values such as honesty and transparency are key to maintaining good customer relations. The Azarine product overclaim case illustrates how quickly trust can be lost when a brand does not fulfill its promises. While brand popularity may attract initial attention, lasting trust depends more on product quality and company integrity.

Therefore, Azarine needs to commit to improving its image by being more open and honest. By taking these steps, Azarine can restore consumer confidence and build stronger and more sustainable relationships in the future. Consistent improvement measures are essential to maintain a competitive position in the market.

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