

**THE IMPACT OF UNETHICAL ADVERTISING ON CUSTOMER LOYALTY
WITH THE MEDIATING EFFECT OF CONSUMER TRUST: WITH SPECIAL
REFERENCE TO SKIN CARE INDUSTRY IN CENTRAL PROVINCE, SRI
LANKA.**

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ABSTRACT

This study explores the impact of unethical advertising on customer loyalty, with an emphasis on the mediating effect of consumer trust in the skincare industry in the Central Province of Sri Lanka. Unethical advertising practices, including false claims, exaggerated benefits, and omission of potential side effects, have raised significant ethical concerns within the industry. Such practices are often employed to manipulate consumer perceptions and behaviors, potentially leading to immediate gains but at the risk of undermining long-term consumer trust and loyalty. This study seeks to understand how these unethical practices affect consumer trust and, consequently, their loyalty to brands. A quantitative research approach was adopted with data collected through a structured questionnaire administered to a sample of 384 consumers in the Central Province. The sample was selected by stratified random sampling to ensure diversity and representation. The collected data were analyzed using Structural Equation Modelling (SEM) to test the hypothesized impact of unethical advertising on consumer trust and loyalty. The findings reveal that unethical advertising significantly negatively affects consumer trust. When consumers perceive advertisements as misleading or deceptive, their trust in the brand erodes, leading to a decline in loyalty. This study confirms that consumer trust acts as a crucial mediator in the relationship between unethical advertising and customer loyalty. Brands that engage in ethical advertising are more likely to cultivate and maintain consumer trust, which is essential for sustaining customer loyalty over time. The study was limited by a small, region-specific sample from Sri Lanka's Central Province, with data collected online due to logistical and health challenges. Additionally, the findings are time-bound to 2022 and focus solely on the skincare industry, limiting their generalizability to other sectors. These insights highlight the importance of ethical advertising to companies in the skincare industry. This study recommends that businesses prioritize honesty and transparency in their marketing efforts to foster consumer trust. This strategy not only promotes long-term customer loyalty, but also contributes to a more ethical and trustworthy market environment.

Keywords: Consumer trust, customer loyalty, skin care industry, unethical advertising