

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY AND BRAND LOYALTY ON HONGXING ERKE SPORTING GOODS COMPANY

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ABSTRACT

The main research purpose of this paper is to take Hongxing Erke Sporting Goods Company as the research object, to explore the degree of influence of Corporate Social Responsibility on Brand Loyalty, and at the same time to provide strategic suggestions for enterprises to improve their own Brand Loyalty. The research method of this paper adopts literature review method and questionnaire survey method, through summarizing the literature review at home and abroad, to derive the relationship between CSR, Brand Loyalty, and find out the influencing factors of the changes of the two, so as to form the questionnaire's items. Through the empirical research, the research model and hypothesis content were verified, and the relationship between the variables was analyzed. The results show that CSR has a positive effect on Brand Loyalty, mainly affecting consumers' behavioral and Attitude Loyalty. Accordingly, it can be concluded that companies can promote consumers' Brand Loyalty through social responsibility, i.e., companies can enhance consumers' behavioral and Attitude Loyalty to their brands by fulfilling their responsibilities related to consumers, protection of the environment and the community.

Keywords: Corporate Social Responsibility, Brand Loyalty, Enhancement Strategies

INTRODUCTION

After entering the 20th century, with the rapid development of China's economy, the material wealth of the people has been greatly enriched, and consumer demand has also shown multi-level, diversified, and multifaceted characteristics. Consumer attention to enterprises has also shown a multifaceted demand (Yan et al., 2024). When there is a conflict between a company's economic interests and social responsibility, most companies pursue profits unilaterally and neglect social responsibility, which leads to a series of social problems and also affects the sustainable development of the company itself (Lei Haiyan, 2016). For example, in recent years, incidents such as melamine milk powder, clenbuterol, and Songhua River pollution in China have proven this point (Qian Yu, 2018). In recent

years, frequent Corporate Social Responsibility issues have led to a sharp decline in public attitudes towards brands. The reputation of a company's product brand has been questioned, consumer Brand Loyalty has also declined, the brand value of a company has shrunk, and its operations have also fallen into crisis. There is a close relationship between Corporate Social Responsibility and Brand Loyalty (Zhao Wenshuai, 2014) (Zaibo et al., 2022) and (Jiaxin et al., 2022). More and more companies view Corporate Social Responsibility as a strategic resource that not only meets the needs of stakeholders, but also establishes a positive social image (Godfrey, 2009).

Hongxing Erke was founded in 2000, initially relying on OEM and contract manufacturing. In November 2005, Hongxing Erke went public in Singapore, becoming the first Chinese shoe brand to go public overseas. After going public, with the support of capital, the sales revenue exceeded 1.4 billion yuan and reached 2 billion yuan in 2007 (Liu Yuanfen, 2023). But with the rise of local brands such as Anta, Li Ning, 361°, and Tebu, they once squeezed out the market share of Hongxing Erke. Coupled with their own operational problems, Hongxing Erke began to decline in 2010, and the brand's market share became increasingly low. Subsequently, Hongxing Erke realized this and began to focus on its own Corporate Social Responsibility. In July 2021, it was only after donating 50 million yuan worth of materials to the Henan flood that it regained public view. Later, a large number of users poured into the broadcast room to purchase the company's products, and Hongxingerke Tiktok broadcast room completed a sales volume of 77 million yuan within a week (Yu Fengqiong & Lin Xiuxin, 2023). By continuously improving its social responsibility, Hongxing Erke has also gained a group of loyal users. Through donations, it has enhanced its Brand Loyalty and planted the label of "domestic light" in the minds of users. By fulfilling social responsibility, companies can establish a good communication bridge with consumers. Not only is it a unilateral demand from consumers, but it is also a factor that enterprises need in the process of development (Wang Nana, 2023). With the advent of the new media era and the acceleration of information dissemination, the behavior of enterprises can be understood by users in a timely manner. Under the influence of the current social environment, it is worthwhile for us to conduct in-depth research on how enterprises can take on their social responsibilities, establish good relationships with consumers, and improve their brand loyalty.

OBJECTIVE

The main purpose of this study is to investigate the impact of Corporate Social Responsibility on Brand Loyalty of Hongxing Erke Sports Goods Company.

LITERATURE REVIEW

The concept of Corporate Social Responsibility originated in Western society and was proposed by British scholar Oliver Sheldon. He believed that the purpose of a company's existence should include maximizing the interests of stakeholders other than shareholders (employees, consumers, local communities, natural environment), rather than simply focusing on making money or profits for shareholders. One type of definition of Corporate Social Responsibility is from the perspective of stakeholders. Chahal and Sharma (2006) argue that CSR requires companies to take necessary measures to balance the short-term interests of the organization with the long-term interests of society, and ensure the sustainability of stakeholder interests. The other type emphasizes more on the connection between enterprises and society, defining Corporate Social Responsibility from the perspective of promoting the harmonious development of the entire society. In Davis's (1960) statement about the "iron law of responsibility", it is proposed that social responsibility should be equal to social power. As the connection between CSR and social environment becomes increasingly close, many scholars have defined CSR from the perspective of situational environment. Aguinis and Glavas (2012) have used the definition of CSR more extensively in empirical research, emphasizing that CSR is influenced by situational conditions, the comprehensive economic, social environment, and stakeholder expectations of enterprises for CSR related organizational activities and policy formulation.

Copeland (1923) first proposed the concept of "Brand Loyalty" in his research. He believed that Brand Loyalty is a sustained behavior, meaning that consumers will not undergo brand switching due to changes in marketing situations and methods. When defining Brand Loyalty, researchers categorize it into three categories: behavioral perspective theory, attitude perspective theory, and behavioral attitude combination theory. Sheth (1965) proposed the relative number of times consumers will purchase the same product in limited or unrestricted time. In Dick & Basu's (1994) study, it was proposed that consumer high-frequency purchasing behavior, i.e. Brand Loyalty, is accompanied by a high attitude orientation. Fu Guoqun (1992) and Muangmee et al., (2022) proposed in his research that Brand Loyalty is the intention to purchase a product, which can be expressed in two forms: first, consumer preference for the same brand; The frequency of repeated purchases of the product over a period of time.

METHODOLOGY

1.The population and the Sample

The research group of this article is the consumer group of Hongxing Erke Taking Changsha City as an example, the questionnaire was filled out and collected from October 1, 2023 to January 31, 2024. Using simple random sampling method, distribute to consumers of Hongxing Erke in the form of online questionnaire links. The formal survey questionnaire mainly covers two parts: the first part is the basic information of the respondents, which mainly includes 7 items such as gender, age group, education level, etc; The second part is the research content, mainly including 15 items on Corporate Social Responsibility and 8 items on Brand Loyalty. A total of 450 questionnaires were distributed and 421 were collected. Considering invalid issues such as conflicting answers and incomplete questions, a total of 388 valid questionnaires were obtained. The questionnaire response rate is 93.6%, and the questionnaire effectiveness rate is 92.2%.

2.Research Instruments

To study the impact of Corporate Social Responsibility on Brand Loyalty of Hongxing Erke Sports Goods Company, this article proposes the hypothesis that H is the positive impact of Hongxing Erke's Corporate Social Responsibility on Brand Loyalty. To ensure the reliability and effectiveness of the measurement tools, the evaluation scales for the variables used in this survey were based on existing mature scales and appropriately modified according to the research purpose and content. Using the Likert 7-point scale, based on the rules of 1 point for "completely disagree", 2 points for "disagree", 3 points for "somewhat disagree", 4 points for "average", 5 points for "somewhat agree", 6 points for "agree", and 7 points for "completely agree", the final scores for each variable are calculated. The higher the score, the higher the degree of the measured variable. Through reviewing relevant literature and conducting theoretical research, this study drew on mature scales from literature such as KLD (1999), Cha Anna (2011) and Zhou et al., (2023). for the dimensions of Corporate Social Responsibility as independent variables, totaling 15 items. There are a total of 8 items in the literature on the dependent variable Brand Loyalty, including Luo Ziming (1999), Goyette (2007) and Luo et al., (2024).

3.Pre investigation

The method of determining credibility is to use a survey questionnaire validated by an advisory committee and experts. Before using the questionnaire for the sample group, experts revised the questionnaire and tested 100 test subjects with similar characteristics to the study sample group. From Table 1 below, it can be seen that Cronbach's of Corporate Social Responsibility α It is 0.775. Cronbach's on Brand Loyalty α It is 0.915. The reliability values of each factor and the total factor in the questionnaire are all greater than 0.7, so it can be considered that the questionnaire can be used to collect real data, and its reliability value meets the acceptance criteria.

Table 1
Pre-survey reliability Analysis

Variable	Sample size	Number of items	Cronbach's α
Corporate Social Responsibility	100	15	0.775
Brand Loyalty	100	8	0.915

RESULTS

Using SPSS statistical analysis to calculate Pearson correlation coefficient γ , As shown in Table2, the correlation coefficient between Corporate Social Responsibility and Brand Loyalty is 0.476, which is a positive number, and the P-value is 0.000, which is less than 0.05. Therefore, there is a significant positive correlation between the two.

Table 2
Analysis Correlation analysis results between CSR and Brand Loyalty

	Corporate Social Responsibility	Brand Loyalty
Corporate Social Responsibility	1	
Brand Loyalty	0.476**	1

**At the 0.01 level (two-tailed), the correlation is significant.

As shown in Table 3, regression analysis was conducted on both Corporate Social Responsibility and Brand Loyalty, and the significance P-values were both less than 0.05, indicating that the regression model reached a significant level and proving the causal relationship between Corporate Social Responsibility and Brand Loyalty. From the table, we can also see that the coefficient of influence of Corporate Social Responsibility on Brand Loyalty is 0.477, the F-value is 113.876, and the adjusted R^2 is 0.226.

Table 3
Analysis Regression Analysis between CSR and Brand Loyalty

	Mould	Unstandardized coefficient		Standardized coefficient	t	Sig.	VIF
		B	standard error	Beta			
1	(Constant)	2.285	0.276		8.272	0.000	
Independent variable	Corporate Social Responsibility	0.555	0.052	0.476	10.627	0.000	1.000
Dependent variable	Brand Loyalty						
	F				112.928		
	Adjusted R^2				0.224		

CONCLUSION AND FUTURE WORD

Taking the Red Star Erke brand as the research object, a questionnaire survey was conducted on the consumers of the brand using its own advantages, and the collected data was subjected to correlation analysis and regression analysis. The significant level of Corporate Social Responsibility and Brand Loyalty is 0.01, with a regression coefficient of 0.476, indicating that the Corporate Social Responsibility of Hongxing Erke Sports Goods Company has a significant positive impact on Brand Loyalty, and the degree of influence is strong. For every unit increase in Corporate Social Responsibility of Hongxing Erke, its Brand Loyalty will increase by 0.476 units. Therefore, the original hypothesis H is valid.

Through the previous analysis and research, it is clear that Corporate Social Responsibility can directly affect Brand Loyalty. Therefore, how to utilize Corporate Social Responsibility to influence Brand Loyalty is particularly important for enterprises. This study proposes the following feasible paths, hoping to provide some inspiration to Hongxing Erke and similar brands. Enterprises should pay attention to their responsibility to consumers, establish a sound quality supervision system, produce high-quality products, and prevent harmful products from entering the market. Enable consumers to have sufficient right to know about the product and not deliberately conceal any safety hazards; To provide satisfactory after-sales service to consumers, establish sound systems for the replacement, compensation, and recovery of defective products, and so on. Meanwhile, the responsibility of enterprises towards the environment has a significant positive impact on consumer satisfaction, thereby affecting their own Brand Loyalty. Enterprises need to cultivate a good awareness of environmental protection; Establish an environmental protection research and development team to continuously develop how to use environmentally friendly materials to produce high-quality products, and continuously innovate new methods for waste recycling. The responsibility of the community cannot be neglected, and enterprises should actively participate in community public welfare and charitable activities to improve the popularity and visibility of their brand; Promote the concept of harmonious coexistence in the community and actively participate in community assistance activities; Promote the values of the corporate brand to the community, and make the brand deeply ingrained in the minds of consumers.

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