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SUSTAINABILITY (ESG) AS A DRIVER OF BRAND EQUITY AND CORPORATE ATTRACTIVENESS: EVIDENCE FROM DEVELOPED MARKETS

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Abstract

This thesis examines how sustainability-oriented environmental, social and governance practices can influence brand equity and corporate attractiveness through market differentiation, pricing power, trust and consumer loyalty. Unlike studies based mainly on attitudinal surveys or traditional corporate social responsibility measures, the analysis uses recent market-purchase evidence, brand-valuation results and consumer-behaviour data from developed economies. Evidence from the United States, the United Kingdom, Germany and Japan indicates that sustainability can strengthen brand value when it is embedded in product performance, communicated credibly and translated into benefits that consumers can understand. At the same time, the analysis shows a persistent attitude-behaviour gap: positive perceptions of responsible companies do not automatically become purchases. The thesis argues that ESG creates brand value most effectively when sustainability becomes a source of meaningful differentiation rather than a stand-alone communication claim.

Keywords: ESG, sustainability, brand equity, brand attractiveness, consumer trust, pricing power, developed markets.



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The strategic meaning of sustainability has changed substantially. For many firms, environmental and social commitments were previously treated as peripheral reputation programmes. In developed markets, however, sustainability increasingly intersects with core brand decisions: product design, sourcing, packaging, innovation, employee policy, governance, disclosure and customer communication. As a result, ESG performance is becoming relevant not only to investors and regulators but also to the way consumers evaluate a brand's credibility, distinctiveness and long-term attractiveness.

Brand equity is created when a brand reduces perceived risk, communicates superior value and develops durable associations that make consumers more willing to choose, recommend or pay a premium for it. ESG can strengthen these mechanisms, but only under specific conditions. A responsible company may gain reputational capital; a sustainably designed product may generate differentiation; transparent governance may support trust; and verifiable environmental benefits may increase willingness to pay. Yet vague claims or weak product value can neutralise these advantages. Therefore, the central research question is not whether sustainability is generally “good for brands”, but under what market and managerial conditions ESG is converted into measurable brand value.

The purpose of this thesis is to identify the principal channels through which ESG contributes to brand equity and corporate attractiveness, using developed-market evidence that differs from conventional literature-review approaches. The analysis combines actual consumer-purchase data, cross-country market indicators, brand-valuation evidence and current consumer research. This allows the discussion to focus on observable market outcomes and managerial mechanisms rather than on ESG scores alone.



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The study applies a comparative secondary-data approach. Four types of evidence are triangulated: actual purchasing behaviour in consumer packaged goods, stated willingness to pay, national consumer surveys, and market-based brand valuation. The purpose is analytical rather than causal: the datasets use different samples and measurement systems, but together they show whether responsible positioning is associated with demand, price acceptance, trust and brand strength across mature markets.

Recent purchasing data provide especially useful evidence because they reduce the gap between stated attitudes and real behaviour. The NYU Stern Center for Sustainable Business reports that sustainability-marketed branded products in the United States reached a 25.4% market share in 2025 and generated 44.9% of consumer packaged-goods growth over 2013–2025. Their five-year compound annual growth rate was 10.9%, compared with 2.2% for conventionally marketed products. The same research reports an average 26.6% price premium for sustainability-marketed products. These figures suggest that sustainability can function simultaneously as a growth driver and a pricing signal when consumers perceive it as part of the product's overall value proposition [1].

The international comparison is also significant. Using the same analytical framework for 2024 data, the sustainable branded-product share was reported at 36.8% in the United Kingdom and 42.0% in Germany, both above the U.S. level. This indicates that the commercial relevance of sustainability depends strongly on market maturity, consumer expectations and the institutional environment. In other words, ESG-related brand value is context-dependent rather than universal.



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Table 1. Selected developed-market evidence on sustainability and brand outcomes

Market	Observed evidence	Brand-equity implication
United States	25.4% sustainable branded CPG share; 10.9% five-year CAGR; 26.6% average price premium	Sustainability can support growth, differentiation and pricing power when embedded in product value.
United Kingdom	36.8% sustainable branded-product share in the 2024 European comparison	A mature sustainability market increases the competitive cost of being perceived as a laggard.
Germany	42.0% sustainable branded-product share; sustainability-strong brands are reported as materially more valuable	Responsible and authentic performance can become part of meaningful brand difference.
Japan	63.6% wanted to support sustainability-oriented firms, but only 14.6% reported active purchase/use	Positive attitude alone is insufficient; ESG must be translated into clear consumer utility and trust.

Table 1 reveals two important results. First, sustainability can be commercially meaningful even under inflationary pressure, because consumers do not evaluate price in isolation; they evaluate perceived total value. Second, the strength of the relationship differs sharply across countries. Japan illustrates the most important limitation: support for responsible companies is much higher than actual purchase conversion. Deloitte's 2024 survey of 5,000 Japanese consumers found that 63.6% wanted to support companies working on sustainability, but only 14.6% said this support translated into active purchasing or service use [2]. This gap implies that ESG improves attractiveness only when the company makes its relevance concrete, understandable and credible.



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The developed-market evidence suggests four main transmission channels from ESG to brand equity: meaningful differentiation, pricing power, trust and loyalty. These channels are interdependent. Sustainability that is distinctive but not credible can damage trust; sustainability that is credible but irrelevant to the consumer may have limited behavioural impact; and sustainability that creates consumer value but is poorly communicated may remain commercially invisible. Meaningful differentiation is the first channel. Kantar's brand research argues that strong brands grow by being meaningfully different, not merely visible. Sustainability can contribute to this difference when it is integrated into category benefits rather than added as a separate moral message. A low-energy appliance, healthier material, durable product, circular service or transparent supply chain can make responsibility part of the product experience. In Germany, Kantar's 2026 BrandZ analysis reports that brands with high sustainability scores, including MAN, dm and Deutsche Post, are about twice as valuable as other brands in the ranking [3]. This does not prove causality, but it demonstrates that credible responsibility can coexist with—and potentially reinforce—high brand value.

Pricing power is the second channel. PwC's global consumer survey found that 80% of respondents said they were willing to pay more for sustainably produced or sourced goods, with an average stated premium of 9.7% [4]. Actual purchasing data from the U.S. market show an even higher observed average price premium for sustainability-marketed branded goods. The managerial conclusion is not that every ESG product should be priced higher. Rather, sustainability can defend margins when it is associated with quality, health, durability, convenience or reduced risk.

Trust is the third and most fragile channel. Consumers increasingly expect proof behind environmental claims. Kantar notes that many consumers report exposure



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to false or misleading sustainability information, which makes authenticity a strategic asset [5]. In the United Kingdom, the Green Claims Code requires environmental claims to be accurate, clear, substantiated and non-misleading; 2026 guidance also extends attention to responsibility across the supply chain [6]. As disclosure standards tighten, unsupported claims become not only a reputational risk but a compliance risk. Consequently, governance quality becomes part of brand management.

Table 2. ESG-to-brand-equity transmission channels

Value-creation channel	Market mechanism	Managerial requirement
Meaningful differentiation	Sustainability adds distinctive functional and symbolic benefits	Link ESG directly to category needs and product experience.
Pricing power	Consumers may accept a premium when responsible attributes create perceived value	Avoid premium pricing unless benefits are visible, credible and relevant.
Trust and risk reduction	Transparent ESG performance lowers perceived uncertainty and reputational risk	Use measurable targets, evidence and consistent governance.
Loyalty and advocacy	Responsibility can deepen identification and repeat preference	Convert purpose into repeated customer experience, not one-off campaigns.

The fourth channel is loyalty and advocacy. Sustainability can strengthen the psychological relationship between company and consumer when corporate behaviour is consistent with the consumer's values. However, loyalty is unlikely to emerge from corporate statements alone. It is reinforced through repeated



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evidence: product quality, service reliability, fair treatment, responsible innovation and transparent communication. This explains why sustainability works best as a brand system rather than as a campaign theme.

The comparison of the United States, the United Kingdom, Germany and Japan produces a broader strategic insight: ESG affects brand equity through the interaction of market demand, institutional credibility and consumer relevance. These three conditions determine whether responsible business activity becomes a market advantage or remains a non-financial corporate programme.

The United States demonstrates the demand condition. Actual retail data show sustained growth in products marketed with sustainability attributes, including during periods of inflation. The commercial significance lies in the fact that the growth is not restricted to a niche segment. Sustainability-marketed goods now represent a substantial share of branded consumer packaged goods and have contributed disproportionately to category growth. This supports the proposition that ESG can become part of mainstream brand competition rather than a specialist positioning strategy.

The United Kingdom demonstrates the credibility condition. Its regulatory environment increasingly treats environmental communication as a consumer-protection issue. The practical implication for brand managers is that sustainability claims must be managed with the same discipline as price, performance or safety claims. A strong ESG brand therefore requires an evidence architecture: traceable data, responsible supply-chain governance, measurable targets and internal approval processes. Credibility itself becomes part of brand equity because it lowers the risk that consumers will interpret corporate sustainability as symbolic or opportunistic.

Germany demonstrates the integration condition. High sustainability scores appear alongside strong brand valuations in sectors ranging from retail to logistics



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and industrial goods. The German pattern is important because it suggests that responsibility can reinforce traditional sources of brand strength—engineering quality, reliability, innovation and long-term orientation. Sustainability is therefore most powerful when it complements, rather than replaces, the category’s established value drivers.

Japan demonstrates the conversion condition. Consumer support for responsible companies is relatively high, but behavioural conversion remains limited. This shows why ESG communication must answer a practical question: “What does this change for me as a customer?” Abstract commitments to climate, society or future generations may generate approval, but purchase decisions still depend on price, usefulness, quality and convenience. For brand strategy, the implication is clear: ESG should be translated into personal value—better health, lower lifetime cost, improved quality, reduced waste, safer materials, reliability or social contribution that is easy to understand.

Across all four markets, the strongest model can be represented as follows: ESG capability → credible evidence → meaningful consumer benefit → trust → preference → pricing power and loyalty → stronger brand equity. Weakness at any stage reduces the commercial effect. A firm may have strong ESG capability but poor communication; persuasive communication but weak evidence; or a credible sustainability story that is not relevant enough to affect consumer choice. This framework also clarifies the role of governance. The governance component of ESG is often less visible to consumers than environmental packaging or social initiatives, but it determines whether the entire sustainability proposition is credible. Board oversight, internal controls, data quality, ethical conduct and supply-chain accountability reduce the probability of greenwashing and reputational shocks. Thus governance is not merely the third letter of ESG; it is



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the institutional mechanism that protects the brand value created by environmental and social initiatives.

For emerging-market companies, including firms in Uzbekistan, the developed-market evidence should not be copied mechanically. The key lesson is sequencing. Firms should first identify the sustainability issues that are economically material to the product and meaningful to customers; second, build measurable operational improvements; third, verify and disclose them; and only then intensify brand communication. This sequence reduces reputational risk and helps prevent a gap between corporate promises and customer experience.

The analysis confirms that ESG can be a significant driver of brand equity and corporate attractiveness, but the relationship is conditional rather than automatic. Developed-market evidence shows that sustainability contributes to brand value when it creates meaningful differentiation, supports a defensible price-value relationship, strengthens trust and becomes part of repeated customer experience. Actual purchasing data from mature markets indicate that sustainability-marketed products can gain share and grow faster than conventional alternatives, while brand-valuation evidence suggests that credible responsible positioning can coexist with substantially higher brand value.

At the same time, the Japanese evidence highlights the attitude-behaviour gap. Consumers may approve of responsible companies without changing what they buy. This is an important correction to simplistic ESG-brand models. Corporate attractiveness is not created by ethical positioning alone. It emerges when responsible behaviour is translated into relevant consumer benefits and supported by competitive quality, price and convenience.

From a managerial perspective, four recommendations follow. First, ESG should be integrated into the core brand proposition rather than treated as a separate communication programme. Second, firms should measure brand-related ESG



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outcomes, including trust, willingness to recommend, price acceptance, perceived differentiation and repeat preference. Third, sustainability claims should be supported by auditable evidence and clear governance, because credibility has become an economic asset. Fourth, communication should emphasise concrete customer value instead of abstract sustainability language.

For companies in emerging economies, ESG can therefore be viewed as a strategic investment in intangible capital. The priority should not be to imitate the volume of sustainability communication seen in developed markets, but to build credible capabilities and convert them into brand meaning. When operational performance, governance and consumer relevance reinforce each other, ESG can contribute to stronger differentiation, more resilient reputation and long-term brand equity.

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