INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON BRAND LOYALTY

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Abstract

This study explores the impact of Corporate Social Responsibility on consumer brand loyalty through distinct CSR activities that influence consumers' perceptions and behaviors. The research looks into the moderating effect of consumer skepticism, especially in relation to greenwashing on CSR effectiveness. It also gauges the effectiveness of various communication channels such as websites, advertisements, and social media in promoting consumer engagement with CSR efforts. Using a quantitative survey of 140 adult individuals between the ages of 18 and 50 in Chennai, data were drawn from a convenience sample. Results reveal that measures for environmental sustainability form the largest influence on consumer choice, with 50% of respondents claiming to select brands based on their CSR activities. Nonetheless, 60% of participants reported being skeptic, viewing most brands' CSR activities as 'aspects of marketing hoopla'. Social media must become the preferred CSR communication platform. This is evident since most respondents reported learning about CSR initiatives through social media, 45%. The study lays it out as an imperative that true and transparent CSR techniques are needed by brands to gain consumers' trust and loyalty.

Keywords: *Brand Loyalty, Corporate Social Responsibility, Consumer, Greenwashing*

I. Introduction

In the current fast-paced business world, organisations are focusing on principles beyond profit maximisation but also are focused on ethical conduct, positive effects on society, and long-term connections with stakeholders. Corporate Social Responsibility (CSR) and Brand Loyalty are two strongly connected concepts that defines a company's sustainability in development as well as emotional association with its consumers. Corporate Social Responsibility refers to a company's responsibility and obligation to serve the needs and interests of society and the environment. It calls for more than legal compliance as it requires for the businesses to conduct themselves in the light of the moral imperative to create a better and more equitable future. Often called the "Father of the CSR movement," Howard Bowen emphasised this in his 1953 book "Social Responsibilities of the Businessman", where he defined CSR as the obligation to align the actions of business with societal values. Global organisations such as the United Nations and the World Business Council for Sustainable Development further implied CSR to be the key driver that brings about sustainable growth, quality of life for employees and communities, and a solution to global challenges. On the same note, Brand Loyalty contributes to a company's possibility of creating relationships that are destined to last between the consumers. It is an emotional connection that goes beyond mere satisfaction of the customer

with the brand. Such a bond often surpasses through the rational purchasing decisions such as price and convenience and finds oneself purchasing the same product or service repeatedly. Emotional attachment is the core of brand loyalty, resonating with a consumer's identity, values, or experiences. When a brand grants a feeling of belonging as well as genuine care, it converts customers not only into repeat buyers but also active ambassadors who promote the brand and make its defense during challenges. CSR and brand loyalty combined represent the very essence of modern business excellence. While CSR means that the company understands its responsibility toward society and the environment, brand loyalty refers to the affection that inspires and compels consumers to support and champion the brand. Both are essential to meaningful, influential, and long-lasting relationships in a world where businesses are assumed to make a difference beyond their bottom line.

II. Types of Loyalty: Attitudinal vs. Behavioral

There are two broad kinds of brand loyalty being, Attitudinal Loyalty which is a psychological and emotional tie to the brand which acts as a deep preference that motivates such behavior on the basis of optimistic feelings and belief about the brand. Pretty often branded advocacy, consumers will sometimes actively promote the brand to others, engage in positive word-of-mouth marketing, and protect the brand publically from adverse perception. In this respect, attitudes are real sentiments devoted to the prosperity of the brand.[797]

Behavioural loyalty is that loyalty which depends on habitual behavior of repeated purchases from the same brand. Such repetition can be based on convenience, price, already set habits, or simply because alternatives may not be viable. Behavioural loyalty does not necessarily represent a close emotional bond with the brand either.

Consumers might continue buying a product just because they get so used to the brand from repeated purchases or even out of compulsion rather than out of any love for the brand. While repeat purchases could reflect an upward trend in loyalty, it does not necessarily imply attitudinal commitment. A consumer might continue purchasing one brand of coffee just because the local store sells only that brand and not as a result of attachment to the brand per se.[798]

Good brand strategies know, therefore, that both behavioural and attitudinal loyalty can support successful, stable consumer relationships. Loyalty schemes that encourage repeat purchase behaviour through auctions and promotional offers promote behavioural loyalty. Much tougher and subtle, however, is the promotion of attitudinal loyalty through understanding consumer values and motivation. Only those brands which resonate at a gut level with the consumer, align with individual values, and create meaningful experiences are going to have consumer loyalty that can stand the test of time and yield enthusiastic brand advocates within that community. This will establish long-term relationships with consumers by aligning on an emotional basis with constant buying patterns.

III. Theories that connect CSR and Brand Loyalty

Stakeholder theory emphasises that businesses should consider the needs of all stakeholders – customers, employees, suppliers, communities, and the environment – not just shareholders. This principle underpins effective Corporate Social Responsibility by aligning business actions with stakeholder interests. Engaging stakeholders builds trust, strengthens brand loyalty, and enhances reputation through transparently addressing ethical and social concerns. With effective CSR, such initiatives are developed along with stakeholders to ensure the needful intervention-while programs

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[797] *Brand Loyalty is Emotional Attachment*, Unstop. (n.d.), Available at: https://unstop.com (accessed 19 November 2024).

[798] Jacoby, J., & Chestnut, , *Brand Loyalty vs Repeat Purchasing Behavior*, ReseachGate(1978).

address existing needs, they benefit business and society alike. That is why stakeholder-centric CSR is crucial for sustainable corporate success.[799]

According to Social Identity Theory, a person derives the self-concept through membership in social groups and affiliation with the brand. In CSR, consumers would most likely identify with the brand when it shares the same belief as that of the consumer-a belief in sustainability or ethical behaviour. Brand attachment would, therefore, be strengthened in terms of an emotional bonding and loyalty because consumers feel their identity is represented in what the brand does1. The theory also articulates that CSR activities that solve contemporary social issues enhance the consumer-brand identification, thus making CSR an extremely effective tool in developing more intense relations and brand advocacy.[800]

IV. Literature Review

A. Green Marketing, Greenwashing and Consumer Trust

The article *Green Marketing or Greenwashing? How Consumers Evaluate Environmental Ads[801]*, indicate the role of green marketing in consumer perceptions. They reveal how unclear or exaggerated claims result in skepticism that diminishes trust and effective functioning of CSR programs. However, the study does not provide insights into how skepticism influences long-term brand loyalty or emotional attachment to brands, thus leaving a huge research gap (Pham & Barretta, 2024).

Sustainability MDPI (2023) "*Consumer Trust and CSR Initiatives: Balancing Greenwashing Risks*"[802]looks into the deployment of transparency tools, such as third-party certifications and blockchain, to counter skepticism and reinforce

perceived authenticity in CSR. Although this study emphasizes the role of transparency, there is no discussion on its potential in fostering consumer loyalty or how skepticism may moderate the effectiveness of CSR.

Further, the article "*CSR Communication and Consumer Perceptions*"[803]articulates the process by which transparent and authentic CSR communication helps to increase trust and positive brand associations. While this study focuses on trust building, it does not interrogate how greenwashing-induced skepticism can moderate the CSR communication-consumer loyalty relationship in terms of attitudinal and behavioral loyalty, as the process is explored in the study.

However, in the article "*CSRE Challenges and Greenwashing Risks*"[804], discusses the risks greenwashing poses and how it impacts the credibility of CSR. The study lacks insights into the behavioral effects of consumer skepticism, such as how it impacts loyalty and emotional attachment. (Dr. Ekta Verma, & Himanshu Maurya, 2024) .

B. Types of CSR and Consumer Loyalty

In the article *"types of corporate social responsibility[805]"*, CSR is categorized into environmental, ethical, philanthropic, and economic responsibilities all which contribute to sustainability and longer-term value creation. However, the blog lacked an approach on the impact of specific CSR types on consumer loyalty or skepticism over greenwashing (Tim Stobierski 2021).

The articles Corporate Social Responsibility and Their Types[806], Global Science Research Journals gives rich analyses of CSR types with a focus on the implementation process. Such articles speak of strategic advantages, particularly

[799] Hart O. Awa, Willie Etim & Enyinda Ogbonda,*Corporate social responsibility and stakeholder engagement*, International Journal of Corporate Social Responsibility (2024).

[800] Agnieszka Paruzel, Martin Danel & Günter W. Maier, *Scrutinizing Social Identity Theory in Corporate Social Responsibility: An Experimental Investigation,* ResearchGate(2020).

[801] Pham, T., & Barretta, M., *Green Marketing or Greenwashing? How Consumers Evaluate Environmental Ads*, ResearchGate (2024)

[802] Honglei Mu, & Youngchan Lee, *Consumer Trust and CSR Initiatives: Balancing Greenwashing Risks*, MPDI (2023)

[803] *CSR Communication and Consumer Perceptions*, International Journal of Future Marketing Research (2024)

[804] Dr. Ekta Verma, & Himanshu Maurya, *CSR Challenges and Greenwashing Risks*, Journal of Emerging Technologies and Innovative Research(2024)

[805] Tim Stobierski, *Types of Corporate Social Responsibility*, Harvard Business School Blog(2021)

[806] C Rubach, *Corporate Social Responsibility and Their Types*, Global Science Research Journals(2022)

reputation management and operational efficiency; however, they do not touch upon how communication channels and consumer skepticism play a role in influencing the effectiveness of CSR in ensuring loyalty (C. Rubach, 2022).

Wang and Berens (2015)[807], in their ResearchGate article The Impact of Four Types of Corporate Social Performance on Reputation and Financial Performance, examine the relationship between environmental, ethical, philanthropic, and economic CSR initiatives and financial outcomes. While they highlight CSR's role in building public trust, the study does not address how skepticism about CSR authenticity moderates its effectiveness in enhancing consumer loyalty.

C. CSR, Digital Marketing, Consumer Engagement

The article "*The Role of Digital Marketing, CSR Policy, and Green Marketing in Brand Development*"[808] discusses how digital media enables social media to make CSR more accessible by holding campaigns that are interactive and real-time. Although they comment on the increased visibility of the product through digital marketing, this study does not delve into whether these campaigns actually overcome this skepticism or achieve long-term allegiance to the brand (Pham & Lee, 2024).

In the article, "*The Role of Digital Marketing in CSR and Green Branding*"[809], it considers the role of two-way communication by using platforms on the social network for building emotional ties with consumers. In this case, the investigation was not conducted on whether different consumer segments react differently to CSR campaigns or if those campaigns can counter the negative effects of greenwashing

(Mr. Paras Agarwal, Dr. Amit Kumar Srivastava, 2023).

In the article "*The Role of Digital Tools in Supporting CSR*",[810] stresses how digital tools like social media, blockchain, and AI enhance the transparency and communication of CSR. Yet the article fails to mention whether these tools help rebuild trust in skeptical consumers or could have positive effects on loyalty due to brands over a longer period of time (CardByte, 2024).

In the article "*Corporate Social Responsibility: Using Digital to Amplify CSR*",[811] it showed how social media campaigning and influencer collaborations amplify CSR efforts and involve communities. However, it fails to touch upon how ineffective campaigns or wrong match-ups of influencers could actually increase consumer skepticism; besides it fails to analyse differential impacts such campaigns produce on attitudes as against behavioural loyalties (Smack Agency, n.d.).

V. Objectives

The general objective of this research paper is to probe into the impact that Corporate Social Responsibility has on consumer brand loyalty. It explores how CSR activities influence consumer perception and behaviour, thereby helping to create long-term commitment and loyalty toward a brand.The specific objectives entail identifying what types of CSR activities are most effective in developing consumer brand loyalty. In addition, the study intends to investigate how consumer skepticism, especially about greenwashing, may influence the ability of CSR activities to strengthen brand attachment. Finally, it is designed to assess the different communication channels, including company websites, advertisements, and social media, used to enhance levels of consumer engagement with CSR activities, and whether

[807] Wang, H., & Berens, G., *The Impact of Four Types of Corporate Social Performance on Reputation and Financial Performance*, ResearchGate (2015)

[808] Pham, T., & Lee, J., *The Role of Digital Marketing, CSR Policy, and Green Marketing in Brand Development*, ResearchGate (2024)

[809] Mr. Paras Agarwal, Dr. Amit Kumar Srivastava,The Role of Digital Marketing in CSR and Green Branding" (2023) *International Journal of Research Publication and Reviews*

[810] *The Role of Digital Tools in Supporting CSR*, CardByte Blog (2024). Available at: https://www.cardbyte.ai/blog/the-role-of-digital-tools-in-supporting-csr (accessed 19 November 2024).

[811] *Corporate Social Responsibility: Using Digital to Amplify CSR*, Smack Agency Blog (n.d.). Available at: https://smackagency.co.uk/blog/strategy/corporate-social-responsibility-using-digital-to-amplify-csr/ (accessed 19 November 2024).

consumers would pay more for products or services that are tied to specific CSR activities.
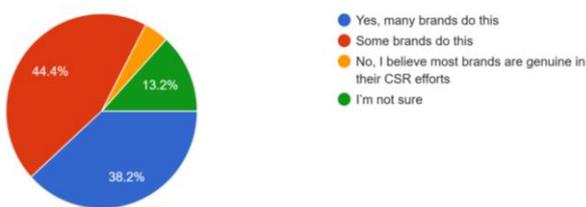
VI. Methodology

This research study uses a quantitative approach to study the impact of Corporate Social Responsibility (CSR) on consumer brand loyalty. Utilizing a descriptive and exploratory research design, this study aims to establish the different CSR practices, the influence of consumer skepticism-greenwashing, and finally, the communication tools used by the companies in websites, adverts, and social media on consumer's brand loyalty. This study was carried out in the city of Chennai among a mix of consumers with varying ages between 18 and 50 years. A total of 140 participants were drawn based on convenience sampling, which is a form of non-probability sampling because it has been adopted for the case where access is easy and practically convenient. The data sources involved primary and secondary sources where primary data was collected through a structured questionnaire to capture consumer perceptions and behaviors relating to CSR initiatives.

VII. Main findings and Analysis
A. Greenwashing

Do you believe that some brands use CSR initiatives primarily as a marketing tactic (i.e., "greenwashing")?

- Yes, many brands do this
- Some brands do this
- No, I believe most brands are genuine in their CSR efforts
- I'm not sure

44.4%
13.2%
38.2%

Greenwashing is a situation in which companies mislead consumers by overstating their environmental or social contributions. This may involve labeling and touting products as "eco-friendly" or "green" on dubious grounds, focusing on minor efforts towards sustainability while overlooking serious harm to the environment, or exaggerating the effects of CSR. A company may claim it uses recycled packaging, but its production processes are high-carbon-emitting. Other than damaging a particular company's reputation, it erodes consumer confidence in the market at large, causing consumers to be skeptical of most brands making claims of sustainability. Research in green marketing shows that findings of greenwashing damage not only the brand being practiced but also establishes mistrust of competitors who are engaging in real CSR. Widespread mistrust undermines the whole success of CSR initiatives and discourages consumer engagement.

Consumer skepticism emerges whenever corporate declarations are seen to conflict with the real behaviour of a corporation. A number of factors fuel this skepticism , such as the use of imprecise terms like "natural" or "green" that neither come with evidence nor with credentials, thus stripping those claims with the plausibility that is genuinely needed. Inaction, such as corporations speaking about CSR activities but actually acting out unethical or environmentally detrimental conditions—such as exploitative labor or excessive resource consumption—push scrutiny to the edge. The lack of transparency, involving unclear or unattainable information and third-party endorsement, further compromises the success of CSR initiatives. For the green-conscious consumer, these doubts are also deeper, as they tend to scrutinize claims more closely and call them to account. The survey results demonstrate that 60% of respondents believe "many brands use CSR as a marketing tactic," 30% feel "some brands do this," and only 10% trust that most brands are genuine in their pursuit of CSR. This high level of skepticism highlights the need for brands to focus on authenticity and transparency in their CSR campaigns if they wish to rebuild consumer trust and credibility.

B. CSR Activities and its Impact

CSR involves many practices by organizations to contribute towards environmental sustainability, ethical business conduct, societal well-being, and economic development. These activities can be broadly categorized into four

key responsibilities being, environmental, ethical, philanthropic, and economic. Generally, the first responsibility is about reducing the organizational footprint on the environment through resource conservation, waste reduction, adoption of renewable energy, tree planting, and a carbon-neutral strategy. These initiatives attract green consumers, hence increasing loyal consumer relationship and gaining market advantage. Ethical responsibility balances the brand on ethical and legal grounds as it ensures there are no unfair labor practices, promotes workplace diversity, and transparency. Ethical CSR boosts public image, increases consumer confidence, reduces reputational hazards, and increases investor relations with stakeholders. Philanthropic responsibility relates to the well-being of society because it contributes to such causes through charitable donations, community upgrading, education, and healthcare. Event sponsorships, volunteering, and nonprofit partnerships enhance a firm's reputation and create goodwill among employees and in the community. Then there is economic responsibility, which aims to balance profitability with social and environmental concerns, so there would be sustainable practices and reinvestment of profits in socially beneficial initiatives. This approach makes financial performance align with forward-looking strategies, attracting stakeholders and investors who believe in long-term sustainability. All these CSR dimensions strengthen the organization's reputation, establish a sense of trust, and correlate with it financially.

How important is a brand's commitment to social and environmental issues in your decision to buy from them?
144 responses

The greater percentage of the responses analysed suggests that environmental sustainability is the most influencing CSR activity, as 20.3% chose this as their only activity. This shows an increase in consumer desire for companies that contribute to practices such as waste reduction, recycling, and renewable energy sources. Community-related activities, including social and health programs, ranks next at 9.1%, with considerable interest in community-oriented activities. The findings wholly indicate that consumers care most about the environment when it comes to making loyal decisions based on brand. Ultimately, an all-encompassing CSR strategy that includes both activities in the community and philanthropy would be even more effective. This insight indicates that brands need to focus on environmental initiatives and accompany these with other CSR activities to ensure stronger consumer attachment and loyalty.

Have you ever chosen a brand over another specifically because of their CSR activities?
144 responses
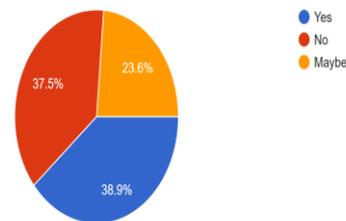
Nearly 50% respondents have opted for a brand over the competition simply because it has CSR initiatives, while another 20% may be amenable to doing that. It exemplifies that 70% of the consumers buy from any company because of the CSR activities they undertake, which highlights ever-expanding consumer influence of CSR. It reminds us that CSR offers the opportunity for differentiation for brands in a very authentic and meaningful way, not only attracting customers but earning loyalty over the long term. CSR activities play an important role in the company's overall reputation and financial performance. Even the Wang and Berens research reports that environmental and ethical obligations do play a significant role in enhancing public perception that contributes
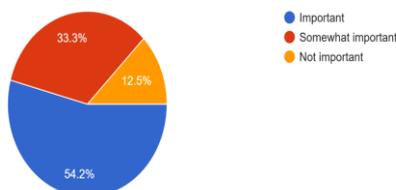
favorably to the financial performance. Philanthropic initiatives further create a positive employee attitude and strike a chord with socially conscious consumers. Still, balance is needed as economic responsibility ensures profitability while supporting sustainable and socially beneficial initiatives. Together, these dimensions of CSR tend to strengthen consumer trust and create a competitive edge for the businesses.

C. Social media and CSR

Strong corporate social responsibility is increasingly being broadcasted on digital platforms, which make things more transparent and can draw an organization closer to the consumer. Social media such as Instagram, Facebook, Twitter, and LinkedIn come in handy for communications of CSR initiatives. Companies may reach different target audiences and engage people through media content such as videos, polls, and live sessions. Interactive campaigns on a social media network raise awareness not only about CSR activities but also direct consumer involvement in donation drives or environmental challenges.

How do you usually learn about a brand's CSR efforts? (Check all that apply)
144 responses
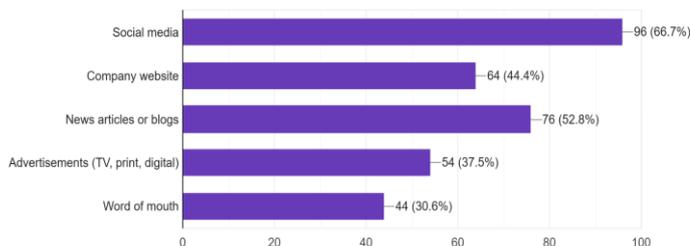
CSR communication is increasingly dominating the web, and the survey of this study found out that 45% of people heard about the CSR of a brand through social media, followed by 30% through websites of the company, 20% through news articles, and 15% through advertisements. Digital platforms are therefore necessary to spread CSR information efficiently. The survey further proves that consumer awareness over CSR is highly significant, as 50% claim to be "Very familiar" with CSR activities, and 30% indicate they are "Somewhat familiar." It can be

deduced that this was made possible due to augmented media coverage, educational initiatives, and successful communication strategies used by corporate entities in order to heighten awareness levels.

D. CSR and Pricing

In your opinion, does a brand's CSR involvement justify a higher price for its products or services?
144 responses
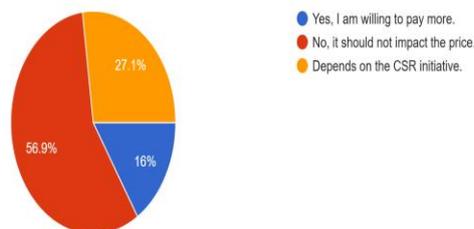
The relationship between CSR and product pricing is very complicated. The survey indicates that 40% of respondents feel a brand's involvement in CSR activities merits a price premium depending on the initiative undertaken, 35% of respondents disagree outright, and 25% of respondents agree. This presents an implication that whereas consumers appreciate CSR, the same consumers are yet price-sensitive and expect real benefits arising from such activities. Impact of CSR on Consumer Buying Decisions. While there is wide awareness about CSR, the impact on purchasing decisions is indirect. According to the survey, 35% of respondents "Always" take CSR activities into consideration while choosing the brand, whereas 25% "Rarely" do so, and 40% falls within the bounds. These statistics further indicate that, although CSR can make difference for a brand, it is not a differentiator for all customers.

VIII. Conclusion

Corporate Social Responsibility research is crucial as it emphasizes CSR's role in fostering consumer brand loyalty. The research also shows how environmental sustainability initiatives hold great importance for this purpose. Today, consumers have been increasingly attracted to brands that relate to

their values and truthfully work on the management of environmental issues, such as waste management and using renewable sources of energy. These efforts enhance loyalty but also position a brand with a good reputation as responsible and forward-thinking. This is where consumer scepticism, driven by "greenwashing", comes into play. Brands must thus engage in authentic and transparent CSR practices based on verifiable actions and consistent messaging. Digital platforms, especially social media, have become primary means of communication for CSR initiatives by brands. On the available media such as Instagram, Facebook, and LinkedIn, brands have managed to communicate directly to consumers, post updates, and engage them in interactive content. For consumers, 45% consider social media as the most important source for CSR information, hence the importance of these channels in raising awareness and engagement. Brands must have credibility-based CSR strategies that align with their actual values and operations in order to sustain consumer trust and loyalty. Transparency of communication, implementable projects, and operational consistency with a brand's claimed goals are the keys to overcoming skepticism. The integration of authentic CSR practices into the identity of a brand can help differentiate it, establish stronger consumer relationships, and earn a competitive advantage in an ever-increasingly socially aware marketplace.

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