*Journal of*
*Organisational Studies and Innovation*
*Vol. 10, no2, Summer 2023*

# Technology Services Perception and Behavioral biases of Promotion in Consumer paradox towards Generation Z: Evidence from Emerging Market

[1]Tariq Jalees *, Syed Hasnain Alam **, Sohaib uz Zaman **, Syeda Nazneen Waseem **, Shafiq-ur-Rehman***
*College of Management Sciences, Karachi Institute of Economics and Technology, Pakistan. and Universiti Malaysia Sarawak, Malaysia *.*
*Karachi University Business School, University of Karachi, Pakistan **.*
*University of Balochistan, Quetta ***.*

*Received: Dec 19, 2022; Revised: Marcg 23, 2023; Accepted: April 16, 2023*

**Abstract**: This study examines the impact of perceived deception on "satisfaction, loyalty, and trust." and mediating effect of trust and satisfaction on customer loyalty. The multi-mediating impact of "perceived deception and customer satisfaction" on corporate image and customer loyalty was measured. The study has focused on Z-Generation of the emerging market. The valid sample size for the study was 385. We have used earlier established scales and measures for this research. We found that perceived deception stimulates negative loyalty, customer trust, and customer satisfaction. Customer trust mediates perceived deception and loyalty. Customer satisfaction mediates perceived deception and loyalty. Corporate image moderates the relationship between perceived deception and trust. Perceived deception and customer trust have a multi-mediating effect on corporate image and customer loyalty. The study was limited to the emerging market. Deceptive adverting is unethical and harms consumers, including "financial loss psychological and social distrust." Regulations related to deceptive adverting, especially in developing countries, are not well structured and defined. Moreover, due to low literacy rates, consumers in developing countries are more susceptible to misleading advertising. Thus, many advertisers in developing states take advantage of these aspects and for attracting customers. This study has developed a new model with five direct relationships, one moderating relationship, two mediating relationships, and one multi-mediating relationship.

**Keywords:** *Advertisement, Product Satisfaction, Satisfaction, Loyalty, Corporate Image, Trust, Emerging Market.*

**Introduction:** Advertising has social, ethical, and moral implications. Researchers, for decades, have discussed advertising from two perspectives (Richardson-Greenfield, 2018). Some researchers have focused on the rights of advertisers in terms of creative liberties. Others have focused on how advertising affects societies and consumers (Jeong & Yoo, 2011). Similarly, researchers and academicians have also deliberated what constitutes deceptive advertising. The conceptualization of deceptive advertising varies considerably from one researcher to another. For

[1] https://doi.org/10.51659/josi.22.170

example, from the Federal Trade Commission perspective, an ad is misleading if it has presented omitted information that may mislead consumers. According to the American Marketing Association, deceptive advertising contains messages that intentionally mislead consumers by falsely making claims, failing to provide full disclosure or both". Both discussed definitions have emphasized that a vital ingredient to deception is the "omission of a particular information." Aaker (1974) suggests that ads whose interpretation is different from reality and stimulate consumer buying behavior fall in the deceptive category. Advertisements that promote inaccurate beliefs and motivate consumers to decide that they would not in normal circumstances are examples of misleading advertising (Aditya 2001; Kennett and Matthews 2008; Tariq et al., 2021). There is no universally accepted definition of deceptive advertising, but most researchers agree that ads with "objectively false" implications fall in the category of misleading advertising (Shimp and Preston 1981; Nagar 2010). The authors have focused on mobile service providers in Pakistan. In the present era of technology of diffusion and communication, telecommunication has become the backbone of both developed and developing countries. Pakistan telecommunication is growing at a rapid pace. In 2008 it was the third fasted growing sector of the world (Citation). The growth of this sector has not stopped. According to Iqbal and Siddiqui (2019), of the total population of Pakistan is 200 million, 72% are mobile phone subsides. This ratio is significantly high, considering that about 55 million (24.3%) live below the poverty line. The cellular sector contributes Rs.280 billion in 2020 compared to Rs.121 billion in the year 2019. Despite the pandemic, the growth rate in the year 2020 was 121%. Besides other factors, lockdown in 2020 has also contributed to this upsurge in demand. PTA, in recent years, has made considerable investments in telecommunication which has also contributed to its growth. The current international bandwidth connectivity in Pakistan is 3.1 Terabytes and has 47000 cell sites, of which more than 90% are 4G enabled. Pakistan is also one of the few countries in South Asia which have experienced 5G. Because of the growing demand for mobile users, mobile service providers have also increased significantly. Thus the mobile service providers in Pakistan are using tricky promotion and communication strategies. They aim to exploit consumer feelings and minds and take advantage of customers' low proficiency (Iqbal & Siddiqui, 2019). Many researchers believe that the mobile service provider in Pakistan transmits misleading information through all the possible mediums, including television, banners, billboard, the internet, and social media. Jeva (2016) believes that many customers lost their money due to the overstated statement of mobile services providers and suffered from mental misery. The bulk of the mobile users in Pakistan are barely literate. Thus mobile service providers in Pakistan deceive consumers through technical jargon and bundles offers (Iqbal & Siddiqui, 2019).

**Literature Review**

The competition in this sector in Pakistan is intensive, and the value proposition of most service providers are similar. Given this competition, Pakistan's mobile services have adopted different strategies, including deceptive advertising (Hasan & Subhani, 2011; Khan et al., 2015). Based on a systematic review, held and Germelmann (2018) found that most studies on deceptive advertising have examined its impact on attitudes towards brands, advertisements, products, purchase intention. Also, the author observed that a few studies had examined the impact of deceptive advertising on customer trust, satisfaction, and loyalty. Furthermore, none have examined the mediating effect of trust and satisfaction between deceptive advertising and customer loyalty. Multi-mediating relationships bring more insight into the phenomena. However, we did not find any mufti-mediating relationship in the deceptive advertising study. Given the above-discussed

gaps, we have contributed to the body of knowledge by examining the impact of deceptive advertising on customer satisfaction and loyalty. Our study has also contributed to the literature on deceptive advertising by examining the mediating effect of trust and customer satisfaction on deceptive advertising and customer loyalty. Another contribution of this study is that it has examined the multi-mediating effect of trust and satisfaction on deceptive advertising and brand loyalty.

The research questions for the current study are as follows:

Q1. Impact of the perceived deception on customer trust, customer loyalty, and customer satisfaction.

- Q2. Effect of customer trust and customer satisfaction on customer loyalty.
- Q3. Mediating role of Customer trust and customer satisfaction on customer loyalty.
- Q4. Multi-mediating role of perceived deception and customer trust on corporate image and customer loyalty.
- Q5. Moderating effect of the corporate brand image on perceived deception and customer trust.

**Theory and Hypotheses Development**

An advertisement whose claims are contrary to reality is also considered deceptive advertising. There are several variations of deceptive advertising. We have discussed a few in the papers. For example, the Apple iPhone 3G, in its advertisement in 2008, claimed that their "phone was twice as fast," and the "prices are half" than the competitors. Since Apple's claim was not a fact, it admitted its message was not factual. A claim falsity in an Ad occurs when a retailer "does not disclose all the information" related to promotional discounts. At the same time, a claim-belief interaction in an advertisement stimulates deceptive belief in consumers. For example, Red Bull's claim that it gives more physical and mental performance than coffee and tea raised consumers' concerns and other regulatory authorities (Gardner 1975, Huff Post, 2013). In building claims, advertisers exaggerate the products' quality by messages such as "new and improved," "great, and last longer." Such claims generally express opinions that lack objectivity (Gao and Scorpio 2011). Since most consumers do not believe in such "expression of opinions," therefore, such advertisement messages are legal in the United States (Gao & Scorpio 2011; Hasan & Subhani, 2011). An implicitly stated deceptive advertisement does not directly claim superiority but implicitly claims the same.

An example of such an ad is "No brand is better than brand A" in product attributes and services (Kim & Hancock, 2017). Consumers have a different impact on the messages that explicitly mention the competitor's name and those that implicitly refer to a competing brand. Some deceptive advertisements' messages are "inaccurate, imprecise, or unverifiable." Such advertisements use hype words such as "super or phenomenal." (Biegler & Vargas, 2016) in their communication. For example, McDonald's advertisement messages such as "Creamy. Dreamy. Icy. Chocolaty. Mochas" for promoting chocolate products fall in the category of evaluative advertisement (Shimp and Preston 1981; Reza et al., 2021). In the present era, many consumers have a suspicious attitude towards advertisements. Therefore, many firms use "covet marketing." It does not allow consumers to recognize the sponsoring firms (Wojdynski, & Evans, 2020). De-Veirman and Hudders (2020) consider that consumers generally are more receptive to messages from non-commercial sources. Covet marketing is a valuable tool for persuading consumers to buy a product. In Greenwashing, firms claim they are concerned about the environment and use eco-friendly raw material and packaging, but in reality, they do not practice what they claim (Schmuck, Matthes & Naderer, 2018). Similarly, Chen and Chang (2013) and Mubarik et al. (2021b)

observed that many firms' claims about greenwashing environmental sustainability are misleading and far from reality. A half-truth claims give technically correct information but do not disclose critical information about the products or services (Richardson-Greenfield, 2018; Shahbaz et al., 2021). A bank in Australia claimed that it is the most significant contributor to renewable energy. The claim was valid, but it was half-true since it failed to disclose that it was also the largest financier of the coal mine sector (Devin, 2016).

**Hypothesis Development**

**Consequences of Illusive Promotion**

Extant literature based on the empirical survey concluded that most consumers in Pakistan are not happy with mobile advertisement messages as they believe that there is a considerable variation in the advertisements' claims and the delivered value proposition. Thus, they have low trust and loyalty towards such advertised brands (Fayyaz & Lodhi, 2015). Xie et al. (2015) argue that consumers' deviated perception built on the advertisement and experience promotes "'negative attitude and purchase intention" towards the advertised brand. Researchers believe that "emotional advertising is more effective for hedonic than utilitarian products" (Geuens et al., 2011). A study by extending the infusion model concluded that advertisements emotionally affect consumers. The study also found that this relationship exists in all product categories and extensions. The authors documented that "emotionally deceptive ads affect "customers' loyalty and emotional attachment." Many past studies have used Oliver's (1997) expectation disconfirmation theory to examine the association between deception and consumer product satisfaction. The theory assumes that consumers develop certain expectations from a product or service based on several factors, including advertisement messages, compared with the actual performance. If the delivered value is more significant than their exception, consumers are satisfied with the product or services. Otherwise, they are negatively satisfied with the product or services. Many past studies, including Román (2010) and Riquelme et al. (2016), based on empirical evidence, have concluded that deceptive advertising and consumer satisfaction with a product is negatively associated. Given the above-cited literature, we also postulate that:

*$H_1$: Deceptive advertising promotes negative trust*

*$H_2$: Deceptive advertising negatively affect customer loyalty*

*$H_3$: Deceptive adverting and customer satisfaction*

**Deceptive Advertising, Loyalty and Satisfaction**

Many marketers often use deceptive advertisements to change consumers' perceptions of their products. Deceptive advertising lacks theoretical and practical descriptions; therefore, firms must be careful about their advertising messages (Fayyaz & Lodhi, 2015; Zaman et al., 2018). Olsen and Dover (1978) argue that the deceptive cognitive influence of an advertisement affects consumer "cognition and buying behavior." Verbal and nonverbal cues of ads convert into symbolic and cognitive codes that often stay in consumers' memory for an extended period. Many researchers believe that deceptive advertisements can have a facet of lying that often promotes consumers' false beliefs about the product or brand (Gardener, 1975). This false belief potentially affects consumers' buying behavior (Xie et al., 2015). Consumers have a built-in capacity to match the claims of advertisements and their product attributes. A deviation in the advertisements' claims and delivered value proposition helps consumers to judge whether the advertisements are deceptive or not. Based on the assessment, consumers develop a favorable or unfavorable attitude towards the advertisements (Gardner, 1975; Geuens et al., 2017; Mubarik et al., 2021a; Shaikh & Kazmi 2021; Mubarik et al. 2021c). Deceptive advertisements often mislead consumers by

giving wrong information, withholding critical information, and presenting the information falsely (Saeed et al., 2013; Roman, 2010). These factors affect their loyalty, trust, satisfaction, and promote unfavorable attitudes towards such ads. In the current competitive and dynamic environment, firms, besides other factors, need to develop a sustainable relationship with consumers. Besides other factors, this sustainable relationship depends on trust between customers and firms (Donney & Cannon, 1997; Kazmi et al., 2016a).Extant literature has documented that consumers' experience of goods and services affects their trust and loyalty. If they had a pleasant experience with the goods and services, they would have a positive attitude towards purchase intention, leading to higher CL and satisfaction (Xie et al., 2015; Kazmi et al., 2016b). The advertising and price competition strategies of a firm depend on its objectives. For example, a firm may "initially invest in advertising and enter price" competition later. Other firms may enter price competition first and spend on advertising subsequently. Irrespective of the approach a firm adopts, the critical aspect in both cases is customer trust, which depends on delivering what a firm promises (Chioveanu, 2008; Erciş, Ünal, Candan, & Yıldırım, H. 2012). Many studies have also highlighted that brand characteristics and consumers' aspects are precursors to BT that translates into CL (Dam, 2020; Cuong, 2020). Researchers believe that "brand image and brand trust" promote a favorable brand attitude, provided the brand fulfills its promised value proposition. Stathopoulou, Balabanis, and (2016), based on empirical research, concluded that essential precursors to brand loyalty are the quality of product and services, brand image, and brand trust. The study also found that brand image and trust are directly and indirectly associated with loyalty. Xie et al. (2015) argue that a strong value proposition is an essential precursor to trust. Thus, the firm should deliver more than what they promise to customers. A brand value also depends on consumers' perception, which varies from one customer to another and from one product category to another. Researchers believe that consumer value perception promotes CT and CL directly and indirectly (Fayyaz & Lodhi, 2015). Nguyen et al. (2013) argue that loyal customers are an essential asset of a firm. It costs less to retain old customers than to attract new customers. Thus, firms should build a strong base of loyal customers by delivering more than their expectations. The study also found that CT mediates social identity (i.e., corporate image and reputation) and loyalty.

Geçti and Zengin (2013), in a study on Turkish consumers, found that trust, attitudinal, and behavior loyalties are positively associated. The authors believe that these factors are interlinked and lead to customers' loyalty. CT is a precursor of attitude towards a brand. Skačkauskienė, Vilkaitė-Vaitonė, Raudeliūnienė, and Davidavičienė (2016) elucidate that trust is directly and indirectly associated with a brand's attitudes. Both attitudinal and behavioral loyalties are associated with trust. Fachmi, Modding, Kamase, and Damis (2020) employees and customer trusts promote CL. A sustainable relationship of customers with a firm is essential for the growth of a firm. Given the cited literature, we argue that "PD is negatively associated with CL, CT, and CS." Since trust, directly and indirectly, impacts trust and loyalty, we have inferred that trust mediates deception and loyalty. Given these arguments, we have formulated the following assumptions.

*$H_4$: Customer trust stimulates customer loyalty*

*$H_5$: Customer satisfaction customer loyalty*

*$H_6$: Customer trust mediates perceived deception and customer loyalty.*

*$H_7$: Customer satisfaction mediates perceived deception and customer loyalty*

**Multi-Mediating Effect**The above discussion suggests that CI. PD, CS, and CL are interrelated. They "directly and indirectly" affect CL, suggesting multi-mediating effects. Thus, we argue that:

*H8: Perceived deception and customer trust have a multi-mediating effect on customer loyalty.*

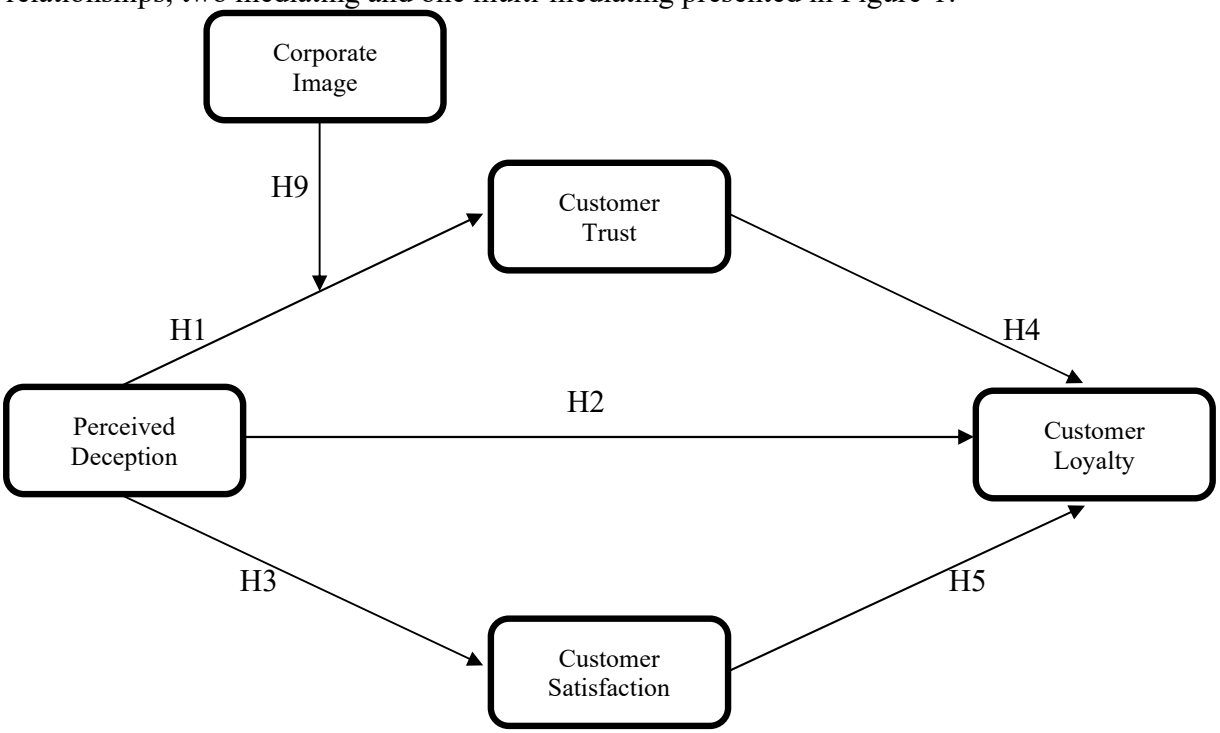
**Corporate Image**

Many researchers have used corporate image and corporate identity interchangeably. The former is associated with an organization's reputation, while the latter is much more than mere reputation (Balmer, Christensen, & Askegaard, 2001). All the employees and value chain contribute towards the corporate image. It is beyond delivering quality products and services to customers. Employees' perception of an organization is an essential facet of corporate image (Javalgi, Traylor, Gross & Lampman, 1994). Corporate communication is also an essential facet of the corporate image. It includes contact with society and consumers through electronic, social, and print media (Balmer, Christensen, & Askegaard, 2001; Kazmi et al., 2021). A study on the corporate image found that it indirectly (through customer satisfaction) affects customer loyalty. This mediating relationship was found in both tangible and intangible goods (Andreassen & Lindestad 1998; Liu et al., 2015). Similarly, another study in the travel sector concluded that customer satisfaction and customer commitment are significant precursors of brand loyalty. The study also found that corporate image stimulates affective commitment and customer satisfaction. Furthermore, it also indirectly affects customer loyalty. (Richard & Zhang 2012; Kazmi et al., 2018; Mazhar et al., 2022). Another study found that consumers have a higher loyalty for firms with higher corporate image and reputation (Nguyen & Leblanc, 2001). Given the above literature citations, we argue that:

*H9: Corporate image moderates perceived deception and customer trust.*

**Conceptual Model**

The study based on the theoretical discussions have proposed a novel model that has five direct relationships, two mediating and one multi-mediating presented in Figure-1.



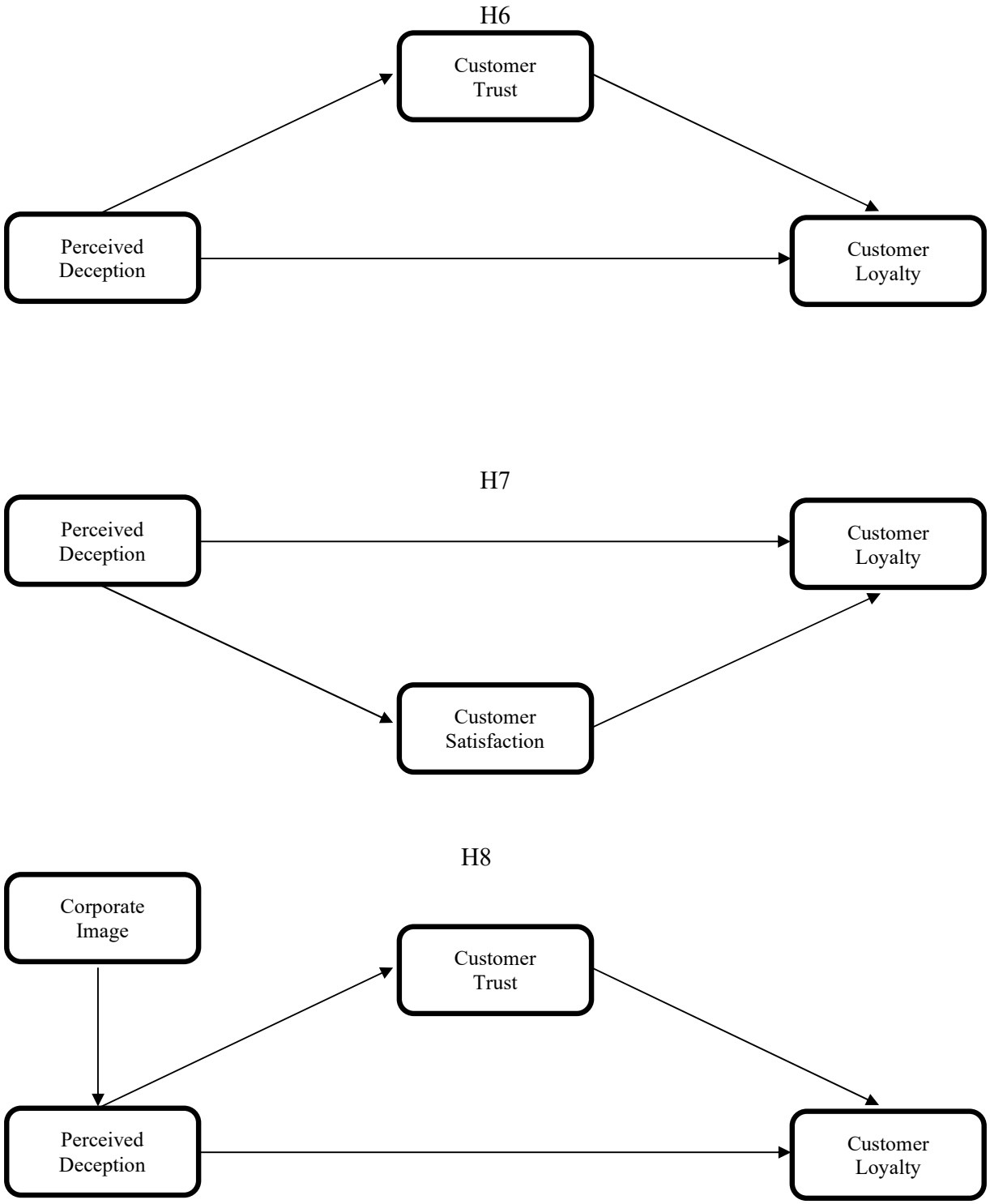



*Figure 1: Conceptual Model*

**Methodology:**

**Population and Control group**

Researchers have suggested different techniques for sample size calculation. For example, Sekran (2016) suggests 30 samples for each latent variable. Hair Jr. et al. (2013) recommend 10 to 30 cases for each indicator variable. Based on their recommendation, we have calculated the minimum sample size of 390 (26x15) computed. The higher education commission of Pakistan ranks private and public sector universities in Pakistan. We, in the study, have focused on the business universities. After taking the necessary permission, the authors personally visited the selected universities and collected the data by distributing 450 questionnaires (90 in each university) of the 450 distributed questionnaires we received, 425 questionnaires. Generation Z projected to hit $33 trillion in income by 2030; that's more than a quarter of all global income, and pass Millennials in spending power the year after.

*Table 1: Respondent Profile*

| | Details | Frequency | Percent |
|---|---|---|---|
| Gender | Male | 276 | 65.0% |
| | Female | 149 | 35.0% |
| | Total | 425 | 100% |
| Marital Status | Single | 398 | 93% |
| | Married | 27 | 07% |
| | Total | 425 | 100% |
| Student Status | Full time | 386 | 90.00% |
| | Part Time | 39 | 10.00% |
| | Total | 425 | 100.00% |

**Scale and Measures**

The questionnaire has two fragments. Part one was on the demographic, and part two relates to the main study. The second part has eight latent variables and 26 indicator variables. We have based all the questions in the second part on five points Likert Scale "five suggesting a high agreement and one indicating low agreement." Deceptive adverting has six items adapted from Chauachi and Rached (2016). The corporate image has four questions adapted from Aydin and dan-Arasil (2005). We took four questions for the trust of Aydin and dan-Arasil (2005). We took five items for customer loyalty from Narayandas (1996). The study has measured service quality with six items adapted from Aydin and dan-Arasil (2005). The questionnaire used in the study is attached aa Annexure-1

**Data Exploration**

We applied the Partial Least Square method to analyze measurement accuracy using Smart PLS 3 (Ringle et al., 2005). Partial least square is a variable-based structural equation modulation (SEM) method for prediction analysis (Henseler et al., 2009). The study used this approach to retest the existing and explorative models (Chin et al., 2003; Reinartz et al., 2009; Jalees et al., 2016). We checked the model fitness through SMR and NFI. Also, the study has assessed effect size through f square values and the model's predictive power through Q square and R square values.

**Results**

We have carried out descriptive analyses to examine the internal consistency and univariate normality of the constructs. The summary of the results is illustrated in Table 2.

*Table 2: Descriptive Analysis*

| | Cronbach Alpha | Means | Std. Dev | Skewness | Kurtosis |
|---|---|---|---|---|---|
| **Corporate Image** | 0.894 | 4.10 | 1.91 | -1.35 | -1.75 |
| **Customer Loyalty** | 0.848 | 4.14 | 0.88 | 1.76 | -1.98 |
| **Customer Satisfaction** | 0.857 | 3.95 | 0.89 | -1.87 | 0.96 |
| **Customer Trust** | 0.864 | 4.04 | 1.25 | -1.78 | -1.95 |
| **Perceived Deception** | 0.843 | 4.08 | 1.45 | 1.45 | 0.98 |

The Cronbach-Alpa values of the latent variables are more than 0.70, proposing adequate internal consistency. Also, all the Skewness and Kurtosis values are less than 2.5, suggesting the constructs on the data set collected have no issues related to univariate normality.

**Convergent and Discriminant Validity**

In Table 3, we have demonstrated the result related to "convergent and discriminant validity."

*Table 3: Convergent and Discriminant Validity*

| | Composite Reliability | AVE | CI | CL | CS | CT | PD |
|---|---|---|---|---|---|---|---|
| **Corporate Image** | 0.919 | 0.654 | 0.809 | | | | |
| **Customer Loyalty** | 0.887 | 0.567 | 0.750 | 0.753 | | | |
| **Customer Satisfaction** | 0.898 | 0.638 | 0.607 | 0.663 | 0.799 | | |
| **Customer Trust** | 0.902 | 0.647 | 0.628 | 0.726 | 0.726 | 0.804 | |
| **Perceived Deception** | 0.895 | 0.681 | 0.384 | -0.404 | -0.332 | -0.386 | 0.825 |

The results advocate that all the composite reliability values are at least 0.887, and AVE values are more than 0.560, implying that each construct's indicator variables are theoretically associated. The Table also shows that AVEs values square root is greater than Pearson correlation values suggesting that all the used constructs are unique and distinct.

**Confirmatory Factor Analysis**

The factor loading of all the latent variables is presented in Table 4.

*Table 4: Confirmatory Factor's Analysis*

| | Corporate Image | Customer Loyalty | Customer Satisfaction | Customer Trust | Perceived Deception |
|---|---|---|---|---|---|
| **CI_1** | 0.768 | | | | |
| **CI_2** | 0.801 | | | | |
| **CI_3** | 0.807 | | | | |
| **CI_4** | 0.832 | | | | |
| **CL_1** | | 0.771 | | | |
| **CL_2** | | 0.749 | | | |
| **CL_3** | | 0.678 | | | |
| **CL_4** | | 0.734 | | | |

| | | | | |
|---|---|---|---|---|
| **CL_5** | 0.810 | | | |
| **CS_1** | | 0.819 | | |
| **CS_2** | | 0.857 | | |
| **CS_3** | | 0.824 | | |
| **CS_4** | | 0.736 | | |
| **CS_5** | | 0.751 | | |
| **CT_1** | | | 0.775 | |
| **CT_2** | | | 0.802 | |
| **CT_3** | | | 0.758 | |
| **CT_4** | | | 0.849 | |
| **CT_5** | | | 0.835 | |
| **PD_1** | | | | 0.795 |
| **PD_2** | | | | 0.841 |
| **PD_3** | | | | 0.858 |
| **PD_4** | | | | 0.804 |

The results suggest in the Table show that the "factor loading of all the indicator variables is at least 0.60", indicating a significant relationship between indicator variables (observed variables) and their underlying latent construct.

**Model Fit Indices and Predictive Power**

The model fit indices output shows that the "SMR value is 0.081< .10, and the NFI value is .808> 0.80," Based on these results, we can infer that the model has adequate fitness. The result suggests that the R square values for customer loyalty, customer satisfaction, customer trust, and perceived deception are 0.556, 0.109, 0.427, and 0.247. Since these R square values are more significant than the acceptable threshold level, we presumed that the model has adequate predictive power (Ringle et al., 2005; Jalees et al., 2016). Subsequently, we assessed the effect size ($f^2$) to evaluate the relative impact of exogenous variables on endogenous variables. The $F^2$ value for (1) customer satisfaction and customer loyalty is 0.027> 0.020 (small effect size), (2) customer trust and customer loyalty are 0.179>0.15, suggesting medium-size effect (3) perceived deception and customer loyalty is 0.039>0.020 suggesting small size effect, (4) perceived deception and customer satisfaction is 0.124>.020 meaning small effect size and perceived deception and customer trust is 0.049>.020 indicating small effect size. The Q square values for customer loyalty is 0.301, for customer satisfaction is 0.069, for customer trust is 0.274, and 0.099, suggesting small to medium predictive accuracy.

**Direct Hypotheses**

We have proposed five hypotheses, which we tested by generating the structural model. We have presented the summarized results in Table 5, and the measurement and satirical models are presented in Figures 2 and 3, respectively.

Table 5: Direct Effect

| | **Beta** | **T Stat.** | **P Values** | **Results** |
|---|---|---|---|---|
| Per. De. -> Customer Trust (H1) | -0.18 | 6.626 | 0 | Established |
| Per. De. -> Customer Satisfaction (H2) | -0.33 | 12.15 | 0 | Established |
| Per. De. -> Customer Loyalty (H3) | -0.14 | 6.061 | 0 | Established |

| | | | | |
|---|---|---|---|---|
| Customer Trust -> Customer Loyalty (H4) | 0.51 | 14.523 | 0 | Established |
| Customer Sat -> Customer Loyalty (H5) | 0.19 | 5.652 | 0 | Established |

The results support all the direct hypotheses. The highest impact is on the association of "CT and CL," and the lowest is "PD and CL."

**Indirect Hypotheses**

The results related to three indirect hypotheses are presented in Table 6.

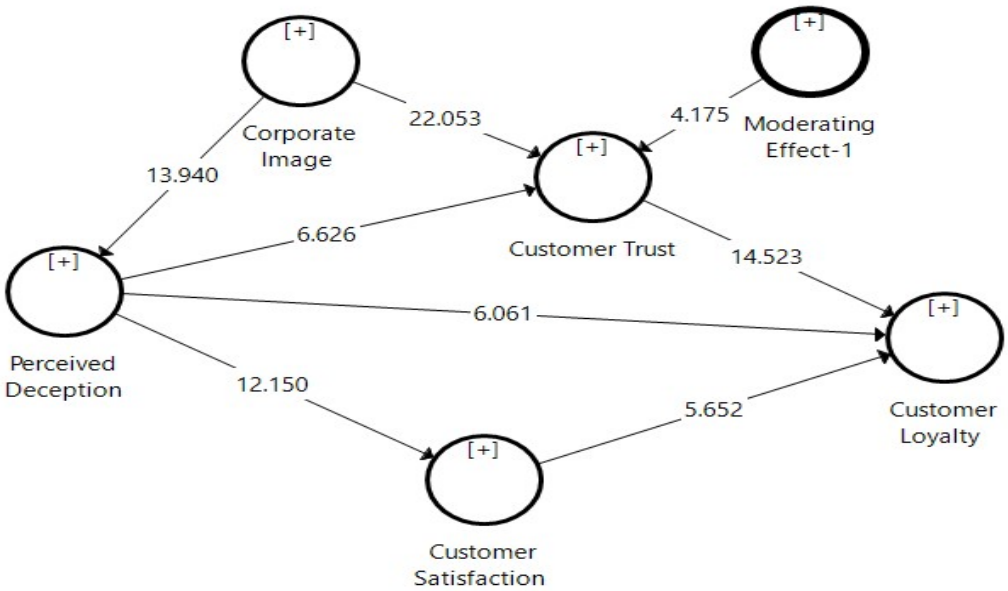
*Table 6: Indirect hypothesis*

| | Beta | T Stat. | P Values | Results |
|---|---|---|---|---|
| Per. Decep. -> Cus. Trust -> Cus. Loyalty (H6) | 0.09 | 5.915 | 0.00 | Accepted |
| Per. Decep. -> Cus. Sat. -> Cus. Loyalty (H7) | 0.06 | 5.082 | 0.00 | Accepted |
| Cr. Image -> Pr. Dec. ->Cus. Tr. -> Cust. Loy. (H8) | 0.03 | 5.477 | 0.00 | Accepted |
| Moderating Effect-1 -> Customer Trust (H9) | 0.08 | 4.175 | 0.00 | Accepted |

The results support all the indirect propositions, showing the highest for H6, and the lowest for H8.

*Figure 2: Measurement Model*

*Figure 3: Structural Model*




**Discussion**

In the following sections, we have discussed the rusts and their relevance with the earlier studies: Hypothesis 1 states that "perceived deception and customer loyalty are negatively associated, which our results support. Messages in deceptive advertising deceive consumers by withholding critical information or presenting it falsely. Consequently, such advertisements negatively affect consumers' satisfaction and loyalty (Riquelme et al., 2016; Kazmi SHA et al., 2021). Hypothesis 2 states that "perceived deception and customer trust are negatively associated, which aligns with our results and earlier empirical research. Many studies based on empirical evidence have concluded that many advertisements have a facet truth and lying due to which consumers develop beliefs that are far from reality. Consequently, it affects their purchasing behavior. However, when they find a massive gap between the claims and truth, they stop trusting the brands (Fayyaz & Lodhi, 2015; Hai & Kazmi 2015). Hypothesis 3 states that "perceived deception and customer satisfaction" are negatively associated. Our results and past studies support this hypothesis. Customers' satisfaction towards a product or service depends on the delivered value proposition. A considerable gap in delivered value proposition and claims buy a firm affects consumers' satisfaction level (Skačkauskienė et al. 2015; Khan et al., 2018). Hypothesis 4 states that "customer trust and customer loyally are positively associated," which is consistent with our result and earlier studies. Many studies have documented that brand image and brand trust are precursors to loyalty. The studies have also reported that both brand image and brand trust, directly and indirectly, affect consumers' sustainable relationships (Anwar.,2011; Mabkhot, Shaari & Salleh, 2017; Ahmed et al., 2018). Hypothesis 5 states that "customer satisfaction and customer loyalty are positively associated, which is in line with our results and earlier literature. Consumers, based on the advertisements and other sources, develop a positive expectation from a firm. If the firm delivers more than customer expectations, it will develop a strong base of satisfied and loyal customers (Fayyaz & Lodhi, 2015). Hypothesis 6 states that "customer trust mediates perceived trust and customer loyalty." Our results support this hypothesis. The literature also suggests that perceived deception affects customer trust, and trust promotes customer loyalty (Xie et al., 2015). Hypothesis 7 states that customer satisfaction mediates perceived deception and customer loyalty". The results

are in line with earlier studies. The past studies have found that perceived deception affects customer satisfaction (Riquelme- Leiva, 2016), and customer satisfaction promotes customer loyalty (Alam et al., 2019; Xie et al., 2015; Chioveanu, 2008). Hypothesis 8 states that "customer satisfaction mediates perceived deception and customer loyalty. The study also found that brand image and trust have a direct and indirect association with loyalty. Alaheeb (2007) argues that a strong value proposition is an essential precursor to trust. Thus, the firm should deliver more than what they promise to customers. A brand value also depends on consumers' perception, which varies from one customer to another and from one product category to another. Despite these variations, researchers believe that consumers' value perception promotes trust and customer loyalty directly and indirectly (Fayyaz & Lodhi, 2015). Hypothesis 9 was that "corporate image moderates perceived deception and trust," which our results support. The corporate image depends on product features, employees and customer perception, interaction, and communication with all the firm's stakes holders. Consumers tend to ignore the shortcoming (i.e., perceived deception) of a firm with a reputable corporate image. On the other hand, a firm with a low corporate image suffers due to consumers' low trust.

**Theoretical Implication**

This study has developed a new model based on the theoretical grounding and gaps in the extant literature. The literature suggests that there is a need for more mediating relationships. Therefore, we have developed and tested two mediating relationships. CT mediates PD and BL, and CS mediates PD and loyalty. Perhaps one or two studies have examined the moderating role of CI. We, in the study, found that CI image moderates PD and BT. Thus, we suggest that the mobile industry in Pakistan should focus on enhancing its CI. If customers feel that a firm uses deceptive advertising, its negative impact may decrease if it has a strong corporate image. Another contribution of this study is that it has tested the multi-mediating effect of "PD and CT on the CI and CL," which our results support.

**Social and Managerial Implications**

Deceptive adverting is unethical and hurts consumers, including "financial loss psychological and social distrust" (Tushnet & Goldman 2012). Regulations related to deceptive adverting, especially in developing countries, are not well structured and defined. Moreover, consumers in developing countries are more susceptible to misleading advertising due to low literacy rates. Thus, many advertisers in developing countries take advantage of these aspects and lure customers through misleading advertising. Our results suggest that consumers in Pakistan have negative satisfaction and trust in misleading advertising. From our results, we can also infer that if a firm has a strong corporate image, it may reduce the effects of deceptive advertising.

**Future Research Directions**

In the study, we have focused on the private business schools in Karachi and mobile service providers. Future researchers can extend the research in other cities and other segments. Consumers' perception of deceptive advertising varies from one demographic factor to another, which we did not consider. Further studies may examine the impact of demographic characteristics on deceptive adverting in multiple nations. In Pakistan, cultural values are essential, which we did not consider in this study. Other researchers may explore this aspect. In this research, we have used the corporate image as a moderator. We recommend future researchers use it as a mediating variable and explore new avenues. This study has used five variables. Future studies may have a holistic view of the subject under study.

**References**


Aaker, D.A. (1974). Deceptive advertising. In D.A. Aaker & GS Day (Eds.), Consumerism (2 ed., 137-145). New York: Free Press.

Aditya, R. N. (2001). The psychology of deception in marketing: A conceptual framework for research and practice. *Psychology & Marketing*, *18*(7), 735-761.

Andreassen, T. W., & Lindestad, B. (1998). The effect of corporate image in the formation of customer loyalty. Journal of Service Research, 1(1), 82-92.

Anwar, A. G. (2011). Impact of brand image, trust and affect on consumer brand extension attitude: the mediating role of brand loyalty. International Journal of Economics and Management Sciences, 73–79.

Alam Kazmi, S. H., Aqil, M., & Raza, M. (2019). Horizons of Neuromarketing in Consumer Behavior. European Online Journal of Natural and Social Sciences: Proceedings, 8(3 (s)), pp-99. https://european-science.com/eojnss_proc/article/view/5584

Ahmed, S., Khan, A., Paul, S., & Kazmi, S. H. A. (2018). Role of Green Information System and Information Cycle in Environmental Performance. In International Conference on Management Science and Engineering Management, 465–476. Cham: Springer. https://doi.org/10.1007/978-3-319-93351-1_37

Aydin, S. O. G. dan -Arasil, O.(2005). Customer Loyalty and the Effect of Switching Cost as a Moderator Variable: A Case in the Turkish Mobile Phone Market. Marketing Intelligence and Planning, 23(1), 89-103.

Biegler, P., & Vargas, P. (2016). The feeling is believing: evaluative conditioning and the ethics of pharmaceutical advertising. Journal of bioethical inquiry, 13(2), 271-279.

Chioveanu, I. (2008). Advertising, brand loyalty, and pricing. Games and Economic Behavior, 64(1), 68-80.

Balmer, J. M., Christensen, L. T., & Askegaard, S. (2001). Corporate identity and corporate image revisited-A semiotic perspective. European journal of Marketing.35 (3/4),292-313

Chaouachi, S. G., & Rached, K. S. B. (2012). Perceived deception in advertising: Proposition of a measurement scale. Journal of marketing research & Case studies, 2012, 1.

Chioveanu, I. (2008). Advertising, brand loyalty, and pricing. Games and Economic Behavior, 64(1), 68-80.

Cuong, D. T. (2020). The role of brand trust as a mediator in the relationship between brand satisfaction and purchase intention. International Journal of Psychosocial Rehabilitation, 24(6), 14726-14735.

Dam, T. C. (2020). Influence of Brand Trust, Perceived Value on Brand Preference, and Purchase Intention. The Journal of Asian Finance, Economics, and Business (JAFEB), 7(10), 939-947.

Devin, Bree (2016), "Half-Truths and Dirty Secrets: Omissions in CSR Communication," Public Relations Review, 42 (1), 226-28

De Veirman, M., & Hudders, L. (2020). Disclosing sponsored Instagram posts: the role of material connection with the brand and message-sidedness when disclosing covert advertising. International journal of advertising, 39(1), 94-130

Dooney, P., & Cannon, J. (1997). An Examination of the Nature of Trust in buyer–seller relationships. Journal of marketing, 61(2), 35-51.

Erciş, A., Ünal, S., Candan, F. B., & Yıldırım, H. (2012). The effect of brand satisfaction, trust and brand commitment on loyalty and repurchase intentions. Procedia-Social and Behavioral Sciences, 58, 1395-1404.

Fachmi, M., Modding, B., Kamase, J., & Damis, H. (2020). The Mediating Role of Satisfaction: Life Insurance Customers' Perspective (Service Quality, Trust and Image Toward Loyalty). International Journal of Multicultural and Multireligious Understanding, 7(6), 156-170.

Fayyaz, N., & Lodhi, M. S. (2015). Deceptive Advertising Practices and Customer Loyalty A Case of Mobile Phones in Karachi, Pakistan. International Journal of Scientific and Research Publications, 5(11), 469-474.

Federal Trade Commission. (2012). FTC annual highlights. Retrieved March 1, 2013, from http://www.ftc.gov/os/highlights/2012/ stats.shtm

Fernandes, J., Segev, S., & Leopold, J. K. (2020). When consumers learn to spot deception in advertising: testing a literacy intervention to combat greenwashing. International Journal of Advertising, 1-35.

Gardner, D. M. (1975). Deception in Advertising: A Conceptual Approach: Deception in advertising needs further definition and procedures for measurement—Gardner's conceptual approach offers suggestions for both. Journal of Marketing, 39(1), 40-46.

Gao, Z., & Scorpio, E. A. (2011). Does puffery deceive? An empirical investigation. Journal of Consumer Policy, 34(2), 249-264.

Gecti, F., & Zengin, H. (2013). The relationship between brand trust, brand affect, attitudinal loyalty and behavioral loyalty: A field study towards sports shoe consumers in Turkey. International Journal of Marketing Studies, 5(2), 111-120.

Geuens, M., & De Pelsmacker, P. (2017). Planning and conducting experimental advertising research and questionnaire design. Journal of Advertising, 46(1), 83-100.

Goldman, E., & Tushnet, R. (2012). Featuring people in ads. Rebecca Tushnet and Eric Goldman, Advertising & Marketing Law: Cases and Materials, 615-632.

Hai, L. C., & Kazmi, S. H. A. (2015). Dynamic support of government in online shopping. Asian Social Science, 11(22), 1–9. https://doi.org/10.5539/ass.v11n22p1

Hasan, S. A., Subhani, M. I., & Raheem, S. (2011). Measuring Customer delight: A model for European Journal of Social Sciences – Volume 22, Number 4, pp. 510 – 518.

Held, J., & Germelmann, C. C. (2018). Deception in consumer behavior research: A literature review on objective and perceived deception. Projectics/Proyéctica/Projectique, (3), 119-145.

Huff Post, (2013) Red Bull Lawsuit: Company Uses Deceptive Marketing, Says Plaintif[Available], https://www.huffpost.com/entry/red-bull-lawsuit_n_2491635

Iqbal, S. and Siddiqui, DA (2019). The Impact of Deceptive Advertising on Customer Loyalty: A case of Telecommunication Industry in Karachi, Pakistan. International Journal of Industrial Marketing, 4(1), 39-69.

Jalees, T., Kazmi, S. H. A., & Zaman, S. I. (2016). The Effect of Visual Merchandising, Sensational Seeking and Collectivism on Impulsive Buying Behavior. Journal of Systems Science and Information, 4(4), 321– 333. https://doi.org/10.21078/JSSI-2016-321-13

Javalgi, R. G., Traylor, M. B., Gross, A. C., & Lampman, E. (1994). Awareness of sponsorship and corporate Image: An empirical investigation. Journal of advertising, 23(4), 47-58.

Jeong, J., & Yun Yoo, C. (2011). Deceptive advertising and abnormal stock returns: An event study analysis. International Journal of Advertising, 30(3), 509-535.

Kazmi SHA, Ahmed RR, Soomro KA, Hashem E AR, Akhtar H, Parmar V. Role of Augmented Reality in Changing Consumer Behavior and Decision Making: Case of Pakistan. Sustainability. 2021; 13(24):14064. https://doi.org/10.3390/su132414064

Kazmi, S. H. A., Zeng, H., & Abid, M. M. (2016b). Effects of Hedonism and utilitarianism in Advertising in E-Business Equity. In 2016 8th international conference on intelligent human-machine systems and cybernetics (IHMSC), 582–585. IEEE. DOI: 10.1109/IHMSC.2016.232

Kazmi, S.H.A., Shahbaz, M.S., Mubarik, M.S. et al. Switching behaviors toward green brands: evidence from emerging economy. Environ Dev Sustain 23, 11357–11381 (2021). https://doi.org/10.1007/s10668-020-01116-y

Kazmi, S. H. A., Wahab, A., Zaman, S. I., Kou, Y., & (2018). Rise of Digital Media to Triumph Brand Loyalty. In 2018 10th International Conference on Intelligent Human-Machine Systems and Cybernetics (IHMSC) (Vol. 1(1), pp. 297– 300). China: IEEE. https://doi.org/10.1109/IHMSC.2018.00075. https://ieeexplore.ieee.org/document/ 8530332/

Kazmi, S. H. A., Abid, M. M. (2016a). Online Purchase Intentions in E-Commerce, in 'Proceedings of 8th International Conference on Intelligent Human Machine Systems and Cybernetics (IHMSC)', Vol. 2, IEEE, 570–573. DOI: 10.1109/IHMSC.2016.193

Kazmi, S.H.A.; Abid, M.M.; Iqbal, M.; Hai, L.C. (2016b). Impact of cloud services to the economic growth. In Proceedings of the IEEE International Conference on Cloud Computing and Big Data Analysis (ICCCBDA), Chengdu, China, 268–272. doi: 10.1109/ICCCBDA.2016.7529569

Khan A., Ahmed S., Paul S., Kazmi S.H.A. (2018) Factors Affecting Employee Motivation Towards Employee Performance: A Study on Banking Industry of Pakistan. In: Xu J., Gen M., Hajiyev A., Cooke F. (eds) Proceedings of the Eleventh International Conference on Management Science and Engineering Management. ICMSEM 2017. Lecture Notes on Multidisciplinary Industrial Engineering. Springer, Cham. https://doi.org/10.1007/978-3-319-59280-0_50

Kim, S. J., & Hancock, J. T. (2017). How advertorials deactivate advertising schema: M Turk-based experiments to examine persuasion tactics and outcomes in health advertisements. Communication Research, 44(7), 1019-1045.

Kennett, J., & Matthews, S. (2008). What's the Buzz? Undercover Marketing and the Corruption of Friendship 1. Journal of Applied Philosophy, 25(1), 2-18.

Khan, S. K., Saeed, N., Feroz, M., Liaqaut, S., Khan, A., & Jabeen, Z. (2015). Impact of deceptive marketing on consumers behavior: A case of cellular industry of Pakistan. Journal of Marketing and Consumer Research, 18(1), 91-100.

Liu, C., Chan, Y., Kazmi, A., Hasnain, S. and Fu, H. (2015), "Financial fraud detection model: based on random Forest", International Journal of Economics and Finance, 7(7), available at: https://ssrn.com/abstract=2625215. DOI: 10.5539/ijef.v7n7p178

Mabkhot, H. A., Shaari, H., & Salleh, S. M. (2017). The influence of brand image and brand personality on brand loyalty, mediating by brand trust: An empirical study. Journal Pengurusan (UKM Journal of Management), 50-68.

Mazhar, W., Jalees, T., Asim, M., Alam, S.H. and Zaman, S.I. (2022), "Psychological consumer behavior and sustainable green food purchase", Asia Pacific Journal of Marketing and Logistics, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/APJML-05-2021-0317

Mubarik, M. S., Naghavi, N., Mubarik, M., Kusi-Sarpong, S., Khan, S. A., Zaman, S. I., & Kazmi, S. H. A. (2021a). Resilience and cleaner production in industry 4.0: Role of supply chain mapping and visibility. Journal of Cleaner Production, 292, 126058. https://doi.org/10.1016/j.jclepro.2021.126058

Mubarik, M. S., Kazmi, S. H. A., & Zaman, S. I. (2021b). Application of gray DEMATEL-ANP in green-strategic sourcing. Technology in Society, 64, 101524. https://doi.org/10.1016/j.techsoc.2020.101524

Mubarik, M.S., Miao, M., Mubarak, M.F., Zaman, S.I., Alam Kazmi, S.H. and Naghavi, N. (2021c), "Host country corruption and headquarters-subsidiary relationships in emerging economies", International Journal of Emerging Markets, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/IJOEM-10-2019-0882

Nagar, K. (2009). Effect of deceptive advertising on claim recall: an experimental research. Journal of Services Research, 9(2), 105-122

Narayandas, N. (1996). The Link Between Customer Satisfaction and Customer Loyalty: An An Empirical Investigation", Harvard Business School. Working Paper: ss. 97-107.

Nguyen, N., & Leblanc, G. (2001). Corporate image and corporate reputation in customers' retention decisions in services. Journal of retailing and Consumer Services, 8(4), 227-236.

Oliver, R. L. (1997). Satisfaction: A behavioral perspective on the consumer. New York, NY: McGraw-Hill

Oliver, Richard L. and John E. Swan (1989), "Equity and Disconfirmation Perceptions as Influences on Merchant and Product Satisfaction," Journal of Consumer Research, 16, 372–8

Olson, J. C., & Dover, P. A. (1978). Cognitive effects of deceptive advertising. Journal of Marketing Research, 15(1), 29-38.

Reza, F., Amir, H., & Kazmi, H. A. (2021). Impact of smartphones, self-determination and patience on subjective well-being of bottom of pyramid customers. Revista Brasileira de Marketing, 20(2), 279-308. DOI: https://doi.org/10.5585/remark.v20i2.17569

Ringle, C., Wende, S., & Will, A. (2005). SmartPLS 2.0 (Beta). Hamburg, (www.smartpls.de)

Richardson-Greenfield, P. A. (2018). Marketing Ploy or Strategic Initiative? An Investigation of Deceptive Advertising (Doctoral dissertation), The University of Texas at Arlington

Richard, J. E., & Zhang, A. (2012). Corporate image, loyalty, and commitment in the consumer travel industry. Journal of Marketing Management, 28(5-6), 568-593.

Riquelme- Leiva, M. (2016). FODA: Matrix or FODA Analysis – An essential tool for the study of the company. Recovered from https://www.analisisfoda.com/

Román, S. (2010). Relational consequences of perceived deception in online shopping: the moderating roles of type of product, consumer's attitude toward the internet and consumer's demographics. Journal of Business Ethics, 95(3), 373-391.

Saeed, S., & Amjad, A. (2013). Understanding usability issues of Pakistani university websites. Life Science Journal, 10(6s), 479-482.

Schmuck, D., Matthes, J., & Naderer, B. (2018). Misleading consumers with green advertising? An affect–reason–involvement account of greenwashing effects in environmental advertising. Journal of Advertising, 47(2), 127-145.

Sekaran, U. (2003). Towards a guide for novice research on research methodology: Review and proposed methods. Journal of Cases of Information Technology, 8(4), 24-3

Skačkauskienė, I., Vilkaitė-Vaitonė, N., Raudeliūnienė, J., & Davidavičienė, V. (2016). A model for measuring passenger loyalty. Transport, 31(1), 100-107.

Shabbir, H. A., Maalouf, H., Griessmair, M., Colmekcioglu, N., & Akhtar, P. (2019). Exploring perceptions of advertising ethics: An informant-derived approach. Journal of Business Ethics, 159(3), 727-744.

Shaikh, A.L. and Alam Kazmi, S.H. (2021), "Exploring marketing orientation in integrated Islamic schools", Journal of Islamic Marketing, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/JIMA-11-2019-0241

Shahbaz, M.S., Javaid, M., Alam Kazmi, S.H. and Abbas, Q. (2021), "Marketing advantages and sustainable competitiveness through branding for the supply chain of Islamic country", Journal of Islamic Marketing, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/JIMA-04-2020-0094

Sherman, R., & Tollison, R. (1971). Advertising and profitability. The Review of Economics and Statistics,53(4), 397-407.

Shimp, T. A., & Preston, I. L. (1981). Deceptive and non-deceptive consequences of evaluative advertising. Journal of Marketing, 45(1), 22-32.

Stathopoulou, A., & Balabanis, G. (2016). The effects of loyalty programs on customer satisfaction, trust, and loyalty toward high-and low-end fashion retailers. Journal of Business Research, 69(12), 5801-5808.

Tariq Jalees, Sahar Qabool, Syed Imran Zaman & Syed Hasnain Alam Kazmi, (2021) Effect of spirituality and ethics on green advertising, and the multi- mediating roles of green buying and green satisfaction, Cogent Business & Management, 8:1, DOI: 10.1080/23311975.2021.1920559

Xie, G. X., & Boush, D. M. (2011). How susceptible are consumers to deceptive advertising claims? A retrospective look at the experimental research literature. The Marketing Review, 11(3), 293-314.

Wojdynski, B. W., & Evans, N. J. (2020). The covert advertising recognition and effects (CARE) model: Processes of persuasion in native advertising and other masked formats. International Journal of Advertising, 39(1), 4-31.

Zaman, S. I., Jalees, T., Jiang, Y., & Kazmi, S. H. A. (2018). Testing and incorporating additional determinants of ethics in counterfeiting luxury research according to the theory of planned behavior. psihologija, 51(2), 163-196. https://doi.org/10.2298/PSI170211014Z