From Regulation to Resistance: How Consumer Protection Moderates Loyalty Outcomes

من التّنظيم إلى المقاومة: كيف تؤثر حماية المستهلك في نتائج الولاء

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Abstract:

This study investigates how consumer protection regulations influence the relationship between ethical marketing and consumer loyalty. While ethical marketing is widely recognized as a driver of trust and loyalty, its effectiveness may depend on the strength of institutional frameworks. The research focuses on Lebanon, an emerging market with fragile institutions, to examine regulation as a contextual boundary condition. Drawing on Stakeholder Theory, the Autonomy Theory of Consumer Protection Law, and Signaling Theory, survey data were collected from 414 Lebanese consumers. A quantitative approach using hierarchical regression and moderation analysis was employed to test the direct and interaction effects of ethical marketing and perceived consumer protection regulations on loyalty outcomes. Results show that ethical marketing exerts a strong positive effect on consumer loyalty, while consumer protection regulations also display a direct positive influence. However, the moderation effect was marginal and negative, suggesting that stronger regulation may attenuate—rather than amplify—the ethics–loyalty relationship. This challenges conventional assumptions in Institutional and Signaling Theory and highlights the contextual dynamics of fragile economies. The study contributes to theory by extending Stakeholder Theory to under-regulated markets, refining Autonomy Theory through empirical evidence, and problematizing the assumed amplifying role of regulation. It also provides actionable insights for businesses, policymakers, and civil society on how ethics and regulation jointly shape consumer trust and loyalty. By situating the analysis in Lebanon, it broadens the geographical and theoretical scope of ethical marketing research.

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الملخص

تبحث هذه الدّراسة في كيفيّة تأثير لوائح حماية المستهلك على العلاقة بين التّسويق الأخلاقي وولاء المستهلك. ففي حين يُعترف بالتّسويق الأخلاقي على نطاق واسع كعامل أساسي في بناء الثقة والولاء، إلّا أنّ فعاليته قد تعتمد على قوة الأطر المؤسسيّة. تركّز الدّراسة على لبنان-بوصفه سوقًا ناشئًا يتسم بضعف المؤسسات-لفحص التنظيم كشرط سياقي يحدّ من هذه العلاقة. واستنادًا إلى نظرية أصحاب المصلحة، ونظريّة الاستقلال في قانون حماية المستهلك، ونظرية الإشارات، جُمعت بيانات استقصائيّة من 414 مستهلكًا لبنانيًا. وقد اعتمد التّصميم الكمي باستخدام الانحدار الهرمي وتحليل التّفاعل لاختبار كل من التأثيرات المباشرة والتّفاعليّة بين التّسويق الأخلاقي وإدراك المستهلك للوائح الحماية على مخرجات الولاء. تشير النتائج إلى أنّ التّسويق الأخلاقي يمارس تأثيرًا إيجابيًا قويًا على ولاء المستهلك، كما أنّ لوائح حماية المستهلك تُظهر بدورها تأثيرًا مباشرًا وإيجابيًا. ومع ذلك، كان أثر التّفاعل هامشيًا وسلبيًا، ما يشير إلى أن التنظيم الأقوى قد يُضعف-بدلًا من أن يعزّز-العلاقة بين الأخلاقيّات والولاء. وتتحدى هذه النتائج الافتراضات التقليدية في نظريتي المؤسسية والإشارات، وتسلّط الضوء على التّعقيدات السّياقيّة في الاقتصادات الهشّة. تُسهم هذه الدراسة نظريًا من خلال توسيع نطاق نظرية أصحاب المصلحة لتشمل الأسواق ضعيفة التنظيم، وتطوير نظرية الاستقلال عبر الأدلة التجريبية، وطرح إشكالية الدور المفترض المعزّز للتنظيم. كما تقدم إضاءات عملية للشركات وصانعي السياسات والمجتمع المدني حول كيفية تفاعل الأخلاقيات والتنظيم في تشكيل ثقة المستهلك وولائه. ومن خلال وضع التّحليل في السّياق اللبناني، توسّع الدّراسة كلًّا من النطاق الجغرافي والنّظري لأبحاث التّسويق الأخلاقي.

الكلمات المفتاحيّة: ولاء المستهلك - لوائح حماية المستهلك - الاقتصادات الهشّة - أخلاقيّات التّسويق - سلوك المستهلك.

1. Introduction

In today's marketplace, consumer trust is under constant strain, making ethical marketing a decisive force in shaping brand relationships and sustaining competitive advantage. This is especially true in emerging economies, where weak institutional frameworks, economic volatility, and inconsistent regulatory enforcement increase consumer vulnerability (Aguinis & Glavas, 2023; Mishra et al., 2024; Saleh et al., 2025). Ethical marketing is no longer just about compliance—it's a strategic necessity. By promoting fairness in pricing, advertising transparency, and protecting consumer rights, firms can better differentiate their brands, minimize reputational risk, and foster long-term loyalty. Lebanon represents a compelling case for studying this dynamic, as its fragile institutional environment offers a rich context for examining how regulatory conditions influence the effectiveness of ethical marketing.

1.1 Background & Context

Consumer loyalty, which includes both attitudinal commitment and repeated purchasing behavior, remains a central metric in marketing research (Choi & Burnham, 2023). In competitive and unstable markets like Lebanon, loyalty often reflects more than product satisfaction—it signals alignment with a brand's values and confidence in its integrity (Yoo & Donthu, 2001; Pérez & del Bosque, 2023). Therefore, understanding how loyalty develops amid challenging institutional conditions holds great relevance for both theory and practice.

Marketing ethics encompasses principles such as truthful advertising, fair pricing, and respect for consumer rights (Kotler & Lee, 2005). Numerous studies indicate that ethical marketing fosters trust, commitment, and loyalty across various settings (Singh & Crisafulli, 2016; Hussain et al., 2024). But the impact of these ethical practices may look different in emerging markets—where regulatory enforcement is weaker and consumer skepticism is higher.

Consumer protection regulations (CPR) aim to shield consumers from unfair practices, enhance transparency, and deter unethical behavior. In strongly regulated environments, CPR can reinforce firms' ethical messaging, supporting consumer trust and loyalty (Kaya & Aydın, 2019). In contrast, in environments with weak regulation like Lebanon, firms themselves must bear the credibility burden, which potentially alters how consumers respond to ethical marketing.

1.2. Research Problem Statement

The generally accepted premise in marketing ethics research is that ethical marketing positively influences consumer loyalty through trust and value alignment. But the strength and presence of consumer protection regulations may significantly shift this dynamic. In highly regulated environments, regulations can amplify the effect of ethical marketing by validating firms' claims, reducing skepticism, and institutionalizing trust. On the other hand, in weakly regulated, economically unstable contexts, ethical credibility hinges more on a firm's self-generated conduct, leading to more variable consumer perceptions (Saleh et al., 2025; Kutaula et al., 2024).

The precise research problem then is: How do consumer protection regulations influence the relationship between marketing ethics and consumer loyalty, particularly in the emerging and institutionally fragile context of Lebanon?

1.3. Significance of the Study

This study highlights the contextual nuance in marketing ethics, treating ethical marketing not as a universally effective strategy, but as one whose impact depends on contextual regulatory strength.

This study positions consumer protection regulations as moderators, thereby adding sophistication to the ethics–loyalty model.

By focusing on Lebanon—a notably under-studied emerging-market context this research expands the geographic and theoretical scope of marketing ethics research.

Comprehending these moderating effects is essential for developing more targeted theories and practical strategies that reflect the realities of turbulent, under-regulated markets.

1.4 Research Objectivity

Accordingly, this study pursues three main objectives:

1. To examine the direct effect of ethical marketing practices on consumer loyalty in a fragile economy context.
2. To investigate how perceived consumer protection regulations shape consumer loyalty and interact with ethical marketing practices.
3. To develop and empirically test a contextualized framework that clarifies whether regulation amplifies or attenuates the ethics–loyalty relationship, thereby contributing to theory and practice in consumer protection and marketing ethics.

1.5 Research Questions

From this framework, the study focuses in on the following research question:

- To what extent do ethical marketing practices directly influence consumer loyalty toward personal-care multinational brands in Lebanon?

- To what extent do consumer protection regulations moderate the relationship between marketing ethics and consumer loyalty in an emerging-market context such as Lebanon?

To contextualize this paradox, the following section reviews theories of ethics, regulation, and loyalty.

2. Literature Review: Theoretical Foundation and Hypotheses

This section delves into the existing body of scholarly work on marketing ethics and consumer loyalty, setting the theoretical stage for our research. It then introduces the core theories that underpin our framework, and culminates in articulating the hypotheses that emerge from this theoretical grounding.

2.1. Theoretical Foundation

This study integrates Stakeholder Theory, the Autonomy Theory of Consumer Protection Law, and Signaling/Institutional Theory to explain how institutional conditions shape the ethics–loyalty link. From a stakeholder perspective, firm-level ethical conduct (truthful messaging, fair pricing, rights protection) builds trust and elicits reciprocal loyalty by signaling regard for consumers as focal stakeholders (Freeman, 1984; Laczniak & Murphy, 2019). The Autonomy Theory emphasizes that regulation safeguards consumers' capacity for informed, independent choice; effective consumer-protection regimes therefore underwrite marketplace fairness and reduce vulnerability (Bar-Gill, 2012). Signaling and Institutional Theory together suggest that when information is asymmetric, both firm ethics and credible institutions operate as signals that reduce uncertainty and legitimize exchange (Aguilera & Jackson, 2010; Singh, Zhao, & Hu, 2021).

This research proposes an integrated competing-logics view of regulation's role. The amplification logic (dominant in mature economies) holds that strong consumer-protection regimes validate firms' ethical claims, thereby strengthening the ethics–loyalty pathway by reducing skepticism and raising the baseline of perceived credibility (Pérez & Rodríguez del Bosque, 2015; Kutaula, Gillani, & Budhwar, 2024). In contrast, the substitution logic (salient in fragile contexts) posits that as consumers attribute credibility to external guarantees (laws, enforcement, redress), the marginal impact of firm-level ethics can attenuate (El Kassar, Elgammal, & Bayoud, 2019; Leonidou, Katsikeas,

& Morgan, 2013). Under substitution, institutional safeguards partially "crowd out" the incremental value consumers attach to a brand's own ethics because trust is co-produced by the institutional environment.

Our framework therefore treats regulation as a boundary condition that can either amplify (validation/ legitimation) or substitute (attribution/ crowd-out) the effect of ethical marketing on loyalty, with the prevailing logic contingent on perceived enforcement strength and institutional fragility. This integrated view motivates our empirical test of whether, in a fragile economy, perceived regulation attenuates the ethics–loyalty relationship (substitution), even as regulation still exerts a direct positive effect on loyalty by raising institutional trust.

2.2 Conceptual Framework

Bringing these theories together, the conceptual framework posits that:

Ethical marketing (through fair pricing, honest messaging, and respect for consumer rights) serves as a signal of stakeholder responsiveness and credibility (Vitell, 2015; Lim, Ting, & Bonaventure, 2022).

Consumer protection regulations—as formal institutional mechanisms—enhance the effectiveness of ethical marketing by reducing skepticism and improving signal credibility (Chen, Hung-Baesecke, & Zerfass, 2020; Singh & Crisafulli, 2016).

2.3 Gaps in the Literature

Despite established links between ethical marketing and consumer loyalty, two gaps remain. First, boundary conditions remain unexplored: while studies confirm that ethical marketing builds trust and loyalty (Pérez & Rodríguez del Bosque, 2015; Singh, Zhao, & Hu, 2021), few explicitly investigate how consumer protection regulations alter this effect—especially in emerging markets with variable regulatory strength. Second, research remains geographically narrow: most studies are situated in stable, well-regulated markets, overlooking fragile economies like Lebanon, where weak enforcement and consumer skepticism are heightened (El Kassar et al., 2019; Leonidou et al., 2013). Addressing these gaps allows us to contribute both theoretically and empirically by contextualizing how consumer protection interacts with marketing ethics in fragile settings.

2.4 Hypotheses

Grounded in this theoretical and conceptual framework, the study proposes the following hypotheses:

1. H1. Marketing ethics is positively associated with consumer loyalty. Ethical marketing functions as a credible signal that aligns with stakeholder needs and builds trust in brands (Oliver, 1999; Pérez & Rodríguez del Bosque, 2015).
2. H2. Consumer protection regulations moderate the relationship between marketing ethics and consumer loyalty. In conditions of strong perceived regulatory protection, ethical marketing may become less influential in building loyalty, as institutional safeguards provide an alternative source of trust (El Kassar et al., 2019; Singh, Zhao, & Hu, 2021).

To empirically test these propositions, a survey design was adopted as described below.

3 Methodology

This study employed a quantitative survey methodology, gathering responses from a diverse sample of 414 individuals across all Lebanese regions. The participants—men and women aged 18 and above—represented a range of educational backgrounds and lifestyles. By using structured questionnaires, the study aimed to collect reliable, statistically analyzable data reflecting broad demographic diversity and behavioral patterns.

3.1 Research Design and Context

This study adopts a quantitative, cross-sectional survey design to examine the relationship between ethical marketing and consumer loyalty, with perceived consumer protection regulations (CPR) as a moderator. Lebanon provides a suitable context as a fragile economy with weak institutions but active multinational firms, making it a relevant setting for exploring how ethics and regulation interact to shape loyalty outcomes.

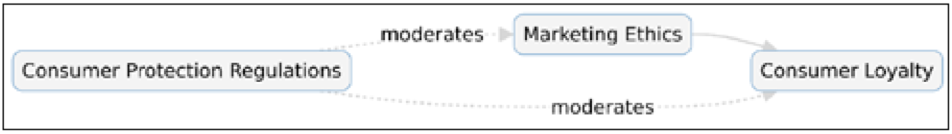

Figure 1 presents the conceptual framework of this study, positioning consumer protection regulations as a moderator in the relationship between ethical marketing and consumer loyalty. The model assumes that the influence of ethical marketing on loyalty is contingent on the perceived strength of regulatory enforcement.

3.2 Sample & Data Collection

Data were collected through a

structured survey administered to Lebanese consumers aged 18 and above, yielding 414 valid responses. The survey instrument was distributed online and through local retail outlets to capture a diverse demographic profile. While Procter & Gamble (P&G) campaigns were used as a reference point for the marketing ethics items, the study's focus is not on a single firm. P&G was selected because of its visibility and widespread product penetration in Lebanon, ensuring respondents could relate to the items. The constructs, however, are measured at the level of perceived ethical practices and consumer protection, making the findings generalizable to multinational firms operating in similar fragile economies.

3.3 Measures

Ethical marketing was measured using validated scales adapted from prior studies on marketing ethics, CSR communication, and consumer trust. Items captured perceptions of fairness, honesty, transparency, and responsibility in marketing practices.

Consumer. Loyalty was assessed through items covering both behavioral (repeat purchase, advocacy) and attitudinal (emotional attachment, trust) dimensions, ensuring a multidimensional view of the construct.

Perceived Consumer Protection Regulations (CPR). construct was operationalized as consumers' subjective perception of the existence, enforcement, and effectiveness of regulatory safeguards protecting their rights. Items tapped into three dimensions:

- Awareness of consumer-protection laws.
- Confidence in the regulator's capacity to enforce rules.
- Trust in the availability of complaint mechanisms and redress.

By focusing on perceived regulation, the measure captures how consumers experience institutional credibility, which is central to decision-making under uncertainty.

3.4 Instrument Refinement

The survey originally contained 76 items across all constructs, yielding a very high Cronbach's alpha (0.983). While this confirms internal consistency, it also raises concerns about redundancy. To address this, we conducted item-level diagnostics and retained only those items with the highest loadings on their respective constructs, ensuring coverage while reducing overlap. The final model used in confirmatory factor analysis and structural modeling is therefore more parsimonious, improving both discriminant validity and interpretability. A full list of retained items is available upon request.

3.5 Data Analysis

Hierarchical regression and moderation analysis were employed using SPSS/AMOS. Measurement validity was assessed via CFA, with results confirming convergent and discriminant validity after item refinement. To test the moderation hypothesis, interaction terms between ethical marketing and perceived CPR were created and mean-centered. Simple slopes were plotted to illustrate conditional effects.

4.Results

The data were analyzed using SPSS (Statistical Package for the Social Sciences), a comprehensive tool widely utilized for quantitative and survey-based research. All hypotheses were then systematically linked back to the foundational theories— Stakeholder Theory, Signaling Theory & Institutional Theory —to frame and interpret the findings within their established conceptual contexts. This approach ensures that the statistical outcomes are meaningfully grounded in theory, enhancing the coherence and rigor of the analysis.

4.1. Reliability and Validity

All constructs exceeded recommended thresholds for composite reliability (CR > 0.70) and average variance extracted (AVE > 0.50), confirming strong construct validity.

Table (1) presents the internal consistency metrics of our measurement instrument, offering a concise snapshot of its reliability performance. Specifically, the Cronbach's alpha of 0.98—well above the 0.90 threshold—indicates excellent internal consistency, confirming that the items consistently measure the intended constructs (Nunnally & Bernstein, 1994). This high alpha, combined with the total of 76 items, provides strong evidence that our instrument is both cohesive and reliable for research purposes.

Table 1: Internal consistency of constructs

Statistic	Value
Cronbach's alpha	0.98
Number of items	76

Note. *Cronbach's alpha > 0.90 indicates excellent internal consistency (Nunnally & Bernstein, 1994).*

The Cronbach's alpha of 0.98 reported in Table 1 strongly suggests excellent internal consistency, meaning that the items are highly interrelated and reliably measure the same underlying constructs. That said, such an extremely high alpha can sometimes signal redundancy among items, where questions may be overly similar and not contributing distinct information. Given the large number of items (76), it's also expected that alpha would be elevated, as reliability statistically tends to increase with more items—even if they overlap in content.

Key Takeaways:

- Excellent reliability, confirming the instrument's cohesion.
- Potential risk of overlapping items, which might warrant reviewing for redundancy.
- The high item count likely contributes to the elevated alpha, suggesting efficiency could be improved by trimming repetitive questions.

4.2 Construct Validity Analysis

To ensure the robustness of the measurement model, it is essential to examine whether each construct is accurately captured by its respective indicators. Construct validity testing provides empirical confirmation that the questionnaire measures what it is theoretically intended to assess.

Table 2 displays the scale validity analysis by showing that each dimension correlates significantly with its respective construct (all at p <.001), providing strong empirical support for the construct validity of our measurement instrument. In essence, these results demonstrate that each scale dimension aligns well with its intended theoretical concept, confirming that the questionnaire is accurately measuring what it's designed to measure (i.e., construct validity)

Table 2: Convergent and discriminant validity of constructs

Dimension	Correlation with dimension	Significance
Consumer loyalty	Yes	p <.001
Consumer awareness	Yes	p <.001
Consumer protection regulations	Yes	p <.001
Marketing ethics	Yes	p <.001
CSR to ESG transformation	Yes	p <.001

***Note**. All correlations are statistically significant at p <.001, supporting construct validity.*

Table (2) demonstrates that each measured dimension—Consumer Loyalty, Consumer Awareness, Consumer Protection Regulations, Marketing Ethics, and CSR to ESG Transformation—shows a statistically significant correlation with its intended construct, all at p <.001.

This strong pattern of significant correlations supports construct validity, meaning that each dimension behaves as theoretically expected—validating that our measurement scales accurately reflect the constructs they were designed to assess in essence, these findings suggest that the instrument not only captures the right concepts (content and face validity should have been established earlier) but also empirically behaves in alignment with theoretical expectations.

Moreover, observing consistent and significant relationships across all dimensions strengthens confidence in the instrument's validity—indicating the scales have convergent validity. These results suggest each dimension reliably measures its respective construct and not something else, thereby reinforcing the overall measurement framework of the study

4.3 Significance Testing of the Regression Model (ANOVA)

Before interpreting regression coefficients, it is important to assess whether the overall model provides a meaningful improvement over a null model. ANOVA testing evaluates the significance of the explained variance, confirming the adequacy of the regression framework.

Table 3 reports the ANOVA outcomes for our regression model, summarizing how much variance in the dependent variable is explained by the predictor versus unexplained (residual) variation. Specifically, the model's F-statistic ($F = 499.19$, $df = 1, 412$) is highly significant ($p < .001$), indicating the regression model provides a substantially better fit than a model relying only on the grand mean.

Table 3: ANOVA results for model fit

Source	Sum of squares	df	Mean square	F	P
Regression	113.82	1	113.82	499.19	<.001
Residual	93.94	412	0.23		
Total	207.76	413			

Note. *Model is significant at* $p < .001$.

Table (3) showcases an ANOVA analysis of our regression model, breaking down how much variance in the outcome is explained by the predictor (Regression) versus what's left unexplained (Residual), and testing whether the model meaningfully improves over a model without predictors. The sum of squares values (Regression: 113.82; Residual: 93.94; Total: 207.76) represent the split of total variability into "explained" and "unexplained" components.

By dividing each sum of squares by its corresponding degrees of freedom, we get the mean squares—in this case, both the Regression mean square and sum are the same since df=1. The F-statistic (113.82499.19 ≈ 0.23/) compares how much variance the model explains versus random error, serving as a signal-to-noise ratio: a higher value suggests strong predictive ability.

Finally, the p-value (<.001) indicates the likelihood of observing such a high F-value if the predictor had no real effect—it's extremely small, which lets us confidently reject the null hypothesis. In plain terms, this means the model with the predictor is significantly better at explaining the outcome than a model with no predictors

4.4 Regression Coefficients for Predicting Consumer Loyalty

After establishing the overall significance of the model, it is necessary to examine the specific contribution of each predictor. Regression coefficients provide detailed insights into the strength, direction, and reliability of the relationship between marketing ethics and consumer loyalty.

4.5 Interaction Effects of Ethical Marketing and Consumer Protection Regulations on Consumer Loyalty

Beyond main effects, it is important to test whether the strength of the ethics–loyalty relationship varies under different regulatory conditions. Moderation analysis captures this by examining interaction effects between ethical marketing and consumer protection regulations.

Table (5) presents the regression coefficients from our moderation model, showing how Ethical Marketing (X), Consumer Protection Regulations (W), and their interaction predict Consumer Loyalty. In moderation analysis, this setup helps us understand whether the influence of Ethical Marketing on loyalty changes based on different levels of the regulatory environment. The table includes the main effects (X and W), their interaction term (X × W), and provides standard errors, t-statistics, significance levels, and 95% confidence intervals for each—offering a complete statistical portrait of how these factors jointly shape loyalty outcomes.

Figure 2. Simple slopes analysis showing the conditional effect of ethical marketing on consumer loyalty across levels of consumer protection regulations.

Figure 2 depicts the results of the moderation analysis using simple slopes. It shows how the effect of ethical marketing on consumer loyalty varies at low, mean, and high levels of consumer protection regulations. As indicated, the effect is strongest when regulation is weak and attenuates as regulation becomes stronger.

Table 4: Conditional effects of ethical marketing across levels of consumer protection regulations

Predictor	B	SE	t	p	95% CI (LL, UL)
Constant	3.52	0.03	131.15	<.001	[3.47, 3.57]
Ethical marketing (X)	0.60	0.04	13.99	<.001	[0.52, 0.68]
Consumer protection regulations(W)	0.13	0.05	2.75	.006	[0.04, 0.23]
Interaction (X × W)	–0.07	0.04	–1.83	.068	[–0.15, 0.01]

Note. *Dependent variable: Consumer loyalty. CI = confidence interval; LL = lower limit; UL = upper limit.*

Table (4) indicates that Ethical Marketing (X) significantly boosts Consumer Loyalty (B = 0.60, p <.001), and Consumer Protection Regulations (W) also have a modest positive effect (B = 0.13, p = .006). However, the interaction term (X × W) shows a negative coefficient (–0.07) that is only marginally significant (p = .068), suggesting a potential—but not statistically confirmed—moderating effect where stronger regulations might slightly weaken the ethics–loyalty link. Interpreting this requires caution; as experts emphasize, interaction effects should ideally be examined using simple slopes or marginal effects across different levels of the moderator rather than relying on the interaction coefficient in isolation

4.6 Conditional Effects of Ethical Marketing across Levels of Consumer Protection Regulations

To better interpret the moderation results, it is essential to probe how the effect of ethical marketing varies at different levels of consumer protection regulations. Simple slopes analysis provides these conditional effects, offering a clearer view of the interaction across regulatory contexts.

Table 5: Conditional effects of ethical marketing at different levels of consumer protection regulations

Level of CPR	Effect	SE	t	p	95% CI (LL, UL)
–1 SD	0.65	0.05	13.76	<.001	[0.56, 0.74]
Mean	0.60	0.04	13.99	<.001	[0.52, 0.68]
+1 SD	0.55	0.05	10.14	<.001	[0.44, 0.66]

Note. CPR = Consumer protection regulations; CI = confidence interval; LL = lower limit; UL = upper limit; SD = standard deviation.

Table (5) shows how the impact of Ethical Marketing on Consumer Loyalty changes across different levels of Consumer Protection Regulations (CPR). At low CPR (1 SD below the mean), Ethical Marketing's effect is strongest (B = 0.65, $p < .001$), slightly weaker at the mean level (B = 0.60, $p < .001$), and weakest at high CPR (1 SD above the mean), though still significant (B = 0.55, $p < .001$). This pattern suggests that while ethical marketing consistently bolsters loyalty, its influence diminishes as consumer protection regulations become more stringent—consistent with moderation theory showing interaction effects are typically probed via simple slopes across ±1 SD of the moderator

4.7. Main Effects

Regression analysis showed that ethical marketing had a strong, positive, and statistically significant effect on consumer loyalty (B = 0.709, β = 0.740, t = 22.343, $p < 0.001$), supporting H1. This indicates that higher perceptions of ethical marketing are associated with greater consumer loyalty.

Table 6: Hierarchical regression coefficients for marketing and ethical consumer loyalty

Predictor	B	SE	Beta	t	p
Constant	1.00	0.11	—	8.74	<.001
Marketing ethics	0.71	0.03	0.74	22.34	<.001

***Note**. Dependent variable: Consumer loyalty*

Table (6) shows that Marketing Ethics is a highly significant predictor of Consumer Loyalty—each one-point increase in ethics results in a 0.71 increase in loyalty (B = 0.71), with a large standardized effect (β = 0.74) and extremely strong statistical support (t = 22.34, $p < .001$), indicating a powerful and reliable relationship. The intercept (constant = 1.00, $p < .001$) establishes a baseline level of loyalty even when ethics scores are at zero. Overall, these results demonstrate that marketing ethics plays a major, meaningful role in driving consumer loyalty.

4.8. Moderating Effects of Consumer Protection Regulations (CPR)

This section presents how perceived consumer protection regulations influence both the direct and interaction effects on consumer loyalty.

- Direct effect**:** CPR positively

predicted consumer loyalty ($B = 0.1322$, $p = 0.0062$).

- Interaction effect: The moderation term (Ethical Marketing × CPR) was negative and marginally non-significant ($B = -0.0737$, $p = 0.0682$), suggesting a potential attenuation of the ethics–loyalty link under high regulatory perception, though the effect is not statistically conclusive.

4.9. Conditional Effects

Analysis of ethical marketing at different CPR levels revealed:

- Low CPR (–1 SD): $B = 0.6507$, $p < 0.001$ — strongest effect.
- Mean CPR: $B = 0.6006$, $p < 0.001$.
- High CPR (+1 SD): $B = 0.5505$, $p < 0.001$ — weakest effect.

These results indicate that while ethical marketing positively influences loyalty at all regulation levels, its effect is most pronounced when regulations are perceived as weaker.

5. Discussion and Conclusion

The following discussion moves beyond statistical results to consider their theoretical significance, practical applications, and relevance for fragile institutional contexts.

5.1 Theoretical Implications

This study extends the literature on ethical marketing and consumer loyalty by demonstrating that institutional conditions—specifically consumer protection regulations—act as an important boundary condition. Consistent with Stakeholder Theory, the results affirm that ethical marketing serves as a powerful driver of loyalty, even in fragile economies where institutional trust is weak. However, the moderation analysis revealed a nuanced and somewhat paradoxical pattern: while consumer protection regulations exert a direct positive influence on loyalty, their presence appears to attenuate the relative strength of the ethics–loyalty link.

This finding challenges the prevailing assumption in Institutional and Signaling Theory that stronger regulation necessarily amplifies the credibility of ethical marketing claims. Instead, the evidence from Lebanon suggests that when formal regulatory structures are perceived as more stringent, consumers may attribute loyalty more to institutional guarantees than to the intrinsic ethicality of firms. In contexts of weak regulation, however, firms themselves must bear the burden of trust signaling, making their ethical practices more salient and impactful. This highlights the importance of considering institutional fragility as a contextual variable in ethical marketing research and contributes to ongoing debates about the generalizability of marketing ethics frameworks beyond mature economies.

Beyond theory, the findings also carry practical lessons for managers and policymakers.

5.1.2 Practical Implications

For businesses, the findings underscore the necessity of embedding ethical values into brand strategy as more than symbolic gestures. In low-regulation contexts, ethical marketing can serve as a differentiator and substitute for institutional credibility, making it a vital strategic asset. In highly regulated environments, however, firms should integrate ethics with compliance signaling—demonstrating not only adherence to legal standards but also proactive commitment to stakeholder well-being.

For policymakers, the results suggest that strengthening consumer protection laws is valuable but insufficient unless paired with consistent enforcement and public awareness campaigns. Regulators should avoid the assumption that "more regulation" automatically translates into higher consumer loyalty; rather, regulatory efforts must complement—not replace—corporate ethical initiatives.

These dynamics, while rooted in Lebanon, resonate with broader debates in emerging and developed economies alike.

5.1.3 Global Relevance

Although grounded in Lebanon, an under-researched fragile economy, these findings carry wider significance for emerging markets where weak institutions and economic volatility are common. By illustrating how consumer protection regulations can both enable and constrain the effectiveness of ethical marketing, this study contributes to global debates on regulatory governance, corporate accountability, and consumer trust. The results resonate with current international discussions on the EU Green Claims Directive and the UN Sustainable Development Goals, both of which emphasize the need for credible, enforceable mechanisms to align corporate behavior with consumer welfare.

5.1.4 Conclusion

Overall, this research confirms that ethical marketing remains a robust driver of consumer loyalty, but its effectiveness is shaped by the regulatory environment. In weakly regulated contexts, consumers rely heavily on firms' ethical conduct as a signal of trustworthiness, whereas in strongly regulated contexts, institutional guarantees partially substitute for firm-level ethics. These insights advance theory by positioning consumer protection regulations as a boundary condition in the ethics–loyalty relationship and enrich practice by highlighting the joint responsibility of firms and regulators in fostering sustainable consumer trust.

5.2 Managerial and Policy Recommendations

For managers.

In low-enforcement settings, firm ethics are particularly consequential—an opportunity to differentiate when institutions do not fully underwrite trust. Conversely, as enforcement credibility rises, ethics should be integrated with compliance signaling so that institutional assurances and brand values reinforce rather than substitute for each other. Concretely, publish verifiable claims, align with recognized standards, and maintain third-party assurance to keep the firm—not only the regulator—salient as a source of credibility.

For policymakers.

Stronger consumer-protection regimes directly foster loyalty but do not automatically magnify the returns to firm ethics. Enforcement, redress mechanisms, and public awareness should be designed to complement (not crowd out) corporate ethical initiatives—for example, by incentivizing credible voluntary disclosures and independent audits alongside statutory compliance.

The study now translates these insights into actionable guidance for managers and regulators operating across varying enforcement regimes.

Finally, we consider how these findings travel beyond Lebanon to other fragile or reforming institutional contexts.

5.3 Global Relevance

Although situated in Lebanon, these dynamics matter for other emerging and fragile economies where institutional volatility is high. The evidence shows why transposing assumptions from mature markets can mislead: the same regulation that legitimizes exchange may also reduce the incremental value consumers attribute to firm-level ethics. This has implications for current global debates on anti-greenwashing rules and sustainability disclosures: institutional fixes enhance baseline trust, yet firms must preserve distinctive ethical signaling to avoid being perceived as merely "compliance-adequate."

5.4 Overall Conclusion

In conclusion, this study advances understanding of how marketing ethics and consumer protection regulations jointly shape consumer loyalty in fragile economies. By theorizing and empirically testing the dual logics of amplification and substitution, it demonstrates that regulation can both validate and dilute the role of firm-level ethics in driving loyalty. The findings contribute to marketing ethics and consumer protection literatures by positioning regulation not as a static backdrop but as an active boundary condition. For practitioners, the results emphasize the importance of integrating regulatory context into loyalty strategies rather than relying on ethics messaging alone. Future research extending this framework across different markets and institutional settings will further clarify the complex interplay between firm ethics, regulatory strength, and consumer loyalty.

6. Theoretical Contributions

This study makes several theoretical contributions to the literature on marketing ethics, consumer protection, and consumer loyalty. First, it extends Stakeholder Theory by showing that loyalty outcomes depend not only on firms' ethical responsiveness but also on the perceived strength of the institutional environment. This highlights that stakeholder trust is co-produced by both firm-level practices and macro-level governance structures.

Second, the findings enrich the Autonomy Theory of Consumer Protection Law by empirically demonstrating that regulatory perception shapes consumer behavior in ways that are not always straightforward. Contrary to the assumption that stronger regulation uniformly enhances trust, our results reveal that consumers in fragile economies may attribute loyalty less to firms' ethics when regulatory safeguards are perceived as robust. This insight positions regulation as a boundary condition that qualifies the autonomy of consumer decision-making.

Third, the research challenges prevailing assumptions in Signaling Theory and Institutional Theory, which suggest that institutional reinforcement should amplify the credibility of corporate ethical claims. Instead, our evidence from Lebanon indicates a paradox: ethical marketing exerts its strongest influence on loyalty when regulations are weaker.

This implies that in contexts of institutional fragility, firm-level ethical practices are more salient signals of credibility than external institutional guarantees.

Taken together, these contributions advance the theoretical conversation by situating ethical marketing within a more complex, context-dependent framework, thereby offering new pathways for understanding how consumers interpret ethics, regulation, and loyalty in fragile markets.

6.1 Limitations and Future Research

This study is not without limitations, which open avenues for further inquiry. First, the construct of perceived consumer protection regulations (CPR) was measured as a subjective assessment of awareness, enforcement confidence, and trust in redress mechanisms. While this approach captures consumers' lived experiences, it may not fully align with objective institutional indicators. Future research could triangulate perceptual data with regulatory performance metrics to enrich construct validity.

Second, although Procter & Gamble (P&G) was used as a reference point for the ethical marketing items, the study's focus is not on a single firm but on consumers' perceptions of ethical practices more broadly. Nevertheless, anchoring on one multinational may limit generalizability. Comparative studies across different firms and industries would help validate the robustness of these findings.

Third, the initial 76-item instrument produced a very high Cronbach's alpha, raising concerns about redundancy. While item refinement was performed to ensure parsimony and discriminant validity, future studies could design shorter, context-specific scales that balance reliability with efficiency.

Finally, the study adopts a cross-sectional design within one fragile economy. Longitudinal or multi-country research would be valuable for examining how the amplification and substitution logics of regulation evolve across institutional settings and over time.

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