Czech University of Life Sciences Prague

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Diploma Thesis

Corporate Social Responsibility and Its Effects on Brand Trust

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DIPLOMA THESIS ASSIGNMENT

Bc. Nikunj Pankajkumar Patel

Economics Policy and Administration

Business Administration

Thesis title

CORPORATE SOCIAL RESPONSIBILITY AND ITS EFFECTS ON BRAND TRUST

Objectives of thesis

The diploma thesis aims to analyze relevant secondary data on corporate social responsibility and its effect on brand trust. This analysis will be combined with original primary reconnaissance aiming to analyse current state of particular company corporate social responsibility and brand trust. The primary reconnaissance leads to particular company corporate social responsibility improvement suggestion aiming to increase brand trust.

Methodology

"Literature Review" part will be elaborated based on relevant secondary data analysis and synthesis.

"Analysis" part will result from relevant secondary data and original primary reconnaissance combination.

Recommended structure:

1. Introduction

2. Goals and Methodology

3. Literature Review

4. Analysis

5. Results and Discussion

6. Conclusions

7. References

8. Appendices

The proposed extent of the thesis

60-80 pages

Keywords

marketing management, corporate social responsibility, brand trust, market research, marketing management

Recommended information sources

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Declaration

I declare that I have worked on my diploma thesis titled "Corporate Social Responsibility and Its Effects on Brand Trust" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

Date of submission   _____

Nikunj Patel

Acknowledgement

Before I begin, I would like to express my gratitude to my advisor, Michal Chocholouek, for his coaching and leadership in this project. Throughout the project, he provided commitment support and guidance as a consultant. And the entire faculty of economics and management for assisting me in every scenario during my entire study period. I would not have been able to complete my study if it had not been of their contributions to the project in the form of continuous assistance and support at each stage of the study.

I would like to thank my students and batch mates for their efforts in helping me realise and grasp the effect of corporate culture on company overall performance. The relentless unconditional encouragement of my close and dear friends was a wonderful inspiration for success in this study during the project.

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Corporate Social Responsibility and Its Effects on Brand Trust

Abstract

Zara is one of the leading company in the fashion industry. Currently, the company is having more than 2,220 stores and is serving more than 88 countries. Zara has constantly acted as a creator in the fashion industry and the distinctive business model adopted by the company is always appreciated by its customers. However, the company's operations are not only limited to fulfilling the needs of the customers creatively but it also works to have a positive impact on society through its CSR activities. The main aim of conducting this study is to ascertain how the CSR activities of Zara affect the trust of its loyal customers. The study included the CSR initiatives taken by Zara in terms of building a positive image in the minds of customers as well as society. The company understand the importance of CSR activities and incorporate it in the business units so that it created a unique and responsible image and further gain the trust of its consumers. The data for this study was collected through secondary sources as well as primary sources where it was collected by including 100 loyal customers as respondents of a questionnaire. In the end, the study evaluated and analyzed the data so that it will help the management of Zara to understand how CSR impacts brand trust.

Keywords: Marketing management, Corporate Social Responsibility, Brand trust, Market research, Customer Based Brand Equity

Společenská odpovědnost podniků a její dopady na důvěru ve značku

Abstrakt

Zara je jednou z předních společností v módním průmyslu. V současné době má společnost více než 2220 obchodů a obsluhuje více než 88 zemí. Zara neustále působila jako tvůrce v módním průmyslu a její obchodní model, který společnost přijala, zákazníci vždy ocení. Činnost společnosti se však neomezuje pouze na kreativní uspokojování potřeb zákazníků, ale prostřednictvím aktivit v oblasti CSR se také snaží pozitivně ovlivnit společnost. Hlavním cílem této studie je zjistit, jak CSR aktivity společnosti Zara ovlivňují důvěru jejích věrných zákazníků. Studie zahrnovala iniciativy CSR přijaté Zarou, pokud jde o budování pozitivního obrazu v myslích zákazníků i společnosti. Společnost chápe důležitost činností CSR a začleňuje ji do obchodních jednotek tak, aby vytvořila jedinečný a odpovědný obraz a dále získala důvěru svých spotřebitelů. Údaje pro tuto studii byly shromážděny prostřednictvím sekundárních zdrojů i primárních zdrojů, kde byly shromážděny zahrnutím 100 věrných zákazníků jako respondentů dotazníku. Nakonec studie vyhodnotila a analyzovala data, aby vedení Zary pomohlo pochopit, jak CSR ovlivňuje důvěru značky.

Klíčová slova: Marketingové řízení, společenská odpovědnost podniků, důvěra ve značku, průzkum trhu, ekvita značky na základě zákazníka

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List of abbreviations

CSR: Corporate Social Responsibility

CBBE: Customer-Based Brand Equity

1 Chapter: Introduction

Corporate social responsibility (CSR) is a kind of self-regulation business practice that made the business socially responsible to the public and its stakeholders as well. There is no such appropriate method for the companies to practice CSR as they have several options to incorporate CSR initiatives for contributing positively to the environment, economy, or for the welfare of the public. In the current social conscious business environment, customers and employees are the most important assets of the company for which they are spending most (Unit et al. 2015).

Crane et al. (2019) defined in their book that CSR is a management concept where the business operations are integrated with the environmental and social concerns so that they will maintain a balance between social, economic, and environmental imperatives. The companies properly implement the concept of CSR brings competitive advantage in terms of maximizing profits and sales, improved access to markets and capital, cost savings from operational activities, improved quality and productivity, effective use of human resources, improved brand reputation and image, improved customer loyalty, risk management procedure, and better decision making.

This study will be based on two different marketing concepts i.e. CSR and brand trust. Maintaining the trust of customers with the brand is very important to get positive results in every consumer transaction or relationship. Harnessing trust in the brand-to-customer relationship will stimulate the attractiveness of the company or brand and possibly enhances the positivity in the direction of line extensions. Hence, in this aspect CSR plays a very important role in establishing a positive association and influencing the trust of the brand (Wang et al. 2016).

The main purpose of conducting this thesis is to understand the relationship between CSR activities of Zara and its effect on brand trust and further to suggest best practices for Zara so that it will maintain a long-term relationship with its consumers. Thus, different theories, conceptual frameworks, and standpoints will be included in this study to attain the thesis' objectives and support the whole study (Abd-El-Salam, 2020).

However, the data for explaining the relationship of the CSR and brand trust among the consumers of Zara is collected through an annual report, articles, journals, etc. this also includes the vision-mission of the company when it started its operations. It emphasis highlighting the benefits that an organization gets by communicating the mission and vision of the company along with the CSR objectives to maintain its large customer base. This is further supported by the different CSR initiatives already taken by the company so that it will develop a positive brand image among the potential customers of the company (Smith & Palmqvist, 2016).

With this thesis, Zara will ascertain how the signals of the brand reach the consumers through different CSR activities. It will investigate how Zara is making efforts to keep their corporate brand more trustworthy and attractive. This thesis will include the CSR activities of Zara that give a positive impression to those consumers who are sensitive to some of the social issues like pollution, recycling of waste, etc. Due to changing trend and perception of the consumers towards the social and environmental issues, it is challenging for Zara to engage in CSR activities in such a way that it gets serious attention from its target customers and maintains the brand trust among the consumers of Zara (Islam et al. 2021).

This thesis is divided into two main sections, where the first section includes the literature review that establishes the core base of completing the whole study. The second part included appropriate theories and models that support the literature review and will further support the results and findings of the study. Thus, it will clearly explain the concepts of marketing management, CSR, brand trust, market research, and many more.

The first part of this section reviews the background of Zara systematically so that the success story of Zara and its marketing activities contribute to it will be identified. This will be explained through different stages of Zara's development i.e. the formation of Zara and the changes that occurred in the different stages of the company (Pérez & Del Bosque, 2015). It will include the evolution of the CSR activities and what changes it requires to make in its CSR practices so that it will meet the needs of the consumers (Haider & Qayyum, 2018).

The second part of this study will include the concepts and meanings of different terms like CSR, measurement of CSR activities on different bases like ethics, environment, economic and employees; the relationship between brand trust and CSR in terms of consumer attribution, corporate reputation, and many more.

This section is completed with the help of several e-books written by famous authors including, Phillip Kotler, Nancy Lee; John Hancock who wrote the book "Investing in Corporate Social Responsibility" which includes the information on investing in the CSR activities for improving the quality of life, environment, and corporate governance. In addition to this, Jacquelyn Ottman written a book named "The New Rules of Green Marketing" where the main focus is given on adopting environmentally-responsible marketing methods to ensure the long-term success and profitability of the organization and so on (Haider, 2020).

2 Chapter: Goals and Methodology

The second chapter of this study includes the objectives of the study and the methodology that describe how these objectives will be achieved. The decision of the strategies, data collection methods, data analysis, sampling, sample size, etc. will be taken after considering the type of study (Bloomberg & Volpe, 2018). The objectives framed for this study are attainable and the data for this study can be easily accessible from primary and secondary sources of data. This chapter will include detailed information on different stages followed to collect the data for achieving the purpose of this study.

2.1 Research Aim and Objectives

Research aim

The aim of this study is to "*examine the relationship between brand trust and CSR activities of Zara and finding different variables that best represent the CSR.*" The aim of carrying out this study is to demonstrate the empirical evidence that brand trust is directly associated with CSR.

Research objectives

1. To investigate the direct and indirect relationship between different CSR practices adopted by Zara and brand trust, in existent consumer settings.
2. To ascertain the mediating effect of brand trust on the corporate reputation of Zara and consumer perception.
3. To ascertain different components of CSR which contribute to building brand trust and loyalty among the customers of Zara
4. To recommend some strategies to Zara on enhancing the trust of a consumer of the brand through different CSR practices.

Research questions

1. How CSR practices of Zara affect brand trust directly and indirectly in the real consumer setting?

2. How the mediating impact of brand trust can be ascertained on the consumer perception and corporate reputation of Zara?

3. What are the different CSR components that contribute to strengthen the brand trust and loyalty among the customers of Zara?

4. What would you like to suggest to Zara for enhancing the trust among the consumers of Zara through different CSR practices?

Research hypothesis

The investigation of understanding the relationship between the CSR realm and consumer trust will be completed by developing a certain hypothesis. It is assumed that the CSR activities of Zara are aimed to build brand trust along with other CSR objectives. In addition to this, there is a positive relationship between CSR activities and creating brand trust about Zara on the consumers. CSR in diffuse and single activities involve a wide range of different subjects such as philanthropy, practices, fit, products, and consumers. Thus it has been assumed that organizational reputation along with brand trust is an important factor when allocating consumer attributions to Zara.

2.2 Methodology

Research methods

To meet the purpose of conducting this study and to get the most relevant, reliable, and appropriate resources, the most suitable research strategy would be both i.e. collecting data from secondary as well as primary research methods.

The primary method will help in collecting the data related to the perception of consumers, their purchase decision-making process, how CSR affects the selection of products, and brand trust built by Zara over the years by communicating their contribution to the environment, economic performance, employees, etc. through their brand image, marketing campaign, design, and interfaces (Patten & Newhart, 2017). The data collected from the respondents will help in ascertaining the marketing activities of Zara are directed

towards building a strong brand image and nurturing a long-term relationship with customers.

A systematic and highly-structured quantitative approach is selected for collecting the primary data. It is because it gives an opportunity to use scales of practices already developed by Zara in terms of brand trust and CSR. A systematic survey questionnaire will be used to explore the relationship between CSR and its effect on brand trust (Berger, 2018). There are several ways of conducting the survey questionnaire, but due to time constraints and the requirement to access different age groups, a small online survey is determined as the most suitable method to reach the target customers.

A highly-structured quantitative approach is suitable to use under a natural science and positivist paradigm where it helps in establishing the links between the research and theory. Here, positivist research uses objective and precise measures whereas natural science goal to describe the natural world that makes the quantitative method perfect (Tracy, 2019).

The survey questionnaire has included both benefits as well as drawbacks. The online survey includes less cost and can be easily accessible to the target audience. However, it is less flexible and the response rate is comparatively low because there is no such opportunity to ask participants to complete the whole questionnaire by giving the right answers to each question (Bailey & Burch, 2017).

Besides, the primary method of collecting data, the researcher will also collect the data from the secondary sources in the form of a literature review. The secondary data include the thoughts, views, and opinions of different experts and researchers who already conducted their studies on the current theme. The secondary data is available on different published sources like websites, books, etc. the reason for including both data types for data collection is to collect more relevant and detailed information on the topic (Salehzadeh et al. 2018).

Different sources selected to collect the data includes articles, newspapers, business magazine and annual report of Zara, journals, company's websites, statistical data, fashion magazines and many more. The researcher ensures to collect data only from

trustworthy, authentic, and relevant sources to maintain the quality of this study. It also includes different books given by the famous authors of marketing management i.e. Philip Kotler, Simon Sinek, etc.

3 Chapter: Literature Review

The main objective of this study is to investigate the relationship between the CSR activities of Zara and corporate brand trust. Apart from several factors, the purchase decision of the consumer also depends on the brand trust which means that the organization will give a positive experience to them. Thus, it can be said that if the consumer has a positive experience with Zara then they will have more strong trust in the brand. However, it is essential that the brand of Zara makes a strong attempt to communicate what they value, what they prefer to be and what they are. Thus, the brand trust among the consumers of Zara can only be maintained if they keep their promises and do not perform in an opportunistic manner (Kadam & Joshi, 2019).

This study will focus on establishing the direct as well as the indirect relationship between CSR practices of Zara and brand trust. Today, Zara is spending a large amount of money on CSR activities and even on publicizing their overall contribution to society. Hence, it is essential to identify whether these practices are successful in maintaining brand trust among consumers.

Apart from this, the purpose of this study is to identify different components or factors of CSR activities like ethical practices, protecting the environment, economic performance, as well as employees, contribute to building trust and loyalty among the customers. This study will help in identifying how these factors affect the purchase decision-making of the consumers.

3.1 Corporate Social Responsibility

Wang et al. (2016) said in their research that CSR is a term used by organizations to promote, initiate and participate in social programs with the aim of addressing any concern or issue faced by the community. There is no single way for the companies to exercise CSR as several CSR initiatives contributed positively to the environment, economy, or public. To participate in these activities means that from the ordinary course

of conducting the business, the company is also working to improve the environment and the society as a whole.

Figure 1: CSR activities

Source: Government of Canada, 2018

According to the definition given by European Union in the Green Paper on Corporate Social Responsibility, (2001), CSR is a voluntary integration of the organization's ecological and social concerns into their organization activities and their association with their stakeholders. Being a socially responsible organization does not only mean that they fulfill the legal obligation but also go beyond and capitalize more on the environment, stakeholder relations, and human capital (You matter, 2020).

In addition to this, according to International Organization for Standardization (ISO), CSR can be defined as the responsibility of the company for the impact of its activities and decisions on the environment and society, resulting in transparency and ethical behavior which adds to sustainable development (You matter, 2020).

CSR is primarily found in the strategy of large companies. The main reason behind organizations to involve in CSR activities is to add in maximizing profits. However, it is also viewed as an integral part of maintaining their image in the belief that customers will prefer their brand over the competitors. CSR practices are the most significant element of maintaining a corporate public image (Rodrigues & Borges, 2015). Whereas, some of the owners of the company also engage in these practices due to their personal convictions. A business performed in an external environment where different social, environmental, and economic aspects affect their performance and this is shown below:
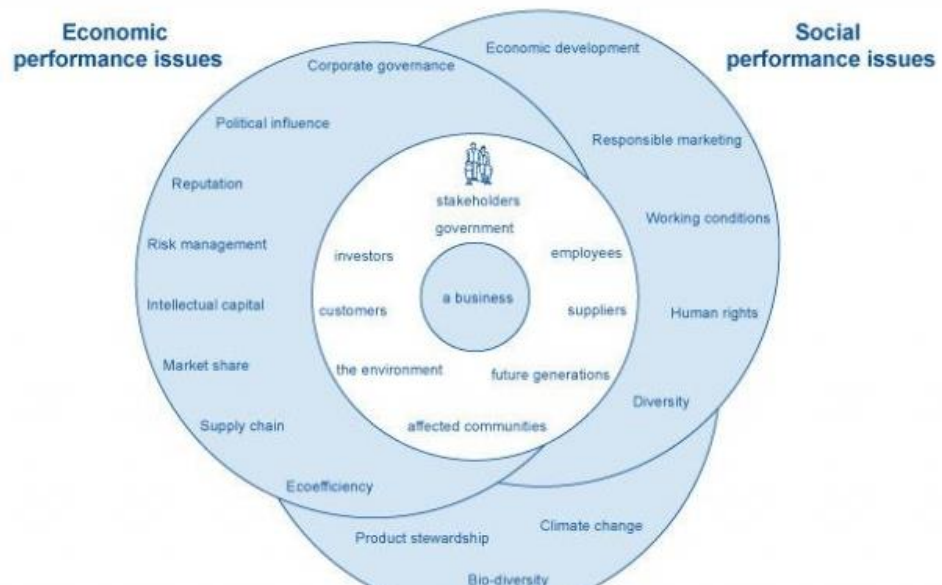
Figure 2: Business environment

Source: Unido, 2018

Adnan et al. (2018) stated that corporate social responsibility (CSR) is the management philosophy that organisations use to incorporate social and environmental issues into their activities and relationships with stakeholders. CSR is commonly described as the process by which a business achieves a balance of economic, environmental, and social imperatives. While the CSR makes efforts to meet up the needs of shareholders and other customers which is crucial to distinguish between CSR and also, which can be a strategic

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business management term. Even though the latter may also make a significant contribution to poverty reduction, it would directly improve a company's image and strengthen its brand.

Figure 3 CSR system

Source- Law Circa, 2019

The CSR system is used to measure corporate success in terms of economic, social, and environmental factors. It's an effort to make parallel businesses with the aim of long-term global growth by giving them a broader set of goals to strive for than just profit. The viewpoint is that for an organisation to be sustainable, it must. Well, CSR assured by the finance and reduce the ideal impacts of the environment which acts in conformity and fulfil the customer needs with the societal expectations (Rudito & Famiola, 2013). Thus, incorporating environmental and social issues into the organisational planning and activities as "greening." These initiatives are based on the premise that corporations can make the world a better place, or at the very least, reduce their negative social and environmental impact.

The word "corporate social responsibility" (CSR) indicates that a company's attempts form a better society in another manner. These activities can vary from monetary values to the implementation of environmentally sustainable workplace policies. Thus, giving back to society, participating in philanthropic projects, and providing positive social value are all goals of corporate social responsibility. Businesses are gradually turning to corporate social responsibility (CSR) to make a difference and create a worthy brand in society.

Figure 4: Factors relating CSR

Source: Author's work

- Employees- Employees tend to work for the organisation which creates a strong image and frequently portrayed for good reasons. Employees feel proud of their corporate social responsibilities which are almost connected in their careers.
- Society- CSR is a method of giving back to the society that is both thoughtful and realistic. Businesses that are mindful of their social and environmental effect on the

planet will support society by giving back and assisting in the resolution of common problems.

- Business- Businesses have meaningful social value by participating in CSR. Consumers are increasingly reporting that they tend to partner with or buy items from socially conscious businesses. Additionally, being noticed on donor recognition walls or in marketing materials will help you increase brand awareness.

- Non-profits- Non-profits are the recipients who arrange matching gift or rewards, and volunteer funding programmes from the corporations with good CSR programmes. Thus, it assists charities in obtaining funding from sources other than private donors.

3.2 Brand Trust

Alhaddad, (2015) thinks that trust is developed when the confidence of any individual in something or someone is constantly realized. Thus, brand trust is a measure used to ascertain how much customers have confidence in the business. It can only be reflected through whether the brand consistently delivers its promises or not or whether it stays loyal to its values. In other terms, brand trust can be defined as the readiness of the average consumer to trust in the ability of the brand to execute its stated promises or functions.

Lassoued & Hobbs, (2015) reported that A consumer will only trust a brand if they deliver valued products, getting good ratings or reviews, charges rational prices, treating the customers equally, and immediately handles the issues of customers by providing appropriate services. Brand trust only arises when the consumers assess the offerings of the different companies. If the company delivers principles of reliability and honesty about their brand, then the brand trust will be obtained subsequently. Thus, it can be said that brand trust is generated and developed by the personal experiences of a consumer to the brand.

Sharma & Jain, (2019) stated that consumer loyalty to a brand is a central advertising idea that has been concentrated by expertise and attributable to customers which analyse the failure to recognize items, the prominence on loyalty has changed. The essential estimation of brand loyalty is for brand managers, it stays a combative issue.

With every repeat purchase of the customer describes that as "a deeply held commitment to re-purchase or re-patronize for the favourite product or service regularly in the future, resulting in repeated same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to trigger switching behaviour."

Figure 5: Brand Trust

Source: Medium, 2020

According to Kapferer (2012), while brand loyalty, the majority of the work which engages with the customers and their loyalty describes it as a combination of behavioural factors. The behavioural aspect of loyalty considers customers with them every repeat purchase over some time, which may be due to a lack of alternatives, customer habit, comfort, or satisfaction. As a consequence, argues the author, managers must ensure brand loyalty rather than price loyalty. Thus, when the customer once engages with the brand, it will form trust and have a competitive advantage which is essential for the brand to stay in the market and consider as the acceptance of the brand. Hence, the customer has the trust over the brand and have the willingness to rely on the brand, its identity and have the courage to fulfil the needs of the brands and even their requirements. Thus, it

results in that customer have the consistency and brand deliver its quality services with the honesty, intention and serves best services and interest to the potential customers.

As stated by Sirdeshmukh & Sabol (2002), the relation between a customer and a brand is just as critical and thus if the brand can develop a real, honest link with a customer, it generates brand loyalty, and this connection serves as the keystone for a consumer-brand relationship. Thus, with the emotional connection with the potential customer, it keeps with the commitment and promises which elaborates the trust and make connections with the customer which is long-lasting. Once the customer trusts the brand, it appreciates, and provide relevant service to the customers, they will trust vice-versa. Gaining a customer's confidence is critical not just for keeping them loyal and returning, but also for getting them to recommend you to their mates. Hence, the brand must recognise the customer perception and trust with them and use it in the business activities and continue this thrust.

3.3 Relationship between CSR and Its Impact on Brand Trust

Branding is a tool used by companies to help consumers to identify their products, making the launching of new products easy and most importantly to maintain loyalty with the brand. It has been found from Sharma & Jain, (2019) that most of the companies found it too difficult to maintain the loyalty of customers effectively. The trust of the consumers is influenced by the external factors of the company instead of the performance of the goods or services delivered by the company.

Boccia & Sarnacchiaro, (2018) set out the study and found that branding and CSR can be connected through different linkages mainly in terms of consumer attribution and corporate reputation. The awareness of consumers towards CSR influences the purchase decision, attribution, and attitude of the consumers. Thus, it is important to know the main point which will help in creating awareness among consumers. It can be linked with the abilities of the leaders, the requirement of communicating CSR activities, and including the CSR while formulating strategy or direction. CSR directly influences the

attractiveness of brand identity where this identity will help in attracting potential customers to the company.

Second is corporate reputation where a socially responsible organization evokes trust that affects the consumer decision-making process and helps them to gain a competitive advantage in the industry. It is always suggested to the companies that CSR initiatives and social reputation should be combined with the product lines so that it can appeal to potential and loyal customers.

Servera-Francés & Piqueras-Tomás, (2019) explained that CSR activities are equivalent to signals sent by the organization to decrease the uncertainty that weighs upon the purchasing decision of the consumers. These signals connecting especially to their values or ethical competencies. These signals helped consumers to decide whether the brand is keeping its promises or not. The altruistic dimension of the CSR initiatives is likely to reinforce the customer's sense of trade with a partner worthy of trust. Further, specific CSR initiatives are mainly designed by the companies to show their efforts towards increasing the well-being of the customers.

Xie *et al.* (2019) reported that CSR activities give information to the consumers about the company's current system of principles and values adopted by the company. Thus by injecting the moral and ethical principles into the strategic decision-making process of the company can enhance the brand trust among the customers.

Apart from this, Islam et al. (2021) stated that CSR activities also have an *indirect influence* on brand trust insofar they affected the consumer perception of the quality of the product offered by the company. The CSR initiatives that assist in building the reputation of the company also show a precise positioning for its resources as well as the quality of its products or services. As a result, it can influence the consumer perception about the product quality they offer. It has been identified that the consumers evaluating the product quality with a positive reputation signify that the quality of the product is good. The action was taken by the company on the environmental protection, for instance, some of its consumers think it is of high quality, with their positive insight of its environmental behavior trickling over and affecting their views of its products.

Furthermore, CSR associations establish a general context consenting the consumers to assess their products. They convert the activities and status of the organization in the context of the social obligations, comprise of the actions related to saving the environment or participating in the local community. Positive CSR connotations have a positive effect on the evaluation of the company which in turn will have a positive influence on brand trust and product assessment.

It has been identified from the research of Kim et al. (2015) that CSR practices had a positive effect on the behavior of consumers. CSR had both direct as well as indirect impact and it has been identified through purchase intentions and company evaluation. Consumer trust becomes an intervening factor in the proposed effects of CSR activities, bad and good. Thus, it is essential to understand the relationship between brand trust and CSR activities of the company, Zara.

CSR contributes to creating brand equity mainly where there is a consistent obligation to CSR practices in the long duration. This can be explained with the help of an example, an organization donates 2% of its profit, 2% of employee time, or 2% of equity to any charity organization. As a result of this, it will become capable to build it's highly dedicated and committed employees team. Thus, in order to build brand trust, it is essential that consumers show faith in the organization's obligation to CSR.

Kim et al. (2015), confidence is the key that a brand can keep with the time and deliver a product or service at the quality that the customer expects in a purchasing situation characterised by ambiguity, insecurity, lack of control, and the independent-mindedness of the transaction partners is described as corporate brand trust. The belief that a brand will not take advantage of unsuspecting customers is the foundation of brand trust. Trust is essentially a relational market-based asset since it includes two parties in an exchange. When a company's brand is trusted, it's more likely to produce good results for its customers. As a result, when customers make buying decisions, corporate brand confidence is critical, as it helps to create a company's credibility or image. In other words, if a company engages in opportunistic conduct, customers will feel betrayed by their faith.

Confidence in a company's brand is critical because it improves buying intentions and decreases the likelihood of negative customer reviews. CSR involvement by a brand is seen as an important marketing technique for building a trusting relationship between the company and its customers. As a result, incorporate brand trust as a mediating variable that connects customer perceptions of CSR and corporate social responsibility and enhance the customer reputation in the market. the impact of corporate brand certainty on the connection between client impression of CSR and corporate standing and corporate standing and corporate standing is intervened (Khan & Fatma, 2019). Subsequently, this exhibits the various degrees to which corporate brand trust can intercede the impacts of buyer view of CSR on the positive and negative results of advertising by observationally testing the part of corporate brand trust in the organization shopper relationship.
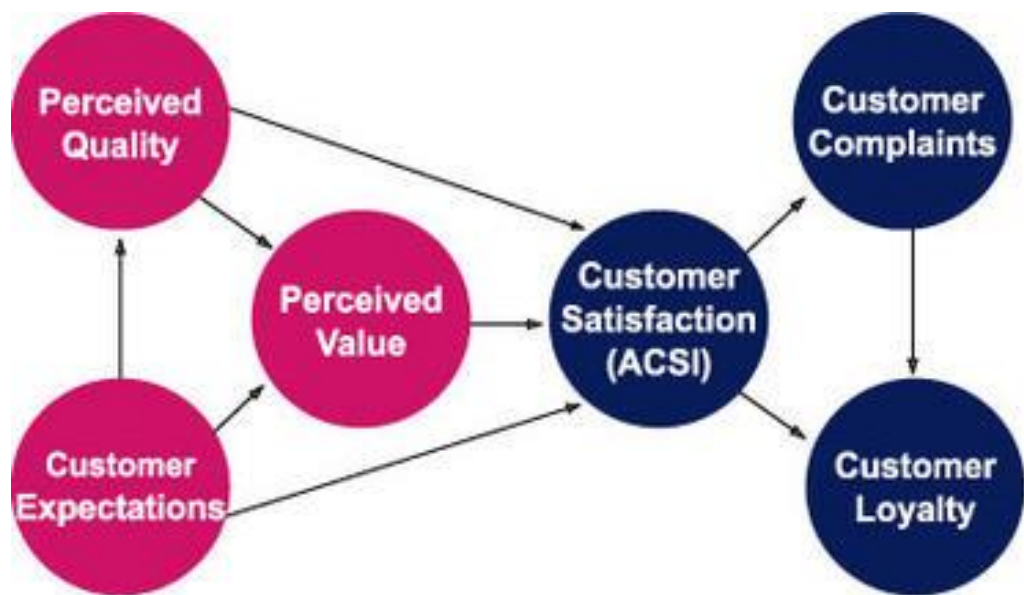
Figure 6: Customer relation towards the brand

Source: ZDnet, 2007

Singh et al. (2012) stated that consumers are part of the community of stakeholders with whom businesses communicate. CSR can affect consumer behaviour. The most significant stakeholder is the customer. Consumers are known as the stakeholders that are most impacted by an organization's achievement of its objectives. Thus, it comprises about the importance of the customer pointing it out and takes the

social responsibility of the consumer and customer to have the mindset to fulfil their needs and requirements and look over it to get the better results and remain with the same perception to be placed under it and satisfy the expectations (Khan & Fatma, 2019). On a local, national, and global level, businesses are continually focused on social responsibility, whether it's supporting rights, protecting the environment, or attempting to eradicate poverty. From an aesthetics viewpoint, socially conscious corporations project more desirable pictures to both customers and shareholders, which helps their bottom line.   Receiving socially mindful practices assist a business withdrawing in holding the clients, which is basic to its drawn-out maintainability. Moreover, numerous individuals would joyfully follow through on a greater expense for items that they realize that a part of the returns will go to social causes that they care about.
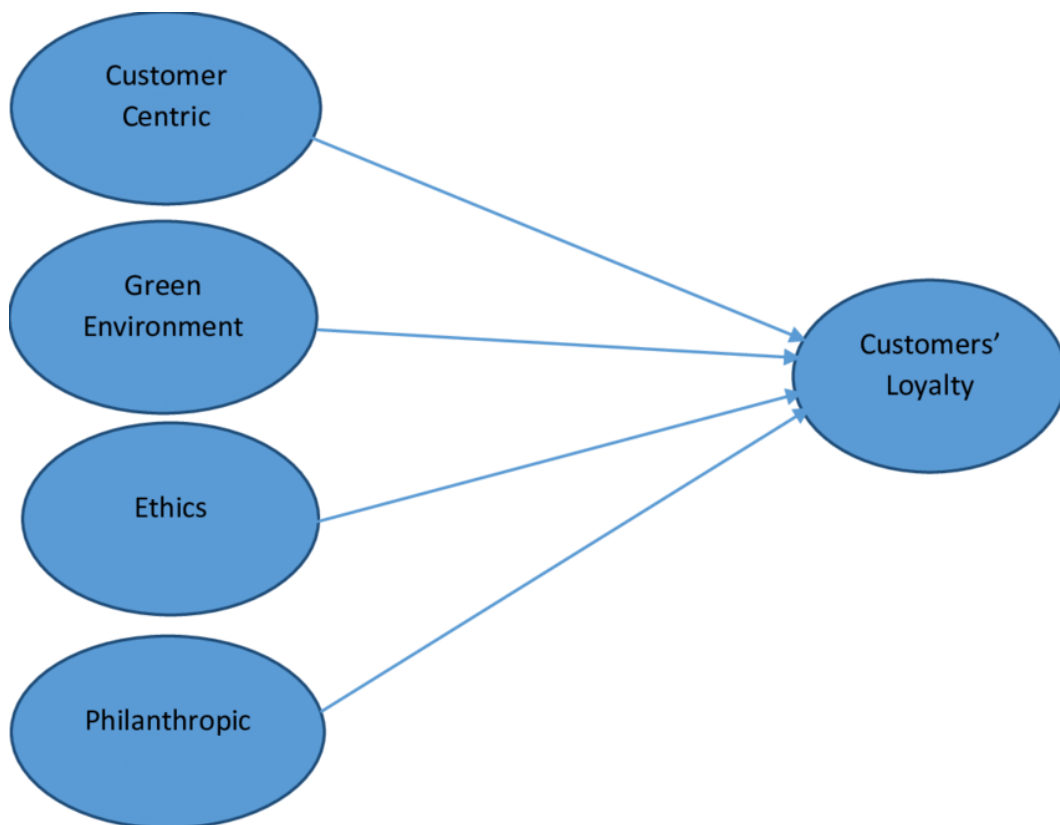
Figure 7: Loyalty of customer and its impact

Source: Khan & Fatma, 2019

3.4 Components of CSR

According to El-Kassar et al. (2017), CSR scales vary depending on the social practices motivation, and size of the company. There are three principles suggested of the CSR i.e. managerial direction, public responsibility, and legitimacy. However, the concept of CSR has grown to internal as well as external factors including environment, law, and employees. Receiving socially dependable practices will assist a business with drawing in and hold clients, which is basic to its drawn-out supportability. Moreover, numerous individuals would cheerfully address a greater expense for items in the event that they realize that a bit of the return will go to social causes that they care about.

Figure 8: Components of CSR

Source: Bizfluent, 2018

Economic

Starting with this, the economic social responsibility considers as the business activity sustains that increase the profit percentage for the shareholders and organisation

which pays the employees minimum wages, pay business taxes and meets and set off the financial obligations (Chen, 2011). Thus, the organisation uses it in a transparent manner with the stakeholder related to financial status.

Legal

Consumers are more likely to purchase goods and use services from businesses they know and trust. Following the laws that govern your business is an important part of establishing faith. Legal social responsibility includes things like paying necessary taxes, following labour regulations and enabling inspections. It can appear easy, but failing to comply with your legal obligations will result in your company being sued and damaging its reputation — and your reputation is crucial to your success.

Discretionary

Discretionary comprises the time and resources of the company which enhance and contributes to the brand and provide opportunities to the employees like charity, donating money and other products (Chen, 2011). Well, it is considered with the vision and mission of the company and focus on the goals. It appeals to the customer to feel good for the product and make efforts to be socially responsible and ensure for positive and long-lasting impact.

Ethical

Ethical making includes the best choice at all levels of your organization, is established based on monetary and lawful corporate duty. This incorporates everything from paying specialists the lowest pay permitted by law to guaranteeing that the organizations for which you work and buy items adhere to all laws related to labours. By this, the company can come into environmental effects which maintain the fair organisational practices and use to recycle the material and use renewable energy for every project if it is necessary.

3.4.1 CSR Activities and Consumer

Mercadé-Melé et al. (2018) reported that an organization that is socially responsible works for catering to the demands and concerns of their stakeholders who

28

could be directly or indirectly affected by the CSR activities of the organization and these are regulators, shareholders, merchandisers, and most importantly consumers. According to Freeman's stakeholder theory, the responsibility of an organization is not limited to its associated stakeholders but all the stakeholders present in the society.

However, they give more importance to consumers because their reactions have a vital relationship with the managerial decision of the company. As identified from the previous sections of the literature review, CSR is recognized as a corporate behavior that intends to influence the behavior and attitude of the consumers. For example, those consumers who purchase the products from the company generate pressure to the company that they should pay attention to the prevailing social issues. Hence, the stakeholder theory is actually associated with CSR campaigns.

3.4.1.1 Constructs of a conceptual model

As per the information processing theory (IPT), the consumer's processing of CSR data comprises of four stages which begins from paying attentiveness to CSR information, adjudicating the genuineness of CSR action, associating or reasoning CSR information with corporations and their product offerings, and at last reacting by making a purchase decision. Perceived CSR model as a strong framework to comprehend the consumer response and CSR activities.
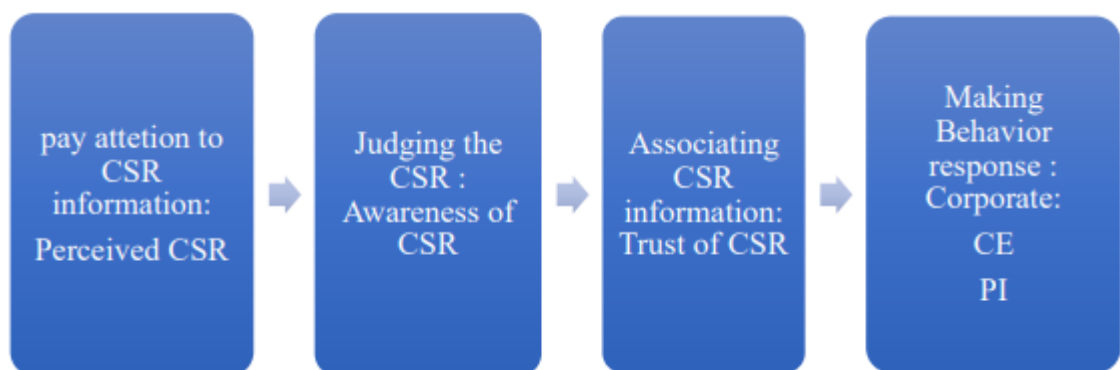

Figure 9: CSR information processing theory model

Source: Uppsala University, 2017

The study of consumer relationship and CSR mainly include five significant variables such as Purchase Intentions, Corporate Evaluations, Trust of CSR, Awareness of CSR, and perceived CSR. Here purchase intention and corporate evaluation are the most important and famous dependent variables and they are mainly influenced by the perceived level of consumers. Sharma et al. (2018) state that consumer commitment, trust, and satisfaction influence the consumer perception of CSR campaigns. This thesis focus on trust and awareness as the most significant factors of shaping consumer perception and work as a base for the perceived CSR activities. Awareness and trust of CSR were also used to show consumer perception by Li et al. (2019) and the outcome shows that consumers are ready to pay more to those corporations which are more committed to CSR activities.

In addition to this, trust is the common factor that is used to measure the perception of consumers and significant mediators of the developing strong relationship between corporation and consumer. Hence, it can be said that purchase intention and corporate evaluations are the most examined dependent variables and are significantly influenced by consumer awareness and trust. Following are the components of CSR activities:

3.4.2 Accountability

Kuokkanen & Sun, (2020) explained the meaning of accountability is the behavior of a company under a social situation or social structure. This concept is separated from responsibility. In the corporate world, an organization that delivers accountability acts in obedience to principal norms and defends conduct that differs from those norms. Along with the increasing demand for showing accountability through their business activities, it is suggested to companies that they must use techniques to determine the aspects to which the organization is accountable.

3.4.3 Openness

Openness is the important key merits of accountability as the socially accountable companies need not only communicate the type of behavior they adopted to support the values, effectiveness, and values of the company but they need to publicly model those notions as well. These firms need to be answerable to the proactive initiative taken by them which explains their commitments, actions, or decisions.

3.4.4 Transparency

Tsalikis & Seaton, (2020) stated that transparency is the extent of asymmetric information regarding the control errors. Greater transparency increases the credibility of the consumers in the brand and its results can be viewed from the better strategic results. Intended to strengthen and ensure public confidence in the effectiveness, quality, and integrity of their goods and services, organizations while doing business must formulate strategies to accomplish the objective of transparency. Such practices have a direct impact on consumer perception and result in strengthening the trust among the consumers.

3.4.5 Competitiveness

Pratihari & Uzma, (2018) thinks that competitiveness plays a vital role in leading the company towards sustainability. The competitiveness of the companies is not only maintained by delivering quality goods or services but it is essential for them to show CSR management of a business. Even top MNCs companies disclose their effective management part through comprehensive environmental and social policies. During the course of these mechanisms, companies can have better prominence in the stakeholder's minds which helps in building a strong reputation.

3.6 Research on CSR and Consumer Attributions

CSR and branding have some conceptual work basis, where Wu & Chen, (2015) examines that notions around the company's CSR activities and the consumer characteristics like personal characteristics and familiarity. The awareness of the CSR activities of the company influences the purchase decision of the consumers, their personal attributes as well as their attitude. However, it is important to know the exact point which creates awareness among the consumers that the company is taking certain efforts to adopt the CSR practices. This can be indirectly connected with the leadership ability in the organization and it is essential to communicate these CSR activities.

Abd-El-Salam (2020) suggested that CSR directly affects the attractiveness of a company's identity. This identity can result in enticing new customers and gives influencing power to the company. Hence, attractiveness can be strongly connected with the awareness of the particular brand. If the CSR activities of the company are related to a product, then it means that there is a high level of awareness among the consumers. CSR campaigns had more influence on the results internal to consumers like attributions and awareness which is simple to target as compared to external results like purchase behavior.

Apart from creating consumer awareness, the second area is a corporate reputation which is influenced by the CSR campaigns. Disbelief in consumers is a component that influences negative or positive attribution to the brand. If the company has a positive reputation, then potential customers will perform positively to its products.

Osakwe & Yusuf, (2020) express that showing responsibility through CSR activities is the responsibility of the brand. It shows that brands depend on brand relationships and promises to the stakeholders to deliver the CSR efforts. A reputed company does not consider CSR activities as a separate part of the entity from a brand, but they are considered a part of everything that a brand can do.

3.7 Consumer Response to CSR

del Mar García-De Los Salmones & Perez, (2018) think that when the examination of consumer response to the CSR initiatives of corporations was done, it generates several conflicting results. It is because some of the reports examine the positive correlation but they did not find any relationship. However, in order to find the relationship between the CSR activities of a company with the consumers, it requires to review some previous literature on the response of consumers to CSR.

Previous studies of CSR and consumer response concentrate on the behavior response and perceived reaction. The perceived reaction can be defined as an internal consumer response that is mainly anxious about how CSR campaigns build brand trust and loyalty. However, it has been found that brand trust is influenced by the evaluation of the product quality and corporation from the consumer's point of view.

Behavioral responses are the exterior consumer responses and usually comprise of assessing the impact of CSR activities on the purchasing behavior of consumers likewise brand trust, buying loyalty, purchasing intention, and the premium pricing which a customer is willing to pay.

It is commonly found that a consumer shows a high potential to purchase products or accept services from a socially responsible corporation. Thus the relationship between brand trust and CSR activities can be identified through corporate or brand evaluation and purchase intention of the consumer.

3.7.1 Relation with Purchase Intention Of The Consumer

According to Mercadé-Melé et al. (2018), purchase intention can be termed as an outcome of consumer's beliefs and attitudes and an assumption that the subsequent behavior will lead to a future purchase. Consumer's positive attitude towards the brand trust, product evaluation, corporation's image, and reputation can be affected by the CSR activities. There is a positive relationship between consumer attitude and CSR activities towards the product offerings and this will lead to building brand trust.

Figure 10: CSR relation with purchase intention of the consumer

Source: Scientific & Academic Publishing, 2018

3.7.2 Relation With Corporate Or Brand Evaluation

It has been found from academic research that CSR positively influences the brand or corporate evaluation. It is perceived by the consumers that an organization involved in CSR activities offers high-quality products. Even charitable contributions by the company will lead to higher corporate or brand evaluations. Hence, there is a positive relationship between the CSR campaigns, consumer attitudes, and trust in the brand of a particular company.
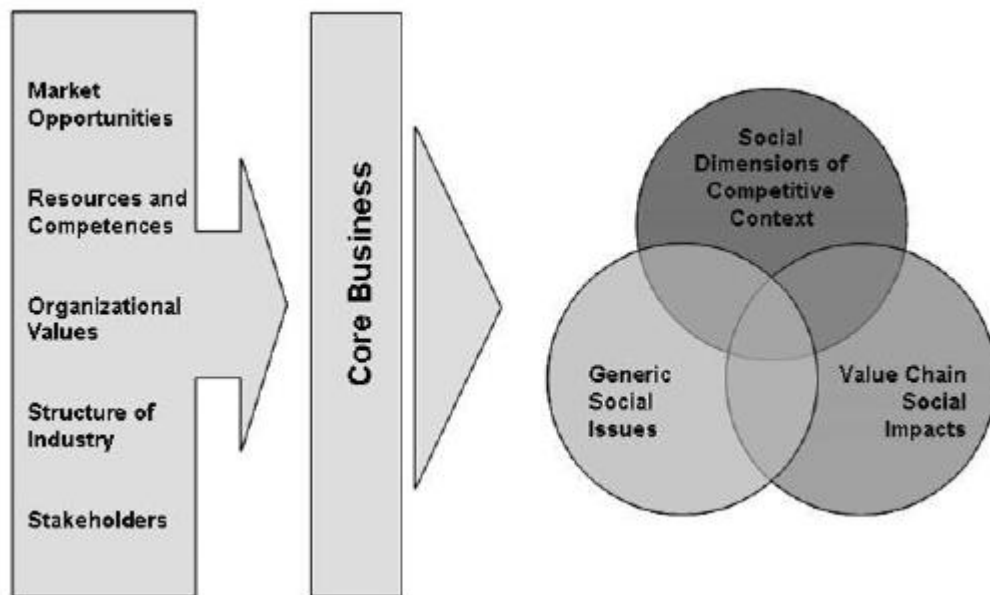
Figure 11: CSR relation with corporate or brand evaluation
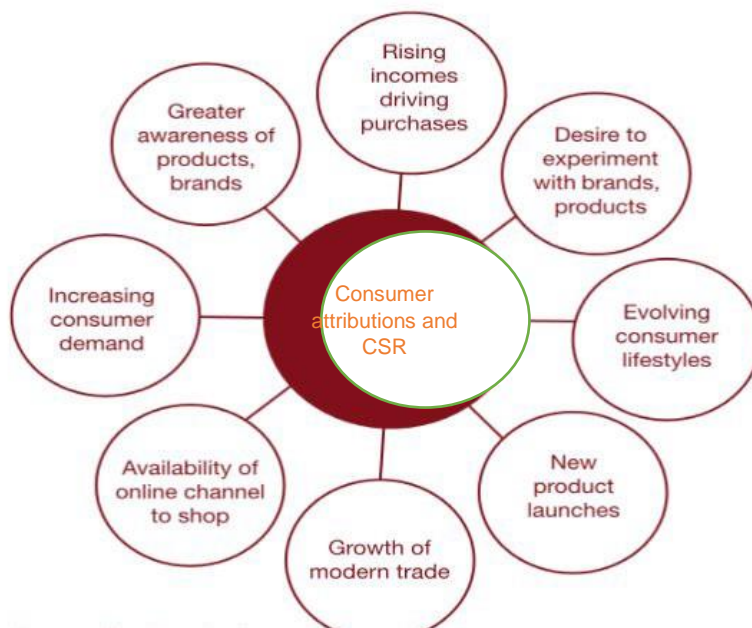
[Source: Scielo, 2010

Figure 12: Consumer attributions and CSR

3.8 Mediating Effect of Brand Trust on Consumer Perception

Brand work unstintingly to promote its progressive image. There are different ways defined by Moschetti, (2021) in his article published on the website of BU College of Communication. He further says in his article that in the current era, different consumers mainly millennials not only expecting that brands have a positive image but they are also expecting that they must also have a positive impact.

Di Benedetto, (2017) said that currently, fashion brands have involved so much in promoting their CSR campaigns on different media platforms. It is because shareholders and consumers are expecting from the brand that they must be socially responsible. According to the Global CSR Study in 2015, it was found that around 90% of the global consumers in the fashion industry boycott the company if it has poor organizational practices and around 91% of the global consumers think that the operations of the company should be responsible to address different environmental and social issues. As a result of this, different fashion brands have noticed this trend and employ different communication techniques to advertise their CSR campaigns further.

Perry & Wood, (2018) reported that CSR has become an important tool where communication practitioners have an intensely significant job of spreading and publicizing all relevant information about it. By taking the most advantage of the digital age, brands become capable of showing their activities and their positive effort on the particular area to which they are focusing to their stakeholders. As a result of this transparency, consumers become more interested to know more about the brand's activities. The best way to spread the news and intensify all messages is through maintaining transparency on different social media platforms. Social media has become an extremely useful and powerful tool to showcase CSR campaigns.

Todeschini et al. (2017) think that when the CSR campaigns are done accurately, it becomes an important technique for communication professionals. In the fashion industry, sustainable fashion becomes a major topic and it is best known as a CSR tactic. Presently, leading fashion brands like Zara, H&M, Adidas, etc. continuously promoting

their CSR campaigns through different media platforms and ensure to spread their message to maximum people as possible. It will not only help in communicating their social and ethical behaviour but also helps in creating a positive image of a brand, improving brand trust, and maintaining and strengthening the relationship with its potential and loyal customers.

3.9 Brand Trust Measurement and Associations

Mabkhot et al. (2017) writes that the definition of the term brand trust differs from author to author but the core meaning of these terms is based on relationships. Brand trust is a confident expectation of an intention and reliability of the brand in those situations which represent some threat to the consumer. But the meaning of brand trust for this study combines different facets of brand trust whereas highlighting risk and confidence. Thus it can be said that risk and confidence are the two main components of the definition of brand trust. It refers that a consumer must be confident that the item he is selecting gives a good outcome rather than a fearful or bad experience.

3.9.1 Brand Trust Measurement

Menidjel et al. (2017) determined that the scale of brand trust explains different facets of trust including perceived value, interest, and help. The scale of brand trust is prepared by considering a set of different characteristics that reflect both consistency and intentions towards consumers, with a vision towards forming customer loyalty. The brand trust measurement can be applied to different goods or services. Thus, it can be said that brand trust measurement considers both brand intention and brand reliability.

3.9.2 Brand Trust Association

Plumeyer et al. (2019) stated that organizations use brand trust just to gain a positive result in business and consumer relationships. CSR can assist in influencing the brand identity including, objectives, traits, and values. Molinillo et al. (2017) conclude that trust has a stout relation to fulfilling the needs of the individuals and in particular, it can also impact brand attractiveness. Thus, CSR in this practice can be used to persuade the feelings of customers that build consumer trust, and at last, make the brand more attractive.

3.10 Keller's Brand Equity Model (Customer-Based Brand Equity)

Farjam & Hongyi, (2015) confirms that the brand equity pyramid or CBBE model helps companies to know how they can build brand equity after understanding their target customers and then execute those strategies accordingly. If there is any association between consumer and brand, then it is reflected through positive brand equity and gives them better chance to acquire more customers and retain them for a long time which gives a huge advantage to the companies as well as the product often considered as "brands.

Keller, (2016) writes that this model begins with brand identity or brand salience which relates to how customers perceived the brand.

The second stage is of brand meaning where performance tells how the product of the company fulfills the needs of the customers and imagery means the social currency of the brand.

The third stage of this model is a response where the judgment of the customers is considered i.e. what is perceived or assumed by the customers about the brand.

The last stage is a relationship where the brand resonance described how a customer recognizes themselves with the brand. This is the lasting and strong relationship that a brand is hoping to build with each of its customers.
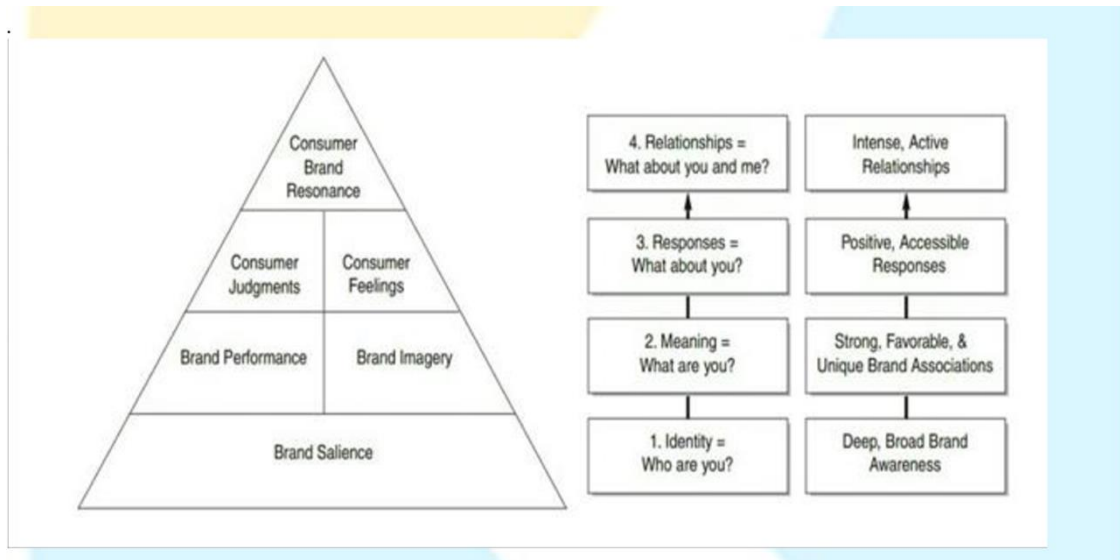
Figure 13: Keller's brand equity model

Source: Pinterest, 2018

Gürhan-Canli et al. (2016) firmly agree that Keller's CBBE model, concentrates that brand feelings are the core component for building a brand and this includes self-respect and social approval. Brand trust is a very significant social response as it defines social approval for a brand as well as self-respect, referring to pride related to buying a trustworthy brand. Brand resonance is affected by brand feelings and the feeling of loyalty towards a brand. Eventually, loyalty can assist the businesses to build a strong customer base and assist them to generate maximum profit, hence it can be said that brand trust is very significant for building brand loyalty. There are various factors that contribute to building brand loyalty but the contribution of CSR cannot be ignored. The right fit maintained between the CSR activity and brand could possibly offer a value-based connection, depending on the customer is concerned about the value behind the product.

Product level controls or product characteristics affect both brand affect and brand trust in their model of brand performance and brand loyalty. Product level controls comprise of hedonic and utilitarian values and CSR could apt into these values as customers can consider the activities of CSR for evaluating the products.

4 Chapter: Analysis

4.1 Zara Introduction and Description

4.1.1 About Zara

The reason for choosing Zara for this study is that it is one of the leading brands in the fashion industry and it believes in investing in CSR activities to maintain the reputation of the company and brand trust among the customers. CSR of Zara affects the identity of the brand, concerning brand influence, which comprises objectives, values, and traits. Brand trust can strongly be related to fulfilling the needs of the consumers and consumer satisfaction has a direct influence on brand attractiveness (Good on you, 2020). Thus, CSR of Zara can be used as a better tool to impact feelings and increasing the trust of consumers, and finally, enhance the brand attractiveness. In addition to this, CSR activities are benefitting Zara in different ways and most importantly it helps in strengthening the relationship and trust with its customers.

In the current era, several different companies including Zara promote their CSR activities to improve their reputation or changing the attitude of consumers towards the brand. Even, Zara uses CSR as a means to attract top competent employees and differentiate itself from the competitors by maintaining a positive image (Molinillo et al. 2017).

Moreover, the company believed in incorporating CSR activities into its corporate strategy. Corporate strategy is a long-term goal or vision of the company, hence CSR ensures to get support and long-term participation from the overall organization. Even, Zara incorporates CSR activities into its corporate strategy in three different ways. These

are communicating it with the stakeholders, increasing awareness on information and CSR as well as learning and ethics. It has been found that adopting a strategic and flexible process in the context of implementing environmentally concentrated policies could help an organization to compete in the industry, allowing the business leaders to perform in a flexible way so that they can respond as per the different situations that happened in the external environment and develop the strategies proactively (Gronfula, 2018).

4.1.2 Evolution of CSR Activities In Zara

Tong et al. (2018) reported that brand trust is usually used in the context of building the brand perception of the customers but it is difficult to link the effect of CSR on building brand trust. It is because the main purpose of CSR activities is to contribute positively to the environment and society. They involve in cause-related marketing activities such as sponsorship, charity or social event, etc. so that it will create a positive image in the society. From the perspectives of the customers, it is used as a tool to increase consumer trust, influence feelings, and increase the attractiveness of the brand.

Even Zara adopts different practices to enhance its reputation and image and the long relationship with the customers can be built with trust. In maintaining brand loyalty with the customers, Zara always comes up with different unique strategies so that they gain the trust of consumers. Further, it also reduces the chances of consumer's wishes to switch to competitor's products. Zara believes in aspiring loyal consumers to minimize the cost incurred in obtaining new customers. The fashion industry is highly volatile because the preference of the customers changes every day.

In the current era, the fashion industry is becoming diverged where the consumers are looking for transparency and sustainability in the fashion, hence it becomes a very challenging situation for the fashion brands to manufacture and supply goods that are produced sustainably, affordable and fashionable. As a result of this, Zara decides to stop making use of synthetic fibers resulting from fossil fuels in its shoes, accessories, and clothing globally (Thacker, 2019).

Apart from this, Zara is committed to adopting sustainable practices for the environment and society in which it interacts. All the initiatives taken by Zara are able to decrease the consumption of energy by 20%. One of its CSR activities is to adopt an automated recycling hanger system that collects plastic and processed elements from all its stores and also uses organic cotton and ecological fabrics in the manufacturing of its products.

According to Kim & Oh, (2020), in November 2015, Zara added a new sustainable product line in its current product portfolio i.e. Join Life. This product portfolio included clothes that are made up of Tencel Fibres, recycled wool, and organic cotton. In addition to this, it also campaigning to decrease the packaging waste generated in the process of online shopping. Fashion brands including Zara, H&M have been noticed as the most culprit industry from the perspective of an environment as it generates lots of environmental problems, but they are continuously striving to develop sustainable fashion that shows social responsibility and awareness.

4.2.3 CSR Initiatives Of Zara

According to the report of Thacker, (2019) fashion industry is becoming differentiated where consumers are looking for more transparency and sustainability in fashion. Zara, which is one of the leading, visible and most popular company in the world, plans to stop making use of synthetic fibers come from the fossils fuels in its accessories, shows, and clothing globally.
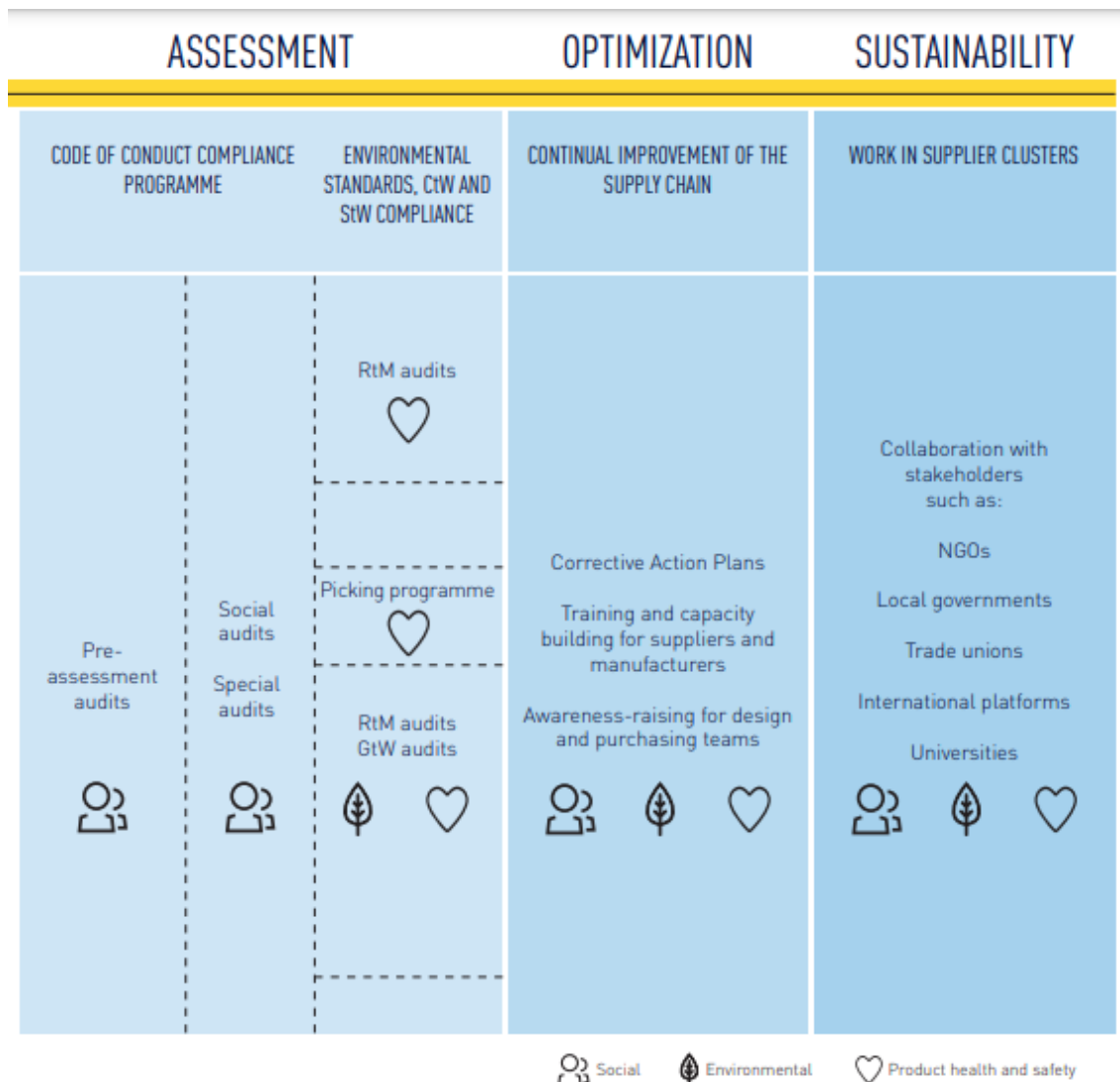
Figure 14: CSR initiatives

Source: Retail Innovation, 2015

The business model of Zara prefers to assist the sustainable development of the environment and society with which it relates. The CSR activities of Zara are directly connected to customers, stores, and production facilities. Zara spends on saving energy and further takes different strategies to make its stores eco-efficient. They developed special eco-efficient management models for Zara's stores. This model offers to be applied while designing stores, all related processes, cooling or heating system equipment, and possible recycling of decoration and furniture.

The security tags and recycling of hangers which are assembled in the stores and treated to be converted into other items of plastic, or in other words, they invest in waste management. In terms of customer service, they are using biodegradable or paper bags in place of plastic bags where 90% of the bags are paper bags. Further, Lee & Lee, (2018) reported that, in terms of environmental policies, Zara encourages ecological agriculture and further makes use of organic cotton in the manufacturing of clothes. There are several other campaigns launched by Zara to increase the awareness among its consumers to protect the environment and even they try to make a positive image in the society.

The company combines its business model of maximizing sales and profitability by fulfilling the needs of the consumers with the social contribution i.e. creating more jobs, maintaining its surroundings, and so on. The milestone of Zara in terms of CSR begins in the year 1995 when it created and committed to an environmentally friendly policy to a particular area of CSR management. In the subsequent year, the company announced its first plan cogeneration plant and energy-efficient by putting it into operation. In 1999, the company plans to make strategies on controlling waste and dumping. Apart from this, it also set an internal code of conduct where they show responsible behaviour towards its stakeholders i.e. suppliers, society, partners, and employees, and becomes the first company to sign the Global Compact.

Apart from all these practices, the company also worked for several social issues like discrimination, child labour, inhuman treatment, forced labour, working hours, hygiene, salary, and many more. In addition to this, the company decided to include ecological information on the label of the products so that consumers will be aware of the materials used in the product, the kind of treatment applied in the manufacturing of goods, and so on. The impact of all these activities is seen from the increase in sales and the consumers develop a positive image of the company.

4.2 Data Analysis

The data analysis will discover the impact of CSR on the brand trust of Zara. Different components of CSR discussed above will be analyzed against the component of brand trust. This chapter of the study examines the response rate and demographic information of the respondents. Further, the process of data analysis begins with

collecting data in the table and then applying frequency analysis to collate the findings of the respondents.

The findings obtained from this study will form a foundation for the conclusion. The implications in both managerial and theoretical, a conclusion will be discussed in the next chapter of this study.

4.2.1 Data

The researcher aimed to conduct an online survey to know about the perception of consumers on the CSR activities of Zara and it contributes to developing brand trust. This questionnaire will be intended to collect data from loyal and potential customers of Zara who have a positive brand image. The participants will be reached through their email id where they will be asked to fill the questionnaire correctly by choosing the right answers from the alternative options (Lyon et al. 2015).

4.2.2 Primary

Primary data is collected for the first time by the researcher for carrying out a particular study. Primary data is collected directly from the interviews, questionnaires, or experiments. The source of collecting primary data are selected and tailored in such a way that they meet the requirement of this study. Also, the selection of the source of primary data is done after identifying the target population and the purpose of carrying out this study (Srivastava 2019).

4.2.3 Questionnaire Design

This section describes the design of the questionnaire. The questionnaire of this study begins with describing the scenario i.e. understanding the relationship of CSR and effect on brand trust of Zara to the participants. This brief description will help the participants to decide whether they want to participate in the survey or not. This

description along with the questionnaire will be sent to respondents through an electronic medium so that it can reach the target audience (Willis, 2020).

The questionnaire will be close-ended where the respondents will have different alternate options to a particular question and they need to select the most appropriate option among them. These questions include the information on the CSR practices of Zara and its impact on brand trust which helps in understanding the habits, perception, and behavior of the loyal consumers.

After developing the questionnaire, the researcher decided to conduct a pre-test to know the convenience of the questionnaire to the respondents. The aim of this pre-test is to reduce the confusion from the mind of participants and ensure that all questions were understood by them (Chouthoy & Kazi, 2016).

After making the necessary changed from the pre-test of a questionnaire and finalizing the questionnaire, this will be sent to the targeted participants so that the data collection procedure could begin. The researcher sends the questionnaire via email after explaining the benefits and purpose of the study. The collected data will then systematically collect in tables so that it will help the researcher to make appropriate decisions.

Respondent's profile

As mentioned above in the methodology that only loyal customers of Zara will be selected for this study. Further, for this study, the demographic characteristics perceived in the sampling will be age group. The participants for this study will continuously be approached until the number of 100 respondents is reached.

The response rate of the survey questionnaire can be determined as this questionnaire was sent to 100 loyal customers of Zara and the server stops receiving respondents when the limit of 100 respondents agreed to fill the questionnaire.

4.3 Quantitative and Qualitative Data

The data of this study will be collected in both quantitative and qualitative form where the quantitative data will be collected in the form of a survey. This will help in analysing the perception of consumers of Zara towards CSR and how it shaped brand trust. Quantitative data is available in numerical terms and used to measure the statistical figures. However, this study is based on understanding the human perception of the relationship between Zara's CSR activities and brand trust. The survey questionnaire will help in getting a better understanding of the CSR components affecting the trust of Zara's consumers in the brand (Akbari et al. 2020).

Whereas qualitative data is not found in numbers, it is the thought, opinion, view, and perception of the individuals on the particular theme. There are several authors who tried to explain the relationship between CSR and brand trust of the organization in their research. Thus, their data helped the researcher a lot to collect relevant and specific information for this study and achieving the objectives.

4.4 Reliability of Data and Study

The reliability of the collected data can only be ensured by selecting reputable, trustworthy, authentic, and genuine sources. The reliability of the primary data is ensured by getting willing consent from the respondents whereas the reliability of secondary data is ensured by selecting reliable sources such as the company's website, annual report of Zara, newspaper, a magazine of the fashion industry, and others (Chen-Yu et al. 2016).

4.5 Data Validation

The meaning of data validation is the aptness and applicability of the information to the questions mentioned at the beginning of this study. Data validation is confirmed by collecting data from relevant articles as per the theme of this study. Further, an appropriate method of interpreting the data is selected to get insightful results.

4.6 Research Findings

The purpose of this section is to establish the relationship between CSR and brand trust with the help of the theories given by the authors in their literature review so that it will help in identifying the impact of CSR on brand trust among the consumers of Zara.

This research includes different questions that aimed to get answers from the respondents conveniently selected by the researcher. The survey questionnaire included close-ended questions that help in collected detailed as well as brief information as required by the researcher. The main purpose of including these respondents is to ensure that the theories described in the literature review support the marketing activities performed by Zara.

4.7 Quantitative Data Analysis

1. Select your gender

Response table

Male	38
Female	52
Prefer not to say	10
Total	*100*

Table 1: Gender of participants

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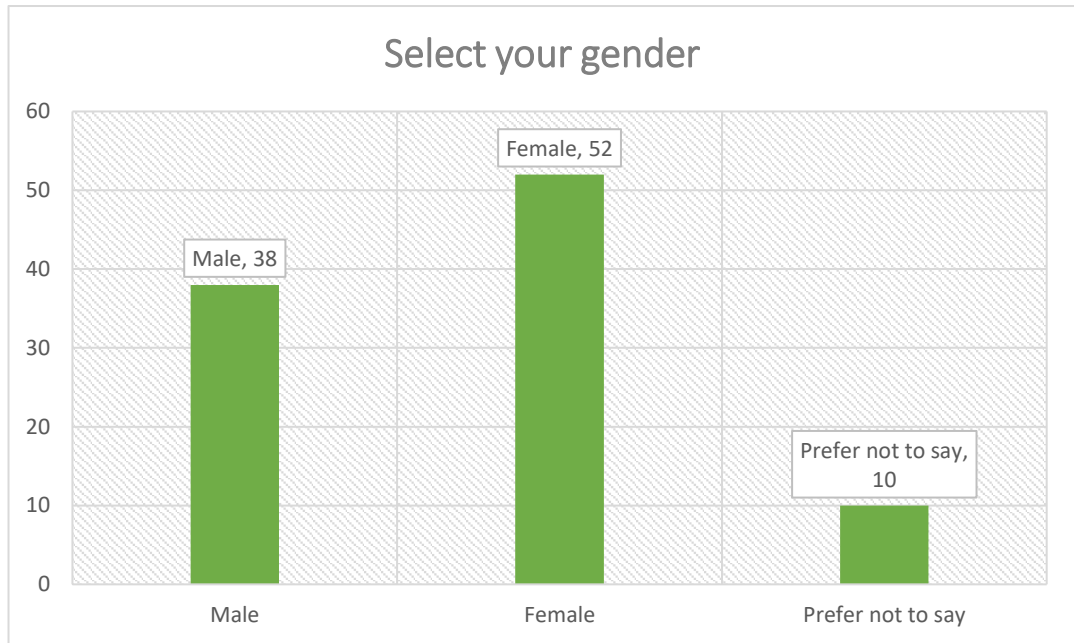
Figure 15: Gender of participants

Data analysis

Amongst the 100 respondents who filled the online survey, only 90% of respondents indicated their gender. As per the findings of this questionnaire, 38 participants indicated to be male whereas 52 respondents indicated to be female and 10 among them did not prefer to answer this question. The above chart shows the distribution of a total of 100 respondents who participated in the survey.

2. Select the age group from the below categories

Response table

18-24 years	42
25-29 years	32
30-34 years	20
More than 35 years	6

Total	*100*

Table 2: Age bracket of respondents

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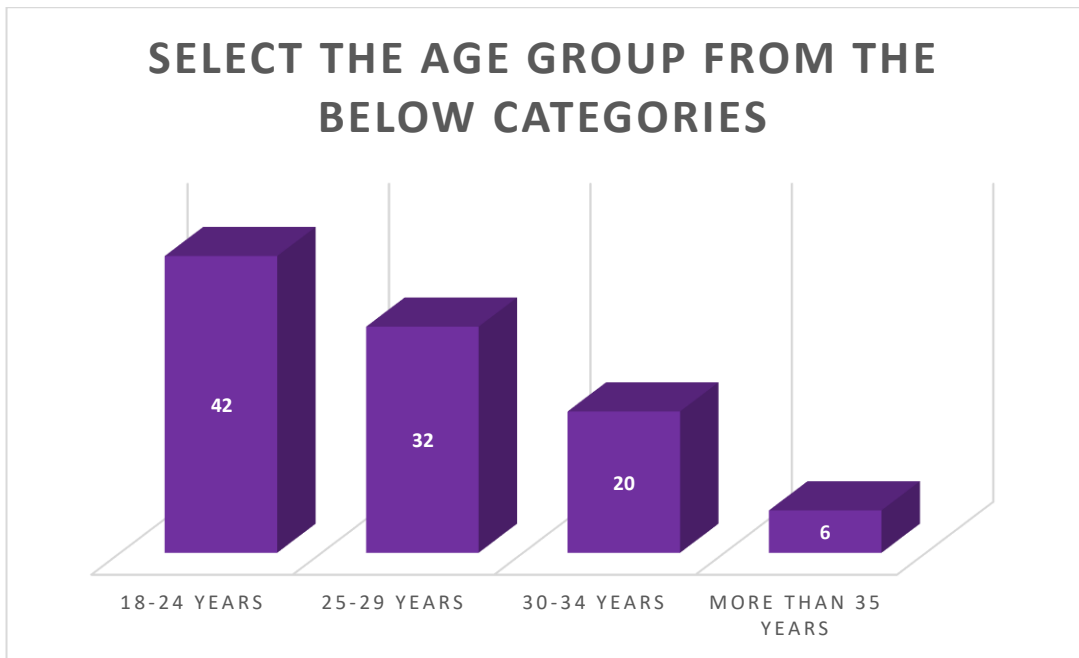
Figure 16: Age bracket of respondents

Data analysis

According to the online survey, it had been revealed that the biggest target group that participated in the survey belongs in the range of 18-24 years which was 42 respondents. However, the second biggest age group was 25-29 years which was 32 respondents. The other age group of the participants is shown in the above chart and table. Hence, it should be bringing to the notice that the target customers of Zara are also the customers between the ages 18- 30 years. Therefore, it cannot be wrong to say that the perception of these people helped in identifying the effectiveness of CSR in terms of building brand trust.

3. Are you aware of the CSR initiatives taken by Zara to build brand trust among loyal customers?

Response table

Yes	64
No	28
Not sure	8
Total	*100*

Table 3: Awareness of CSR initiatives by Zara

Data presentation
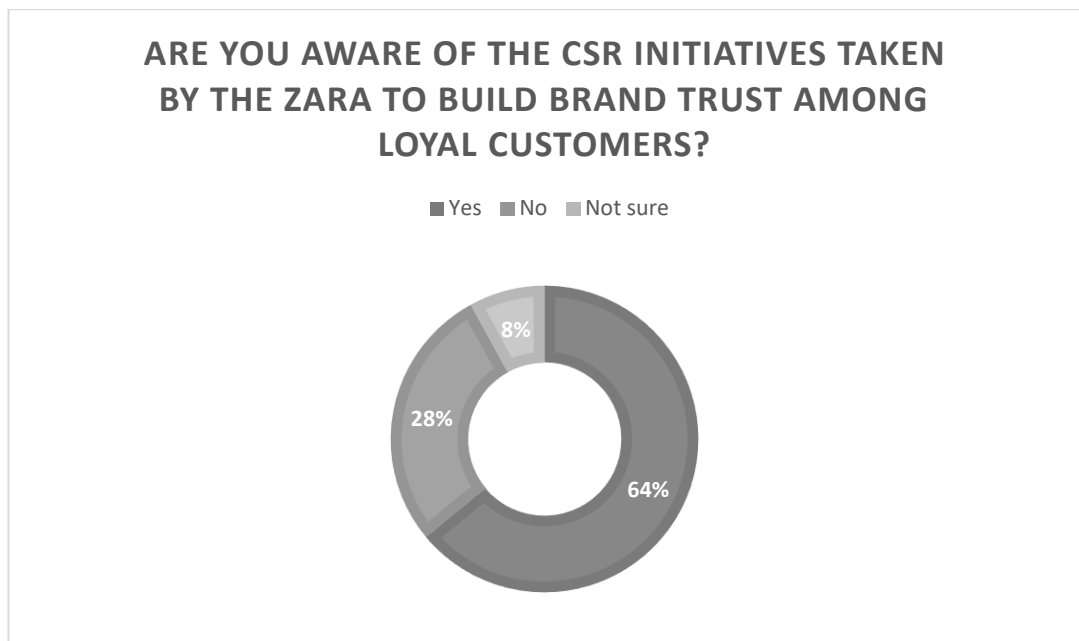
Figure 17: Awareness of CSR initiatives by Zara

Data analysis

According to collect responses from the online survey, there are 64 customers out of 100 who have heard about the CSR initiatives taken by Zara by selecting the option "Yes". Whereas, 28 respondents select the option "No" which means that these respondents were unaware of the initiatives taken by Zara. While rest of the respondents i.e. 8 customers were not sure about the question asked to them.

4. To what extent you have knowledge of CSR activities of Zara towards society and the environment?

Response table

A safe working environment for employees	8
Use of environment-friendly fabrics	30
Reducing the pollution	26
Recycling of products	36
Total	*100*

Table 4: Most popular CSR activities of Zara

Data presentation
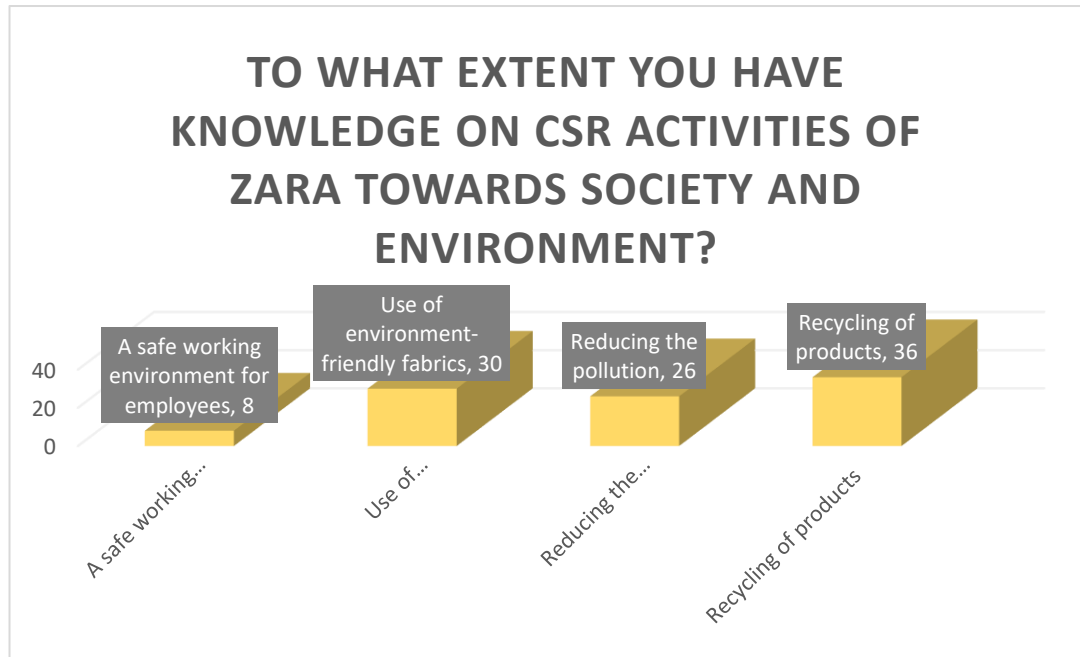
Figure 18: Most popular CSR activities of Zara

Data analysis

CSR activities of Zara contribute differently to the society and environment both. However, from the perception of its loyal consumers, the company spend more on recycling products as this is opted by 36 respondents in the online survey, secondly, the most popular CSR activity of Zara is manufacturing goods with environmentally friendly fabrics as this is selected by 30 respondents, thirdly it contributed towards reducing the pollution from the environment and at last, only 8 respondents select that it provides a safe working environment to the employees.

5. Do you find the activities of Zara is able to influence your brand trust?

Response table

Strongly agree	16
Agree	44

No idea	6
Disagree	20
Strongly disagree	14
Total	*100*

Table 5: Association of CSR and its impact on brand trust

Data presentation
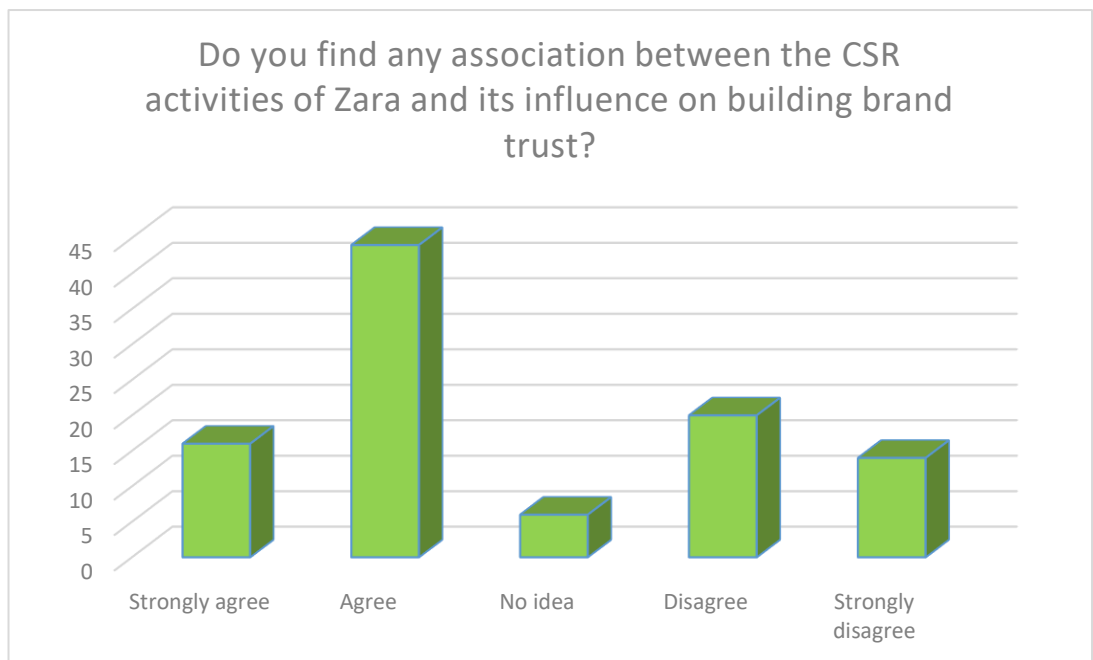
Figure 19: Association of CSR and its impact on brand trust

Data analysis

In this question, the respondents need to answer about their perception on whether they think is there any relationship between CSR activities and building the brand trust among the customers of Zara. Taking the overall data from the online survey 60 customers agree with the question in which 16 strongly agree with the question and 44 agree with the same. Thus, it shows a positive sign to Zara that contributing to different CSR activities then it will help them to achieve the objectives of building

brand trust. In addition to this, 20 customers disagree with this, 14 customers strongly disagree and 6 out of 100 are not able to share his or her views on the question asked to them.

6. What is the main component of CSR that must be present while building brand trust and loyalty among customers?

Response table

Transparency	14
Openness	18
Accountability	14
Competitiveness	16
All the above	38
Total	*100*

Table 6: Components of CSR contributing to building brand trust

Data presentation
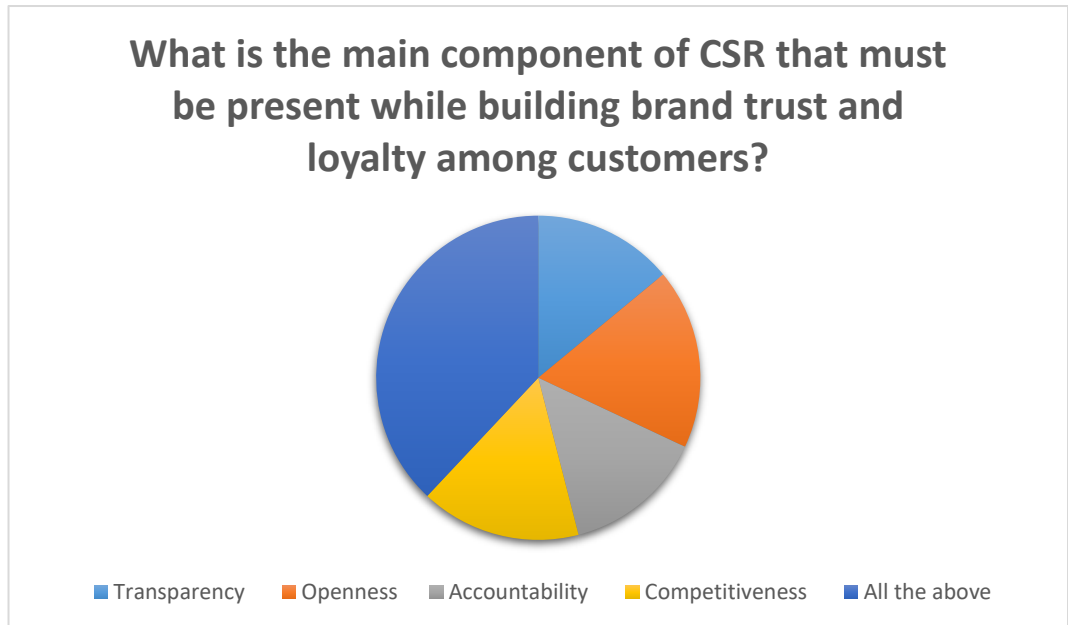
Figure 20: Components of CSR contributing to building brand trust

Data analysis

Brand trust cannot be built in isolation and it requires different components to be present to build brand trust among the customers. Based on the above data, it had been identified that all these components i.e. transparency, openness, accountability, and competitiveness must be present in every CSR activity as the option of all the above is selected by 38 out of 100 customers. Hence, in order to make the CSR practices more effective it is important that Zara must adopt fair and appropriate CSR activities that not only aim to increase its profit but also aim to do something for the society and environment.

7. How Zara can get an advantage in terms of building brand trust by practicing different CSR activities?

Response table

Long-term customer engagement	26
Brand differentiation	46

Cutting cost	16
Bringing innovation	12
Total	*100*

Table 7: Advantage in building brand trust through CSR activities

Data presentation

Figure 21: Advantage in building brand trust through CSR activities

Data analysis

Investing in CSR activities will benefit the companies including Zara in different ways. When the loyal customers were asked about how Zara is getting advantage of CSR activities especially in terms of brand trust then as per the collected data, it was found that 46 respondents think that it will help them to make brand differentiation which is one of the important components of developing brand trust. It is because if the customers easily differentiate between the brands then the company gets the advantage of brand differentiation and brand loyalty. Apart from this, 26 respondents

were also in favor that it builds long-term engagement with the customers. The responses of the rest of the customers are shown in the above table and graph.

8. How CSR activities contribute to achieving the goal of building brand trust among the customers of Zara?

Response table

By improving public image	32
By increasing profit margin	14
By improving organization's dynamics	16
By increasing the attractiveness of customers	38
Total	*100*

Table 8: Contribution of CSR in achieving the goal of brand trust

Data presentation

Figure 22: Contribution of CSR in achieving the goal of brand trust

Data analysis

The aim of launching CSR activities in terms of building brand trust can be achieved in different ways. Hence when the respondents were asked how this can be best possibly being achieved then according to collected responses, it encourages the attractiveness of the customers and this is selected by most of the customers i.e. 38 out of 100 customers. Secondly, the best way to achieve the goal of brand trust is ensured by improving the image of Zara in the community. Furthermore, 16 respondents are in favor of improving the dynamics of the organization and the rest 14 think that it will improve their profit margin.

9. How does Zara can build successful CSR campaigns for its brand to ensure that it will be customer-centric and highly connected to consumers?

Response table

Building for sustainability	28

Supporting community education	14
Creating awareness on personal causes	40
Promoting social causes through social media platforms	18
Total	**100**

Table 9: Building customer-centric CSR campaigns

Data presentation
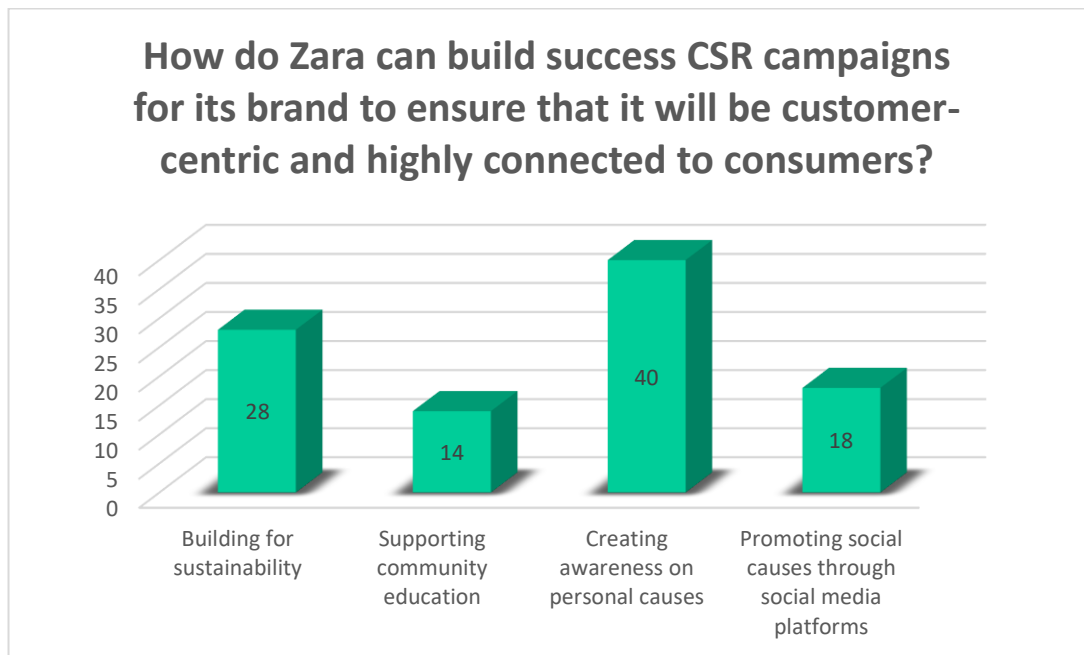
Figure 23: Building customer-centric CSR campaigns

Data analysis

In order to target the customers through CSR campaigns, it is essential that it must be targeted and related to their personal or social issues which affect them directly. There are four options given to these 100 respondents and the best one selected by 40 respondents is that Zara must work on creating awareness on personal causes.

Whereas, the second most preferred option is that it must work to build for sustainability. Apart from this, 18 respondents also think that Zara must promote the social causes on different social media platforms and only 14 respondents support community education.

10. What would you like to recommend to Zara on including or modifying current CSR activities to achieve the objective of improving brand trust?

Response table

Collaborating with non-profit organizations to promote brand	20
Changing to complete ethical manufacturing	30
Encourage to donate old clothes	36
Encouraging credit card donations	14
Total	*100*

Table 10: Recommendations to Zara to its current CSR activities

Data presentation

What would you like to recommend to Zara on including or modifying current CSR activities to achieve the objective of improving brand trust?

Figure 24: Recommendations to Zara to its current CSR activities

Data analysis

In this question, the researcher seeks the customer opinion on the best-recommended strategy for Zara in terms of including or modifying current CSR activities. In response to this question, 36 loyal customers say that it must also include the concept of donating old clothes to needy people so that it will contribute to the welfare of society. Whereas, 30 customers favor changing its manufacturing to ethical and organic, however, this is very difficult for Zara to implement it into product strategy. Furthermore, 20 customers think that it can also collaborate with other non-profit organizations so that it will provide funds to it and in return, they get promotion of their brand. Last but not least is encouraging credit donations which are selected by 14 respondents, thus by doing so, a certain amount of the purchase with a credit card will be donated to any social cause by the company.

The primary data collected for this study helps in supporting the data collected through different published sources i.e. secondary sources of data collection. The respondents selected for this study are 100 respondents and these are the loyal customers of Zara where 64% of the respondents are aware of the CSR campaigns run by Zara to achieve the aim of building brand trust among the customers.

4.8 Qualitative Data Analysis

The secondary data of this study made it clear that there is some direct, as well as indirect relationship that exists between CSR campaigns and their impact on building brand trust. However, when the secondary data is relating to the brand Zara, then it can be said that fashion brands are involving so much in promoting their CSR campaigns just to gain the trust and loyalty of the customers. But before that, it is important to know the core points which will help Zara to reach its target customers through CSR campaigns. However, the perception and the views of some of the loyal customers are supported by the primary data collected in this study.

It has been identified from the research of Servera-Francés & Piqueras-Tomás, (2019) that trust among the customers affects their decision-making process. CSR campaigns of the companies are mainly used to create awareness among consumers about the practices and values adopted by them in their operations. In the current scenario when the consumers become more aware of the ethical and environmental issues, the brand can develop trust among them only when they contribute to solving those issues.

Further, the indirect impact of CSR campaigns on brand trust is also described in the literature review. CSR campaigns contribute to developing a brand reputation and also show that the brand is working on maintaining the quality of products. As a result of this, it assists in assessing the quality of the product that they are offering. Even some of the customers have the opinion that if the company is working towards protecting the environment then they are delivering high-quality products.

There are different components of CSR found from the research of different authors where the main emphasis is given on accountability, openness, transparency, and competitiveness. These authors suggested that these components should be communicated to the consumers through a wide range of mediums so that it will help in developing trust that their brand is working to find the best possible solutions to social and environmental issues.

5 Chapter: Results and Discussion

5.1 Findings from Quantitative Analysis

The main target audience of this survey belongs to the age group of 18-24 years which was 42% of the whole population. Among the selected respondents i.e. 100 the majority audience is female i.e. they are 52% of the total respondents. Hence, this demographic information provides clear information about the respondents that while planning or developing any CSR campaign of the company, the perception, and views of these consumers must be considered to make the campaign successful.

In addition to this, among the different options given to these customers, the customers know more about its current CSR practice i.e. recycling of the products or waste which is in favor of reducing the negative impact on the environment. Thus, it can be said that any initiatives done in favor of the protection of the environment will gain more publicity as compared to creating awareness of other issues. Furthermore, around 60% of the respondents also agree that there is some relationship between the CSR campaigns of Zara and its impact on brand trust.

Practicing CSR activities is not only limited to developing a positive image in the market but it is important for several reasons including long-term engagement and relationship with customers, reducing costs, bringing innovation and above all, it helps in creating brand differentiation in the minds of the consumers. Brand differentiation plays a very important role in building brand trust and loyalty in the fashion industry.

When the respondents had been asked that how CSR campaigns contribute to achieving the goal of building brand trust in Zara then as per the collected respondents, the most preferred option is that it increases the attractiveness of consumers towards the brand. Moreover, the most successful customer-centric CSR campaign of Zara can be developed if it concentrates on the personal causes of the consumers.

At last, the researcher asked to give suggestions to Zara on including or modifying current CSR activities so that its objective of improving brand trust will be achieved. Based on the collected responses, it must encourage a donation of old clothes to a

poor section of the society. It is the first responsibility of every company that it must contribute to fulfilling the basic needs of society.

6 Chapter: Conclusion

The overall study showed that for a socially responsible company, CSR had a vital but small impact on building brand trust. The objectives described in the second chapter of the thesis were based on finding the relationship between CSR activities and their impact on brand trust which was achieved with the help of a secondary source of data collection. Whereas, the primary data helps in collecting the perception of a consumer on the effectiveness of CSR campaigns on creating brand trust. Both qualitative, as well as quantitative data, were collected to get relevant and specific information on the theme selected for this study. The main reason for conducting this study is to understand the importance of CSR in the current era where the consumers give more emphasis on environmentally friendly products. It described how CSR practices contribute to increasing the trust of brand Zara among the consumers. The main focus of this study is to evaluate the CSR activities of Zara and their impact on influencing the perception and purchasing-decision of the company so that the management of the company will make appropriate changes in its CSR activities.

The first section of the study included the theoretical part where it highlighted the company's current CSR initiatives and further included the measures that can be used to measure the brand association. The aim of this study was further divided into different objectives where the first objective was related to finding the association between the CSR activities and their impact on brand trust. Further, it was also found from the study that CSR campaigns become the most important element to influence the purchase decision and maintaining the positive image in the minds of the consumers.

Apart from this, the primary data of this study shows that in order to prove the company as socially and environmentally responsible, accountability, transparency, openness, and competitiveness must be present in the CSR campaigns. There are a total of 100 respondents selected for the study who were loyal customers of Zara. The responses collected from those respondents helped a lot to understand the perception of the consumers about CSR activities. However, it has been found that they were highly influenced by the CSR activities and even Zara's approach towards environmentally friendly practices entices them a lot to purchase the company's product.

Recommendations

Both primary and secondary sources of data highlighted the significance of CSR for building brand trust among the customers of Zara. Following the recommendations given by the primary respondents, it is suggested to the company that it must encourage the initiatives of donating the old clothes as a part of strategic decision. However, the company brings different initiatives as per the need in the target market or any occasion, but this initiative helps in fulfilling the basic need of the human life irrespective of the location, need of the society, or others. Thus, it is recommended that the company must include this CSR campaign in the CSR practices of the company.

Apart from this, it is suggested to the company that it must incorporate sustainable practices into every single aspect of its business operations right from manufacturing the clothes to delivering the goods to the stores. It should avoid using the animal products like leather and fur to manufacture its products and further focuses on reusing the leftover fabrics with the core purpose of minimizing the waste.

The company also has the option to collaborate with an eco-friendly company where they will also help in reducing the use of harmful products and assist in reducing the impact on the environment and society. It is also suggested that Zara should concentrate on solving the specific issue of the society which needs intense research on finding their problems and what the best possible solution of those problems is.

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8 Appendix

8.1 Questionnaire

1. Select your gender
   - Male
   - Female
   - Prefer not to say

2. Select the age group from the below categories
   - 18-24 years
   - 25-29 years
   - 30-34 years
   - More than 35 years

3. Are you aware of the CSR initiatives taken by Zara to build brand trust among loyal customers?
   - Yes
   - No
   - Not sure

4. To what extent you have knowledge of CSR activities of Zara towards society and the environment?
   - A safe working environment for employees
   - Use of environment-friendly fabrics
   - Reducing the pollution
   - Recycling of products

5. Do you find the activities of Zara is able to influence your brand trust?
   - Strongly agree
   - Agree
   - No idea
   - Disagree
   - Strongly disagree

6. What is the main component of CSR that must be present while building brand trust and loyalty among customers?

- Transparency
- Openness
- Accountability
- Competitiveness
- All the above

7. How Zara can get an advantage in terms of building brand trust by practicing different CSR activities?
   - Long-term customer engagement
   - Brand differentiation
   - Cutting cost
   - Bringing innovation

8. How CSR activities contribute to achieving the goal of building brand trust among the customers of Zara?
   - By improving public image
   - By increasing profit margin
   - By improving organization's dynamics
   - By increasing the attractiveness of customers

9. How does Zara can build successful CSR campaigns for its brand to ensure that it will be customer-centric and highly connected to consumers?
   - Building for sustainability
   - Supporting community education
   - Creating awareness on personal causes
   - Promoting social causes through social media platforms

10. What would you like to recommend to Zara on including or modifying current CSR activities to achieve the objective of improving brand trust?
    - Collaborating with non-profit organizations to promote brand
    - Changing to complete ethical manufacturing
    - Encourage to donate old clothes
    - Encouraging credit card donations