

Enhancing Brand Preference through Corporate Social Responsibility (CSR) Initiatives: A Study on the Ceylon Cold Stores (CCS) PLC

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Introduction

There are many theories available on Corporate Social Responsibility and brand equity. Also many researchers have done their study on the importance of CSR and the ways that companies are exploiting their CSR reputation in order to achieve their strategic objectives and also to successfully survive in their market and to protect their market share, where the competition is intense and the global players are seeking for newest strategies and tools like CSR and Social media marketing, spending significant amount of funds from their annual budgets.

Research Question

What is the efficiency of the Ceylon Cold Stores PLC's commitment, type and transparency of CSR in enhancing brand preference?

Research Objective

The primary objective of this study is to identify the CSR initiatives something called commitment to CSR, type of CSR activity and transparency level CSR efforts of Ceylon Cold Stores PLC in enhancing its brand preference.

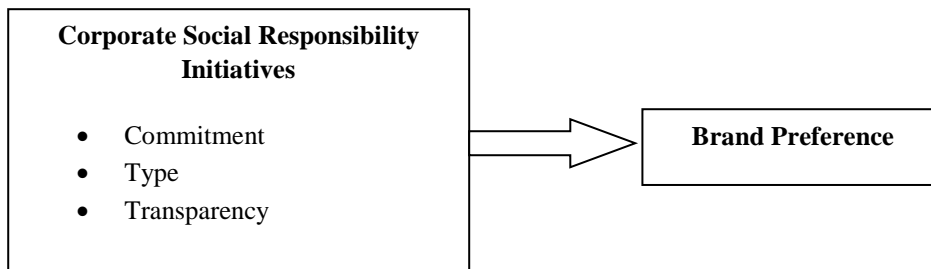
Literature Review

Kotler and Lee (2005) defined CSR as 'it is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources'. Pirsch, Gupta and Landreth (2007), divided a firm's CSR efforts into two categories based on the degree of commitment the firm had towards its CSR activities. Those are institutional approach and promotional approach. Institutionalized approach is a long-term commitment to CSR across different operating activities of the firm at the other hand promotional approach is short term oriented actions which aims on promotions. Transparency is described as the degree to which stakeholders have access to corporate information and information related to CSR activities (Pederson & Neergaard 2006).

Finally, the Brand preference is a measure of brand loyalty in which a consumer will choose a particular brand in presence of competing brands; it is a relative preference for choosing and using the brand (Chomvilailuk & Butcher 2010).

Methodology

Conceptual Framework



Hypotheses

Based on the literature review followed by research questions, following hypotheses have been developed in this study;

- H₀: Firm's CSR initiatives will not have an effect on brand preference of CCS.
- H_{1a}: Firm's commitment to CSR will have an effect on brand preference of CCS.
- H_{1b}: The type of CSR programme will have an effect on brand preference of CCS.
- H_{1c}: The CSR programme's transparency will have an effect on brand preference of CCS.

Research Design

To keep the study simple and towards the right conclusion, simple random sampling, the sampling technique which results in an unbiased representation of a group along with traffic intercept approach is chosen, since it minimizes classification error and biasness. The study was conducted among 25 customers each from the four randomly selected municipal areas of Colombo Municipal Council which were Wellawatte, Bambalapitiya, Kollupitiya and Kottahena. These are the prominent and greater traffic areas in Colombo where we could easily find many HoReCas and easily intermingle with consumers.

A questionnaire was used to collect necessary data for this research. A 5 scale Likert questionnaire was designed with twenty-three statements under four vignettes. The written vignettes used as stimulus materials and were developed from the real world CSR practices of Ceylon Cold Stores PLC. Commitment to CSR, type of CSR and CSR transparency will be the three independent variables which are to be the subjects of the vignettes to the respondents of the study. The collected data from questionnaires has been analysed through using Statistical Packages for Social Sciences.

Data Analysis

Table 1: Correlation Analysis

	Corporate Social Responsibility	Commitment	Type	Transparency
Significance (P value)	0	0	0	0
Correlation	0.965	0.95	0.941	0.959

Source: Survey Data

The research study of "Enhancing brand preference through CSR Initiatives – A study on Ceylon Cold Stores PLC" was originated with a null hypothesis stating "firm's CSR initiatives will not have an effect on brand preference". The analysis (Pearson correlation coefficient) done, the null hypothesis is rejected and the respective sub hypotheses were accepted as the significance (P value) of CSR initiatives and the brand preference is 0.000, it is good enough to reject the null hypothesis and accept the sub hypotheses where the P value is less than 0.05. Further, the Correlation in-between CSR initiatives and brand preference collectively and individually is greater than 0.9 also indicates a strong positive relationship.

Discussion and Conclusion

Regression analysis was done during the research study illustrates, when the Ceylon Cold Stores PLC increase their commitment to CSR, type of CSR and transparency of CSR by one unit the brand preference will increase by 0.925, 1.092 and 0.917 unit respectively. The regression value of 0.925 depicts, if the firm's commitment towards CSR increased by one unit the brand preference will enhance by 0.925 units, while other variables remain constant. Then the regression value of 1.092 delineates, if the firm's type of CSR increased by one unit the brand preference will improve by 1.092 units, while other variables remain constant. Finally the regression value of 0.917 outlines, if the firm's transparency of CSR increased by one unit the brand preference will elevate by 0.917 units, while other variables remain constant.

The R² value derived during this research study depicts 90.2%, 88.6% and 92% of impact that is being generated by commitment, type and transparency of CSR initiatives respectively. The above stated R² value portrays how much of total variation in the dependent variable, brand preference can be explained by the independent variables commitment to CSR, type of CSR activity, and the level of transparency inclined with CSR initiatives.

Table 2: Summary of R²

R ²					
Commitment		Type		Transparency	
90.20%		88.60		92%	
Institutional	Promotional	Community Interest	Self Interest	High	Low
40.30%	4.30%	42.50%	29.20%	31.20%	35.30%

Source: Survey Data

Conclusion

Overall result of the study is, CSR initiatives help to enhance the brand preference. Even though the general conclusion is CSR initiatives enhance the brand preference, as mentioned in the findings, the influence of CSR initiatives on brand preference differs among the variables. Since the study is conducted on the Ceylon Cold Stores PLC, the multinational corporation which operates in the food and beverages sector, the customers are giving increased attention on how those Ceylon Cold Stores PLC products and services are getting produced and delivered, hence those products have a direct impact over their health.

In this circumstance, the customers prefer the products of Ceylon Cold Stores PLC as they are incorporating the CSR practices within their policies and practices on a daily basis as well as implementing certain societal projects with the concern of the society.

However, this research study has been done in manufacturing sector, and here all three CSR initiatives play an equal part in creating brand preference on the basis of CSR, as the Ceylon Cold Stores PLC's products and services are incorporated with both tangible and intangible aspects.

References

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