

From Trust and Transparent Pricing to Purchase Intention: The Mediating Role of Perceived Ethicality in AI-Driven FMCG E-Commerce

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Abstract

Artificial intelligence now shapes routine online shopping through personalized recommendations, automated promotions, and dynamic pricing. While these features add convenience, they also raise consumer concerns about fairness in AI-driven platforms. This study examines how perceived trust, price fairness, and price transparency influence purchase intention through perceived ethicality in AI-driven fast-moving consumer goods (FMCG) e-commerce. Using consumer survey data analyzed with Partial Least Squares Structural Equation Modeling, the study tests a mediation model where perceived ethicality links platform attributes to purchase intention. Results indicate that trust, price fairness, and price transparency significantly enhance perceived ethicality. Perceived ethicality, in turn, positively influences purchase intention and mediates the relationships between the three antecedents and purchase intention. The findings suggest that in AI-driven FMCG e-commerce, cultivating trust and ensuring clear, fair pricing practices builds an ethical impression that strengthens consumers' willingness to buy. The study contributes to understanding ethics as a central mechanism in AI-driven retail.

Keywords: AI-driven e-commerce; perceived ethicality; perceived trust; price fairness; price transparency; purchase intention

1. Introduction

Online FMCG shopping has moved from an occasional alternative to an everyday part of consumption. Platforms now use artificial intelligence (AI) to recommend products, predict repeat purchases, personalise offers and adjust prices. These features can save time, but they also make commercial decisions less visible to consumers. A shopper may see the final recommendation or price without knowing why it was offered, what personal data were used, or whether another consumer received a different deal.

This lack of visibility gives ethical judgments a practical role in online purchase decisions. Consumers are more willing to deal with a platform when they believe it is dependable, protects their information, and keeps its promises (Gefen et al., 2003; Pavlou, 2003). They also compare what they pay with earlier prices, competing platforms, and expected value. A price that appears unjustified can produce anger,

distrust, and avoidance (Bolton et al., 2003; Xia et al., 2004). Clear disclosure may reduce uncertainty, yet transparency alone does not guarantee that the disclosed price will be seen as fair.

Perceived ethicality connects these concerns. It reflects the consumer's overall judgment that a firm behaves honestly, responsibly, and fairly (Brunk, 2012). In an AI-driven setting, this judgment may include responsible data use, non-manipulative recommendations, and fair treatment through algorithmic pricing. Although trust, fairness, and transparency are often studied separately, fewer compact models explain whether they first create an ethical impression and whether that impression subsequently encourages purchase.

Accordingly, this paper examines five constructs: perceived trust, price fairness and price transparency as antecedents; perceived ethicality as a mediator; and intention to purchase as the outcome. It asks two questions: (1) do trust and pricing perceptions shape perceived ethicality, and (2) does ethicality carry their influence to purchase intention? The focused model explains purchase intention in AI-driven FMCG e-commerce and presents an example of mediation analysis.

2. Literature Review

2.1 Perceived trust and perceived ethicality

Trust reduces the uncertainty created when buyers cannot directly observe a seller's actions. In electronic commerce, it reflects beliefs that the platform is reliable, competent, and willing to protect the consumer (McKnight et al., 2002; Gefen et al., 2003). Trust is especially important when algorithms use personal and transactional data to make recommendations. If a platform consistently delivers the promised product, protects payments, and handles data responsibly, consumers have stronger reasons to interpret its conduct as ethical. Privacy assurances and responsible information practices also support confidence in online disclosure (Bansal et al., 2015). Thus, trust is not identical to ethicality, but it supplies evidence from which an ethical judgment can be formed.

2.2 Price fairness and perceived ethicality

Price fairness is the consumer's assessment that a price is reasonable, justified, and equitable. Consumers use reference prices, competitor offers, previous transactions, and the seller's apparent motive when making this assessment (Bolton et al., 2003; Xia et al., 2004). AI-based dynamic pricing makes these judgments more sensitive because two buyers may receive different offers or the same price may change quickly. A firm that charges an explainable and proportionate price is more likely to be regarded as fair in a broader moral sense. Conversely, a price that appears exploitative can damage the ethical image of the platform even when it is legally disclosed.

2.3 Price transparency and perceived ethicality

Price transparency refers to the clarity and accessibility of information about the amount payable and its components. For online FMCG purchases, it includes the product price, discount, tax, delivery fee, convenience charge and final payable amount. Transparent disclosure reduces information asymmetry and allows buyers to evaluate the transaction. It can therefore signal honesty and accountability. However, transparency and fairness remain distinct: a platform may openly disclose a charge that consumers still consider unreasonable. The expected relationship is nevertheless positive because clear disclosure makes the platform's conduct easier to inspect.

2.4 Perceived ethicality and purchase intention

Perceived ethicality is an overall consumer-based evaluation of whether organisational conduct is honest, responsible and aligned with accepted norms (Brunk, 2012). Ethical conduct can reduce

psychological discomfort and strengthen willingness to maintain an exchange relationship. In AI-driven commerce, consumers may evaluate privacy, algorithmic fairness, explainability and the absence of manipulation (Jobin et al., 2019; Martin et al., 2017). Behavioural intention is the immediate readiness to perform a behaviour and is commonly treated as a precursor to actual use or purchase (Ajzen, 1991; Davis, 1989). It is therefore reasonable to expect that an ethical platform will attract stronger purchase intention. Yet FMCG decisions are frequent, low-involvement, and price-sensitive; ethical evaluation may compete with immediate economic value. Testing mediation is consequently important rather than assuming it.

3. Hypotheses

H1: Perceived trust has a positive effect on perceived ethicality.

H2: Price fairness has a positive effect on perceived ethicality.

H3: Price transparency has a positive effect on perceived ethicality.

H4: Perceived ethicality has a positive effect on intention to purchase.

H5a: Perceived ethicality mediates the relationship between perceived trust and intention to purchase.

H5b: Perceived ethicality mediates the relationship between price fairness and intention to purchase.

H5c: Perceived ethicality mediates the relationship between price transparency and intention to purchase.

4. Conceptual Framework

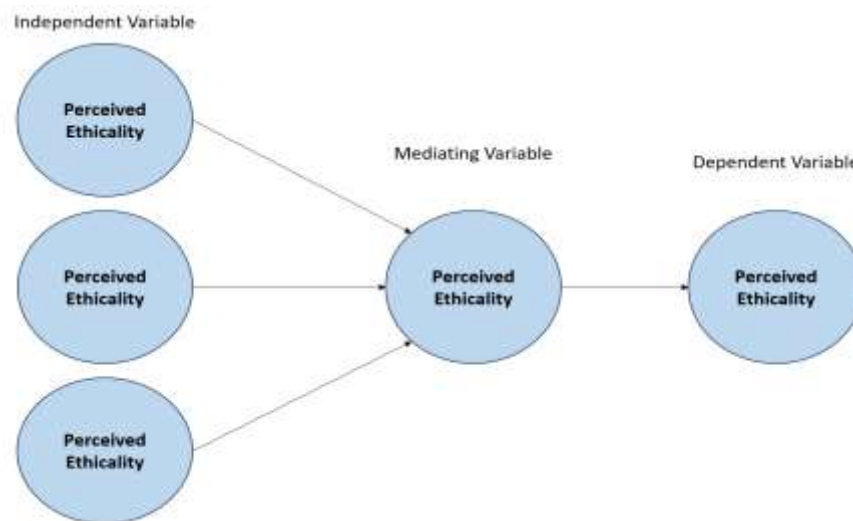


Figure 1. Proposed conceptual framework

5. Research Methodology

The study follows a quantitative, cross-sectional design for PLS-SEM. The respondents represent consumers with prior experience of AI-driven FMCG e-commerce platforms. Responses were measured on a five-point Likert scale ranging from strongly disagree to strongly agree. The sample includes 191 men (54.3%) and 161 women (45.7%). The largest age group is 26–35 years (120 respondents; 34.1%), while 212 respondents (60.2%) report purchasing FMCG products online frequently or very frequently. The five constructs were measured reflectively. Perceived trust used four items adapted from established e-commerce trust measures (McKnight et al., 2002; Gefen et al., 2003; Pavlou, 2003). Perceived ethicality used four items informed by consumer-perceived ethicality and responsible-data literature

(Brunk, 2012; Jobin et al., 2019). Price fairness and price transparency each used four items grounded in pricing fairness and disclosure literature (Bolton et al., 2003; Xia et al., 2004). Intention to purchase/continue purchasing was represented by three behavioural-intention items.

Measurement quality was assessed through outer loadings, Cronbach's alpha, composite reliability (CR), average variance extracted (AVE) and the heterotrait–monotrait ratio (HTMT), following accepted PLS-SEM guidance (Hair et al., 2019, 2022; Henseler et al., 2015). The structural model was evaluated using collinearity checks, path coefficients, bootstrapped t-values and p-values, coefficients of determination (R^2), and specific indirect effects. A 5,000-subsample bootstrap was used for the analysis in Smart-PLS. Mediation was considered supported when the indirect effect was significant, and its 95% bias-corrected confidence interval did not include zero.

6. Analysis and Results

6.1 Measurement model analysis

All retained indicators loaded above 0.70. Cronbach's alpha values ranged from 0.743 to 0.806, and CR values ranged from 0.846 to 0.873, indicating satisfactory internal consistency. AVE ranged from 0.580 to 0.661, exceeding the recommended 0.50 threshold. All HTMT values were below 0.90; the highest was 0.864 between price fairness and purchase intention. The measurement model therefore demonstrated acceptable reliability, convergent validity, and discriminant validity (Henseler et al., 2015).

Table 1. Measurement model results

Construct	Items	Loading range	α	CR	AVE
Perceived Trust	4	0.719–0.788	0.759	0.846	0.580
Perceived Ethicality	4	0.757–0.840	0.806	0.873	0.632
Price Fairness	4	0.745–0.802	0.769	0.852	0.591
Price Transparency	4	0.747–0.837	0.786	0.862	0.610
Intention to Purchase	3	0.797–0.821	0.743	0.854	0.661

6.2 Structural model analysis

The first structural equation examined how consumers form perceptions of ethicality. Trust, price fairness, and price transparency jointly explained 64.2% of the variance in perceived ethicality ($R^2 = 0.642$; adjusted $R^2 = 0.639$). Each relationship was positive and statistically significant. Price fairness had the strongest effect ($\beta = 0.401$, $t = 8.442$, $p < .001$), followed by trust ($\beta = 0.292$, $t = 5.873$, $p < .001$) and price transparency ($\beta = 0.226$, $t = 4.621$, $p < .001$). H1, H2, and H3 were therefore supported. In simple terms, consumers are more likely to view a platform as ethical when it appears dependable, charges reasonable prices, and clearly explains the final amount.

The second equation explained 70.4% of the variance in purchase intention ($R^2 = 0.704$; adjusted $R^2 = 0.701$). Perceived ethicality positively influenced purchase intention ($\beta = 0.318$, $t = 6.114$, $p < .001$), supporting H4. The direct effects of trust ($\beta = 0.161$, $t = 3.218$, $p = .001$), price fairness ($\beta = 0.352$, $t = 6.842$, $p < .001$) and price transparency ($\beta = 0.143$, $t = 2.907$, $p = .004$) also remained significant. This

pattern indicates partial rather than full mediation: the three antecedents influence purchase intention both directly and indirectly through perceived ethicality.

Table 2. Standardised structural path results

Hypothesis	Path	β	t	p	Decision
H1	Trust → Ethicality	0.292	5.873	<.001	Supported
H2	Price Fairness → Ethicality	0.401	8.442	<.001	Supported
H3	Price Transparency → Ethicality	0.226	4.621	<.001	Supported
H4	Ethicality → Purchase Intention	0.318	6.114	<.001	Supported
—	Trust → Purchase Intention	0.161	3.218	.001	Significant
—	Price Fairness → Purchase Intention	0.352	6.842	<.001	Significant
—	Price Transparency → Purchase Intention	0.143	2.907	.004	Significant

Bootstrapping confirmed all three specific indirect effects. The indirect effect of trust on purchase intention through perceived ethicality was $\beta = 0.093$ ($t = 4.112$, $p < .001$; 95% CI [0.052, 0.139]). The corresponding effect for price fairness was $\beta = 0.128$ ($t = 4.924$, $p < .001$; 95% CI [0.081, 0.181]), while the effect for price transparency was $\beta = 0.072$ ($t = 3.381$, $p = .001$; 95% CI [0.034, 0.118]). Because none of the confidence intervals included zero, H5a, H5b, and H5c were supported. The result demonstrates how a positive ethical impression can carry part of the influence of trust and pricing practices on purchase intention.

Table 3. Bootstrapped specific indirect effects

Hypothesis	Indirect path	β	t	p	95% CI	Decision
H5a	Trust → Ethicality → Intention	0.093	4.112	<.001	[0.052, 0.139]	Supported
H5b	Fairness → Ethicality → Intention	0.128	4.924	<.001	[0.081, 0.181]	Supported
H5c	Transparency → Ethicality → Intention	0.072	3.381	.001	[0.034, 0.118]	Supported

Table 4. Summary of hypothesis decisions

Hypothesis	Proposition	Decision
H1	Trust positively affects ethicality	Supported
H2	Price fairness positively affects ethicality	Supported
H3	Price transparency positively affects ethicality	Supported
H4	Ethicality positively affects purchase intention	Supported
H5a	Ethicality mediates trust → purchase intention	Supported

Hypothesis	Proposition	Decision
H5b	Ethicality mediates price fairness → purchase intention	Supported
H5c	Ethicality mediates price transparency → purchase intention	Supported

7. Discussion

The findings offer a clear, applied framework for evaluating ethics in AI-driven FMCG e-commerce. First, consumers interpret trustworthiness, price fairness, and price transparency as signals of ethical conduct. This is consistent with the view that consumer-perceived ethicality is grounded in visible marketplace practices rather than only in corporate claims (Brunk, 2012). Price fairness produced the strongest effect on ethicality, suggesting that consumers pay close attention to whether routine FMCG prices appear reasonable and justified.

Second, perceived ethicality significantly increased purchase intention and partially mediated all three antecedent relationships. Trust and transparent, fair pricing therefore do more than directly reassure consumers. They also shape an overall belief that the platform behaves responsibly, which strengthens willingness to purchase. Partial mediation means that ethicality explains an important part—but not all—of these relationships.

Third, price fairness remained the strongest direct predictor of purchase intention. Transparency and trust also retained smaller positive effects. The pattern suggests that consumers value clear information, but they also judge whether the disclosed amount is reasonable. For managers, transparency should therefore be accompanied by fair pricing, clear explanations, and dependable platform behaviour.

8. Conclusion and Implications

This study examined a focused model in which perceived trust, price fairness, and price transparency influence purchase intention through perceived ethicality. The analysis of 352 responses showed that all three antecedents significantly improved ethical perceptions and together explained 64.2% of their variance. Ethicality significantly increased purchase intention, and each specific indirect effect was significant. H1 through H5c were therefore supported. The complete model explained 70.4% of purchase intention and showed partial mediation.

For managers, the message is practical. AI-driven FMCG platforms should clearly disclose product prices, discounts, taxes and delivery charges before checkout. They should also avoid pricing practices that consumers may consider exploitative. Trust can be strengthened through secure payments, accurate fulfilment, privacy protection and dependable complaint handling. Ethical claims are more convincing when consumers can see these practices in their everyday transactions.

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