Mendel University in Brno
Faculty of Business and Economics

Responsible Brand Management

Bachelor Thesis

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Acknowledgement

Abstract

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This bachelor thesis deals with the mutual relationship between corporate social responsibility and brand management in the Czech coffee industry and is applied on the local coffee-roasting plant Rituale caffè. The main aim of the thesis was, on the basis of a secondary data analysis of the Czech coffee market with its major brands, two questionnaire surveys for coffee consumers and Rituale caffè's customers, analysis of current CSR activities, branding elements, and considering the threats, opportunities, strengths and weaknesses, to suggest recommendations for the future more responsible brand management. These recommendations include e.g. informing the general public about social and environmental problems with which coffee industry has to deal and promote their current responsible activities. Subsequently, creating a slogan, changing the coffee package material, or, if necessary, employing disadvantaged people. The final proposal is designed and calculated, and secures more responsible brand management, brand awareness and builds a loyalty program.

Keywords

Corporate Social Responsibility, brand management, brand loyalty, coffee industry.

Abstrakt

Bolfová, N. Odpovědný management značky. Brno: Mendelova univerzita v Brně, 2018.

Tato bakalářská práce se zabývá vzájemným vztahem mezi společenskou odpovědností firem a managementem značky v Českém kávovém průmyslu a je aplikována na lokální pražírnu kávy Rituale caffè. Hlavním cílem bylo na základě sekundární analýzy Českého kávového trhu s předními značkami, dvou dotazníkových šetření pro konzumenty kávy a zákazníky Rituale caffè, analýzy momentálních odpovědných aktivit, současných prvků značky a zvážení všech příležitostí, hrozeb, silných a slabých stránek, navrhnout doporučení pro její budoucí odpovědnější management značky. Mezi tato doporučení patří mimo jiné, aby Rituale caffè informovalo veřejnost o společenských a environmentálních problémech, se kterými se kávový trh setkává a zveřejňovalo jejich aktuální odpovědné chování. Dále pak vytvoření sloganu, změnu materiálu balení kávy, nebo v případě potřeby, zaměstnání znevýhodněných. Finální návrh je navržen i s výslednou kalkulací a zajišťuje odpovědnější management značky, vyšší povědomí o značce a vytvoření věrnostního programu.

Klíčová slova

Společenská odpovědnost firem, řízení značky, věrnost značce, kávový průmysl.

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1 Introduction

Society in today's world is changing. Globalization has brought many challenges into a business world together with social problems. Therefore, there is no surprise that the term corporate social responsibility is brought to a topic more and more often. Nowadays population is becoming aware of consequences that companies can have on society and environment, especially the negative ones. The demand for transparency of all their activities is increasing. The concept of corporate social responsibility is requested and is more significant than ever before. Even though CSR activities are totally voluntary, the concept should be included in all companies' strategies. Its primary aim has to be definitely a support of community and environment, but it brings the company other advantages on the competitive market.

Another kind of management which can help companies to distinguish themselves is brand management. The basis of the brand is to create a value for the product, give it a meaning, an identity and to build a trust between a customer and the brand. It is very valuable for companies as the consumers become loyal, which is much cheaper to keep current clients than to attract new ones.

However, many brands took advantage of corporate social responsibility and used it as a marketing tool. We have to make a difference between those, which have CSR activities, including economic, social and environmental pillar, in their identity, and those, which pretends to be responsible and sustainable while engaging in activities which are not environmentally or socially friendly. The real responsible brands are supposed to be able to reach long-term prosperity, sustainable profit and loyal customers.

In the coffee industry, the topic of CSR is highly relevant. Bad working conditions, child labour and deforestation are still a problem in this field. Therefore, there are more coffee brands in the Czech Republic engaging and supporting CSR activities in order to ameliorate the situation. The Czech coffee industry is thus a suitable industry to test the impact of CSR on brand loyalty.

2 Objectives and Methodology

2.1   Objective

The objective of this thesis is to propose recommendations based on studied litera-ture concerning an issue of the connection between brand management and corpo-rate social responsibility (CSR) with outlining the importance of CSR on brand loy-alty.

This aim will be achieved by analysing a current situation of a coffee industry in the Czech Republic using a quantitative research method-questionnaire, com-plemented with a secondary data analysis- desk research.

Afterwards, recommendations in terms of responsible and sustainable brand management will be suggested and economically interpreted for a coffee-roasting plant Rituale caffè.

2.2   Methodology

The bachelor thesis will be separated into two parts, which are literature review and results.

Initially, the literature review will be elaborated from both Czech and foreign professional literature and scientific sources, complemented with researches. The literature review will consist of two subchapters- corporate social responsibility and brand management. The term corporate social responsibility and its ad-vantages why companies should implement the concept in their strategies will be explained. All key areas of CSR and its activities will be interpreted later on and a brief history with a current situation of CSR in the Czech Republic will be de-scribed. Afterwards, brand management and brand loyalty are introduced and a difference between brand identity and brand image is explained. The literature review ends with a responsible brand and its opportunities and threats.

To fulfil the objective of the bachelor thesis, results will consist of both sec-ondary and primary data analyses.

In the first section called Secondary analysis of the coffee industry in the Czech Republic will be described a current situation of the Czech coffee industry, together with consumers' behaviour in this sector and a brief description of CSR activities of major brands on the Czech coffee market. The secondary data needed for the analysis will be acquired from the Czech statistical office, annual reports of the Czech Ministry of Agriculture, European coffee report, databases of the Inter-national coffee organization, and CSR reports of the studied companies or data available on companies' websites and others.

After the general analysis of the Czech coffee industry, the methodology con-tinues with the primary data analysis in a form of a questionnaire. The question-naire will be web-based, created in umbrela.cz. The questions will be structured in order to see which factors influence a loyalty towards coffee brands and whether

CSR has any impact on it or not for people drinking coffee. The sample population will be people buying and drinking coffee with an age of at least 18 years. Thus, the questionnaire will be distributed online through social media in groups focused on coffee. To address the right sample, the questionnaire will be, next to social media, also present in cafés.

After a data collection, a statistical data analysis will be performed in the programs Microsoft Excel and Statistica12. The independence test and hypotheses will be elaborated using contingency tables and by a Chi-squared (X^2) test in Statistica12. It is the most widely used independence test in the contingency table. The null hypothesis H_0 claims that the random variables X and Y are independent. The test is based on the idea of comparing observed frequencies, which are given by the observation, and expected frequencies calculated by Statistica12. The condition of testing is that at least 80 % of the expected frequencies is greater than 5 and none of them cannot be less than 1. If one of these rules is broken, some columns or rows can be merged with respect to their significance. According to the calculated p-value of the Chi-squared test is decided whether to reject H_0 or not. To test the data of the questionnaire survey, the significance level has been set at 5 % (α=0.05). If the p-value of the Chi-squared test is less than the significance level 5 % (p<0.05), the hypothesis of independence H_0 is rejected.

The value of the test-statistic is defined as

$$\chi^2 = \sum_{i=1}^{k} \sum_{j=1}^{l} \frac{(n_{ij} - n_{ij}')^2}{n_{ij}'}$$

There will be these hypotheses of independence tested in the thesis:

1. H_0 There is no relation between personal feelings towards a favourite coffee brand and the type of the brand.

2. H_0 There is no relation between the willingness to recommend the brand and the feelings towards the brand.

3. H_0 There is no relation between the willingness to recommend the brand and knowing the importance of the concept of corporate social responsibility in the coffee industry.

4. H_0 There is no relation between willingness to pay more for a coffee brand which meets all the requirements of the CSR and knowing the importance of the concept of CSR in the coffee industry.

In the second part, recommendations in terms of responsible and sustainable brand management will be interpreted for a coffee-roasting plant Rituale caffè. To be able to create the recommendations, the current situation of CSR and brand management of Rituale caffè will be analysed and a short questionnaire for their 69 customers/cafés will be created in umbrela.cz and distributed through email. The main proposal will be economically interpreted.

3   Literature Review

3.1   Corporate Social Responsibility

Corporate Social Responsibility (CSR) is nowadays a very popular managerial concept which comes forward in many companies in the Czech Republic and abroad. As the competition on the market is growing, directors and managers look for a way how to increase trustworthiness and how to win a reputation. (Business Leaders Forum, 2017) CSR means to run a business ethically with having a strong relationship with partners which benefits the corporation by creating an improved and stable competitive context. (Crane, Matten, 2010)

Its origin is in 1950's and teaches companies how to come from "profit only" to companies which care about people, planet and profit. Corporate Social Responsibility development is thus connected with a globalization and its very common problem with the lack of consideration for others. (Pavlík and Bělčík, 2010)

An American economist Howard Bowen published his book named Social Responsibilities of the Businessman in 1953, where he tried to define CSR for the first time. (Kašparová, Kunz, 2013) However, the beginning of a CSR's modern concept is seen by Zadražilová (2010) in the 1970s with increasing popularity among companies in the 80s and 90s.

Blowfield and Murray mention in their book the history and development of CSR as well. According to them, corporate social responsibility began with a focus on how business leaders manage their companies with a view to society. The meaning of CSR was changed in the 1950s from individuals to the behaviour of the companies. Also, the name corporate social responsibility has been changed many times. From the concept 'corporate social responsiveness', then 'corporate social performance' which, in the 1980s, did not put so much stress on the meaning of responsibility to 'corporate sustainability' used in 1990s to emphasize the environmental concerns in which companies were supposed to exhibit responsibility. Recently, 'corporate citizenship' has been used as we speak in CSR about the role of business to deliver the citizenship rights of individuals. (Blowfield and Murray, 2014)

Nowadays is the concept of corporate social responsibility supported by international organizations as is the European Union, World Business Council for Sustainable Development, Business for Social Responsibility and OSN. (Pavlík and Bělčík, 2010) The turning point for Europe was in 2001 when so-called Green Paper was published by European Commission. There can be also found one of the most famous and used definitions of CSR: *"Corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."* Stakeholders are persons or groups of people involved inside and around the company. (Green Paper, 2001, Business Leaders Forum, 2017)

Even though corporate social responsibility has been studied for more than half a century, there is not any definition which would specify all the aspects

and would be accepted by everyone. In Kašparová and Kunz's own words the reason could be that CSR is based on voluntariness and is not delimited. Thus, all interest groups can have a different interpretation and understanding of the concept. (Kašparová, Kunz, 2013)

Similarly, to the Green Paper, Business Leaders Forum of the Czech Republic define CSR as: *"a voluntary commitment of companies to behave within their functioning responsibly towards the environment and society in which they operate."* (Business Leaders Forum, 2017)

Archie Carroll regards CSR as a multi-layered concept from which he established a model, a pyramid, in 1991. *"Corporate social responsibility includes the economic, legal, ethical and philanthropic expectations placed on organizations by society at a given point in time."* (Carroll and Buchholtz, 2009 in Crane, 2010)

Furthermore, many Czech experts, academics, define CSR in their own words. For instance, Kunz, Kuldová, Marková, Tetřevová and more. (Kašparová, Kunz, 2013)

Even though, there are many definitions and CSR is a very broad and complex concept, there are few principles which can be described as characteristics of CSR. It is (Kunz, 2012, Kašparová, 2013, Business Leaders Forum, 2017):

- voluntariness
- active cooperation and open dialogue with all stakeholders
- getting involved without any impulse to act responsibly
- orderliness and a long-term period as CSR is a long-term concept which should be implemented in a strategic planning
- responsibility towards society and a commitment of companies in contribution to improving a quality of life
- reliability

3.1.1   Advantages of CSR

Companies in today's market became conscious of changing the philosophy of success. They are aware that to turn a profit is not the most important thing anymore and they are actively looking for opportunities how to change their operating procedures. David Jones mention that according to a study from 2010 86 % of consumers see the importance of not being only profitable, which resulted in changing the companies and starting to behave responsibly towards the society. (Jones, 2014)

Pavlík and Bělčík (2010) see the advantage of corporate social responsibility in all interest groups- customers, employees, suppliers, citizens of a country where the concept of CSR is applied, public sector, and mainly the organizations and companies which have CSR implemented in their strategies.

If we speak about non-organizational advantages, there is a better environment, relationships among people and better and easily reachable utilities thanks to financial and capacity support. (Pavlík and Bělčík, 2010)

Concerning the company by itself, Business Leaders Forum and Kašparová with Kunz points the following advantages: an opportunity to become a well-liked

employer, a decrease of risk management costs, becoming more attractive for in-
vestors, creating a good firm's reputation thanks to which the company will have
a better market position and more effective production with loyal employees.
(Business Leaders Forum, 2017; Kašparová, Kunz, 2013)

Business Leaders Forum add a statement saying that CSR involved in compa-
nies' strategy brings many nonfinancial advantages and benefits. Next to those
mentioned before, there is a transparency of the organisation which brings trust-
worthiness, becoming different from competitors, better known to customers and
services or products have improved quality. (Business Leaders Forum, 2017)

What is also very important for today's companies and for building a good
brand image are loyal customers, qualified, motivated and loyal employees, good
relationships in a community where the firm is located and generally to be associ-
ated only with positive values. These all benefits are brought by putting CSR
in place. (Pavlík and Bělčík, 2010)

However, Matten D. Crane highlights 4 the most important arguments accord-
ing to different studies, why to engage CSR. The prime reason is having a better
brand reputation. If the brand is strong, consumers regularly come. Similarly, em-
ployees might be attracted more easily. Next, voluntarily committing to social ac-
tions and programmes can ensure greater independence for a government.
And the last point, creating a stable and long-term competitive context thanks to
an investment in a safer, better-educated and more equitable community. (Crane,
Matten, 2010)

*"The most successful companies of the future will be those which will be the most
socially responsible."* Says David Jones (Jones, 2014)

3.1.2   Key areas of CSR

Corporate social responsibility is a very broad concept which consists of several
activities. These activities are categorized into three groups, 3 pillars which is CSR
based on: (Pavlík and Bělčík, 2010)

- Profit
- People
- Planet

Fig. 1   Triple-Bottom-Line
Source: CSRambassadors.com, 2018

CSR is a way through which companies achieve a balance of economic, environmental and social imperatives. (CSRambassadors.com, 2018) Responsible companies should include all three areas in their management. However, as each area consists of many different activities, companies then can choose which will be in their content according to the demand of stakeholders and company's speciality. (Pavlík and Bělčík, 2010)

A goal of all companies is to make a profit which can be used afterwards to finance their CSR activities. In the **profit (economy area)** it is the transparency of a company and it is required to share both negative and positive information. Another expected actions are: creation of the ethical codex, avoiding corruption, paying invoices on time, good quality and safe products or services which brings the company satisfied customers and fewer complaints, application of good operating system, creating and maintaining good relationship with stakeholders, marketing and advertising ethics, shareholders-relationship, innovation and sustainability. (Business Leaders Forum, 2017, Kunz, 2012, Chouinard and Stanley, 2014)

In the **people (social) area** companies deal with employees and local support. Because employees are very important for companies' success in today's market as they can evolve the awareness, improve the performance or their reputation, there are several activities in this area of CSR. Thus, they are usually divided into two categories: activities in the workplace and activities in the community.

- **Activities in the workplace**

  First of all, a well-known and very famous work-life balance, which enables employees flexible working hours and offices sometimes, or even work from home. Companies should also care about health and security of employees, their education (workshops, mentoring, career growth), outplacement (requalification of fired employees, consultations, financial compensation). A very often topic nowadays is a workplace equality, which can be the problem of gender differentiation or discrimination because of ethnic, religious minorities, higher age or handicap. All employees have to be equal in all aspects and responsible companies should support as called diversity management. Employers should make sure there is a friendly ambience among employees without any illegal harassment such as sexual harassment. And the last, the biggest challenge for CSR in developing countries, human rights and prohibition of child work have to be followed. (Business Leaders Forum, 2017, Zadražilová, 2010, Pavlík and Bělčík, 2010)

- **Activities in the community**

  Next to being responsible in the company's workplace, if there is enough financial backing, the company should support also a community which means cooperating with the locals, schools or foundations. People outside of the company appreciate it as it is the only thing they can see. Such activities are donations, volunteering, sponsoring, social integration, support of education, employment, infrastructure and support of the quality of life in terms of sport and culture. (Business Leaders Forum, 2017, Zadražilová, 2010, Pavlík and Bělčík, 2010)

The last part of Triple-Bottom-Line to create a sustainable company is the **environment**. As there are problems as global warming, deforestation etc., today's world pays attention to the environment much more than in the history. Management should be aware of the responsibility not only inside of their company but also outside, as there is always an impact (change of nature, ecosystem, the use of water, land, making noise, emissions, waste, or more frequent transport). (Kunz, 2012) Therefore, these activities should be involved: recycling programme, heat/water/energy saving, minimisation of waste and traffic, using limitations of dangerous waste, an environment impact monitoring, establishment of ecology policy in the company (environment-friendly production, products and services, minimisation of packaging, using recyclable material), companies should invest in new eco-technologies, observe the national and international norms and standards (ISO 14001, EMAS) and subsequently, all the activities monitor. (Business Leaders Forum, 2017, Kunz, 2012, Chouinard and Stanley, 2014)

Blowfield and Murray (2014) and D. Crane (2010) speak about another division of CSR activities provided by Carroll (1991), a division of corporate responsibilities to:

- Economic responsibility- the first responsibility of business, the goal is to maximize the financial return to shareholders
- Legal responsibility- companies are expected to abide by laws and regulations
- Ethical responsibility- responsibilities of companies which go beyond what is demanded by regulations and economic rationality (for instance a problem of climate change)
- Discretionary/ Philanthropic- actions of companies which are not being expected or required, activities in order to be a good corporate citizen (they can contribute to culture or education)

(Blowfield, Murray, 2014, D. Crane 2010)
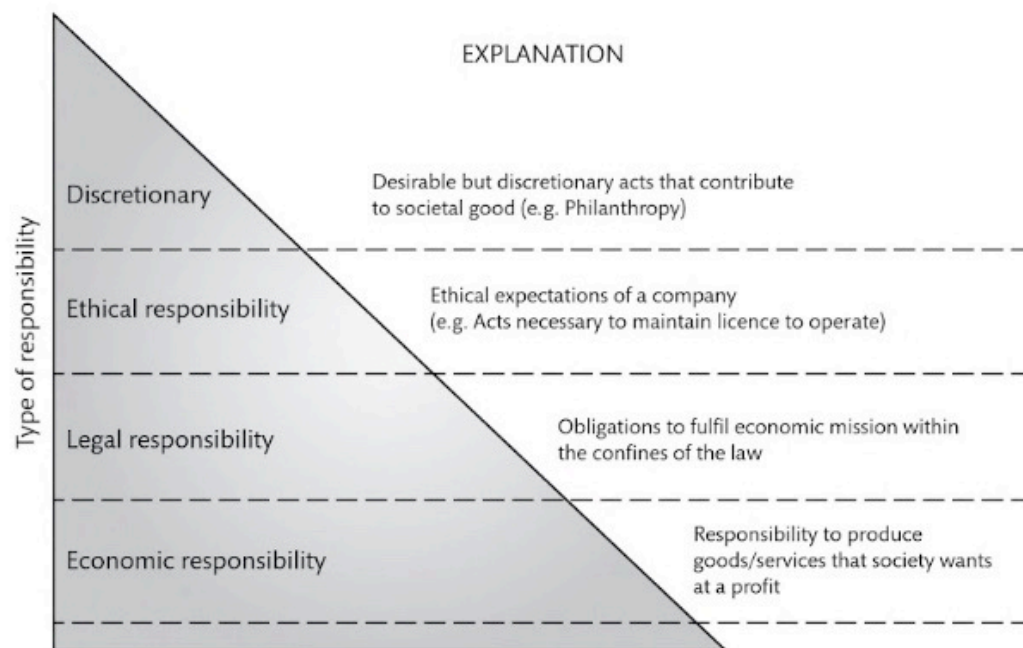
Fig. 2   Carroll's typology of corporate responsibilities
Source: Blowfield and Murray, 2014

3.1.3   Corporate Social Responsibility in the Czech Republic

Corporate social responsibility in the Czech Republic is seen for the first time in the inter-war period. Even though Vilém Kunz (2012) mention also different names who contributed to people or charities, as a founder is usually regarded Tomáš Baťa, Czech entrepreneur from Zlín who established a world-famous shoe business. CSR was the main attribute of his business, he respected his employees and business partners, abided by the law and ethical norms, protected environment, appreciated offices and never forgot about the community. Not only has he supported principles of CSR but also shared the concept with all the ideas. (Kašparová, Kunz, 2013) This forward-looking gentleman established kinder gardens in the factories, built houses for employees, factory's hospital, employed blind people and

opened a vocational school where local children but also foreigners were taught. Until today, he is famous for the introduction of a working week as we know it. It lasted 40 hours and wages to his employees were paid weekly. There is still Tomáš Baťa Foundation which he established in 1997. (Kunz, 2012)

Unfortunately, the second world war and later communism have changed everything. Philanthropy has been totally forgotten and the only active pillar was the social one. (Kašparová, Kunz, 2013)

After the November revolution in 1989, philanthropy has been again renewed and is a typical form of CSR in the early 90s. However, in the upcoming years, companies have started to become aware of the importance of The Triple Bottom Line. The concept of corporate social responsibility is represented at the end of the 20th century mainly by big multinational corporate companies which have knowledge from abroad, such as Vodafone and Telefonica. (CSR Portal, 2018)

Nowadays it is not the concept represented only by big corporate companies but also by small enterprises. However, CSR in the Czech Republic is not as well-known as in the other states of Europe. The reason can be according to Pavlík and Bělčík uncoordinated attitude of the Czech government. The principles of CSR should be included in the state policy as it is for instance in the United Kingdom which has its minister of corporate social responsibility. (Pavlík and Bělčík, 2010)

Corporate social responsibility is run voluntarily and is not much regulated by the state. There is only a strategic document called National action plan of corporate social responsibility (NAP CSR) since 2013 created by Ministry of trade and industry which runs at the same time a Council of Czech Republic's Quality, procuring a promotion and coordination of CSR activities at the national level. (Národní informační portál o CSR: CSR v ČR, 2018) There are also non-governmental organisations which are involved in the development of CSR in the Czech Republic, the most famous are:

- Business Leaders Forum
- Association of corporate social responsibility ("Asociace společenské odpovědnosti")
- Business for society ("Byznys pro společnost")
- Czech entrepreneurial council for sustainable development ("Česká podnikatelská rada pro udržitelný rozvoj") (Národní informační portál o CSR, 2018)

Next to insufficient national support, Pavlík and Bělčík see the problem in the Czech Republic's corporate social responsibility also in low public awareness, unsatisfactory promotion, heterogeneity of CSR's concept and substitution of CSR activities for marketing activities. (Pavlík and Bělčík, 2010) However, it is slowly changing.

Ipsos s.r.o., the biggest Czech research agency focusing on public opinion survey on the market, effectuates yearly so-called CSR & Reputation research (IPSOS, 2017). The last published research is from 2016 and shows that activities of CSR are more known among Czech population, specifically 35% of the population knows at least one responsible company, in contrast to a research from 2015 when

it was only 24%. For 61% of people in a decision-making process, CSR is a very important fact and 79% of employees can appreciate the importance of working for a company which behaves responsibly. It follows that people are willing to recommend socially responsible brand 2-3times more than the one which doesn't have CSR in its strategy. From the Ipsos study is evident that the most important CSR activity for people is a fair behaviour towards employees and an environmental protection which is a big nowadays problem. (IPSOS, 2017)

3.2   Brand Management

Brand Management or also branding is an area of management which was developed in the last century and is a must in today's competitive market. Corporations spend millions to have people who understand it and implement brand activities into their strategies. However, there is not a single concept, theoretical framework or idea. (Heding, 2009)

To understand brand management, it is crucial to describe what actually brand means. The name brand has been used for centuries to differentiate products of different sellers and comes from a Norwegian word "brandr", meaning branding animals to identify them. (Keller, 2007)

The first official business brands can be found in the 19th century in the United States when Europeans came and thus, a competition among products started with later forging. In 1870 the first federal law regarding brands was enacted and brought the first list of brands with a description of its products. (Štarchon, Juříková a kol., 2015)

Over the years, brand has been defined in many different ways. The American Marketing Association (AMA) defined the brand in 1960 as: *"A name, term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors."* The definition by AMA basically tells us brand's elements which are a name, a term, a sign, a symbol and a design. (Heding, 2009)

According to Healey (2008) brand can be anything: products, services, organizations, places and people. However, what is important, when buying a brand, consumers create their own feelings and a relationship towards the brand which remain in the future. Brands should always bring a satisfaction. (Healey, 2008)

Many people exchange brand management for marketing, but even though they have some similarities, branding is much more than an advertisement. Wally Olins (2016) speaks in his book Brand New about the fact that branding is often criticized for being "only the logo and a slogan", everything false and superficial or is seen as an advertising campaign. However, to build a strong and effective brand takes a lot of time, years. It can be modified but the essence has to stay without changes and is permanent. (Olins, 2016)

In recent years, brands have been regarded as the most valuable assets, especially those in the luxury market. Johansson and Carlson (2015) speak about catching customers and having high prices only thanks to branding. But what is new, is

spreading the advantage of branding also to companies with utilitarian products as is Coca-Cola or Zara. How is it possible? As Olins (2016) mentioned the satisfaction which comes with buying brand's product, there is also a reduced risk, simplifying a decision process and offering emotional benefits. This can be named as a brand promise and brings companies many loyal customers. (Johansson, Carlson, 2015)

A successful brand has to know its personality (who is it), has to speak, listen and to be active, show itself to the public, engage everything what the brand/company does and the last, to manage the brand and actively use it. (Olins, 2016)

3.2.1   Brand Identity and Image

Brand identity is very often exchanged for brand image, which is understandable but there is a big difference. An image comes from the identity in consumer's mind.

Brand identity is very similar to personal identity- the nationality, the name, the age and the product category. (Johansson and Carlson, 2015) It is central to a brand's strategic vision. Before creating the brand, managers should be sure with their core value of the brand, what does the brand stand for, how the brand is supposed to be perceived and what will be its important relationships. If this analysis is performed and the values are set, the brand will express a long-lasting nature with a particular vision and uniqueness, these all characteristics are symbols of a strong and healthy brand. (Aaker, 1996, Heding, 2009)

The identity of a brand is seen by Olins (2016) as an essence, a heart of the brand which has to be simple and clear. The main idea should be written down and include a short description of the brand, what does it stand for and what are the perspectives in the future in one sentence which can be easily presented to everyone in any kind of situation. (Olins, 2016)

To conclude and simplify it, brand identity is a set of associations which brand managers want to be linked to the brand. It is an ideal model of how the brand should be perceived.

Brand identity structure is divided by Aaker (1996) into two groups: core identity and extended identity. Core identity should always remain the same, in contrast to extended identity which consists of identity elements which provide texture and completeness. It adds details and fills in the picture of the brand. (Aaker, 1996)

Aaker differentiates also perspectives of a brand into four groups to help strategists giving the brand a clearer identity. We should work with the brand identity with regards to what the brand represents, a different attitude will have the brand as a product, brand as an organization, brand as person and brand as a symbol. (Aaker, 1996)

A word **image** comes from a Latin "imago" which means a picture, a vision. Image of a company is also an image of the identity- how identity is perceived by the target audience, by their customers. However, the image and identity are not always identical. The image consists of subjective and objective, the right but also

vague ideas and experience of a single person or a group of people given from the product or service. (Štarchoň and Juříková, 2015) While the brand identity can be control by managers, the image cannot. The image is only what seems to be the brand to customers, it is determined by customers' perceptions. (Johansson and Carlson, 2015)

The main attributes of the image are according to Štarchoň and Juříková (2015) the internal communication and advertising: the quality, company's communication, company's culture as its values and its attitude to employees, reliability, customer-relationship as customer care and innovation of products and demand.

Brand image is a very important aspect as it helps to reach marketing goals, higher profit and to build a strong competitiveness. The goal is then to create and keep strong favourable associations of the brand in customers' mind. It is often more important than brand identity. (Štarchoň and Juříková, 2015, Heding, 2009)

3.2.2   Brand Loyalty

The goal of every brand manager is to build a strong brand. Generally, a strong brand has a high degree of recognition and loyal customers. A high number of customers bring brands a so-called brand value, which is the monetary value of the brand, whereas loyal customers ensure a brand equity. (Johansson, Carlson, 2015) Brand equity is defined by Aaker (1996) as a consumer's association with the brand name, and next to brand loyalty and associations, he speaks about other added values given to the products or services being offered: brand name awareness and perceived quality. Keller (2007) doesn't specifically speak about brand loyalty when describing brand equity, nevertheless says that results from customers' brand awareness, being familiar and having positive and unique associations with the brand which later on can cause a commitment to the brand and influence the buying process.

Brand loyalty is defined as a pattern of consumer behaviour where consumers become loyal to the brand and make repeat purchases over time from the same brand. (Investopedia, 2017) Johansson and Carlson (2015) see brand loyalty on the top of the brand equity pyramid. Brand loyalty is being created from the initial stage when the brand is recognized, then follows further knowledge and assessment of the brand. The third stage represents consumers' attitudes and if positive ones, the brand may reach the stage of trust and loyalty.

Achieving a high degree of loyalty is a long-term process which at the end brings companies many advantages. The impact on marketing costs is substantial. Loyal consumers are valuable because it is much more expensive to attract new customers than to retain the old ones. (Heding, 2009, Štarchon, Juříková a kol., 2015)

However, loyalty is not always same and it is very important to distinguish them. Aaker (1996) divides the market of customers into 5 groups:

- **Noncustomers**- people who buy competitor's brand or do not buy brand's product class

- **Price switchers**- those whose buying process is related to the price
- **Passively loyal**- those who don't buy for a reason but for a habit
- **Fence sitters**- customers who have two or more brands popular and do not make difference among them
- **Committed**- those who are loyal to one brand

The goal of brand managers is then to strengthen the fence sitters, increase the number of non-price switchers and to keep the committed. To enhance the loyalty means to strengthen their relationship with the brand which can be reached by creating an effective brand identity. Brand awareness and perceived quality can contribute too. However, in many product classes is very important to implement programs which can build loyalty, such as a frequent-buyer program or customers club. (Aaker, 1996, Heding, 2009) Committed customers are sometimes compared to love relationship bonding. (Johansson, Carlson, 2015)

3.2.3   Responsible brand

With today's globalization and environmental problems, customers have started to change their requirements. We live in a world where we have enough of everything, we have a surplus of choices, a surplus of brands, a surplus of consumption and a surplus of imitations. It's no wonder that a sizeable part of our population has started to appreciate authentic brands with quality products that are sustainable, responsible and are made in a specific transparent place. (Olins, 2016)

The period when companies didn't have to care about their employees and environment is gone. There is a big social pressure on brands to do something more for the future and society.

The most famous responsible brands are "green brands". Those brands are usually a part of food or cosmetic industry where they behave responsibly by environmental care, using organic products and not involving animals. As an example is Body Shop or Wal-Mart. Another problem in today's market is a cheap labour force mainly in the clothing or coffee industry. Brands like Nike, Gap, Marks & Spencer were criticized harshly by an organization Anti-Slavery International. Now all their customers expect from them to create better working conditions. (Olins, 2016, Healey, 2008)

Another way how to achieve a more "caring and responsible" image are events sponsorships or cause-related marketing (CRM). (Johansson and Carlson, 2015)

Sustainability of a brand and a future business success is seen by Champniss and Rodés Vila (2011) in a social capital which creates according to them a brand valued. Social capital is described as a group of people, a network which debates, trusts each other and has shared norms and values. Thus, they see the key of the brand value, the monetary one, in building the trust among people which is basically according to them a brand equity and brand equity is an outcome of social capital development which can be supported by CSR. (Champniss and R.Vila, 2011)

So we know that CSR can be a good marketing tool, it can ameliorate brand image and it makes the brand valuable. However, there is another fact which is being nowadays studied. CSR may positively influence brand loyalty.

A research from 2014 made by Nielsen showed that 55% of global customers across countries are willing to pay more for responsible brands and brand's social purpose influence the buying decision. (Nielsen, 2018) A consumer is paying more attention to social issues. However, managers should focus on activities and social issues, according to brand's products and characteristics. Brand loyalty is improved by CSR through forming a positive brand image. (The effect of corporate social responsibility on brand loyalty, 2018)

On the other hand, CSR can also negatively influence the brand. By using too many ethical corporate marketing practices, consumers are overwhelmed and have troubles identifying truly responsible brands. (How Sustainability Ratings Might Deter 'Greenwashing': A Closer Look at Ethical Corporate Communication, 2018) There are created more and more often false pictures and images of the companies in order to look more ecologically and environmentally friendly. This problem is called greenwashing. The name comes from a term whitewash, meaning to mask a crime or an uncomfortable fact. Therefore, greenwashing assumes the same with the environmental point of view. Customers are notified of their better impact on environment despite a clear record indicating the opposite. (Green Marketing vs. Greenwashing. How to protect against Negative Impact of Greenwashing, 2017)

Terra Choice, an American organization dealing with environmental marketing has defined 7 sins of greenwashing. The first sin, for instance, is a sin of hidden trade-off which means suggesting that the product is "green" based only on a narrow set of attributes. The typical example is a paper; it is very often seen as an environmental product when it comes from a sustainably-harvested forest but companies forget other important aspects of production- energy, water and air pollution. Another example of greenwashing are organic cigarettes. They can't be labelled as a green product because of general smoking danger. This sin is called a sin of lesser of two evils. According to Terra Choice, greenwashing is still a significant problem but it is slowly declining. (Sins of greenwashing, 2018)

Next to greenwashing, there is another term which can be found more often in connection with a consumer-influencing thanks to CSR. It is pinkwashing which means profiting from the breast cancer disease or LGBT promotion.

Organizations fight for raising awareness of those terms so that companies aren't able to gain a positive image by positioning themselves as leaders against breast cancer or bad environment while engaging in practices that may contribute to the rising rates of the disease or bad environment. (Pinkwashing, 2018)

4 Results

4.1 Secondary data analysis of the coffee industry in the Czech Republic

Coffee is according to Ministry of Agriculture (EAGRI, 2018) one of the most exported and imported agronomy product in the Czech Republic. Similar to many other products, the coffee industry has experienced a slight decrease in the import in 2016 and 2017, especially from Poland. However, in contrast to other products, the decrease of coffee export is even more major. The countries where coffee is exported with lower values are Slovakia, Poland and Germany.

Coffee is naturally mostly imported to the Czech Republic as coffee beans are grown in a subtropical and tropical zone. The trade balance is shown in the table below. The negative balance is every year more than one thousand million CZK and is increased by each year.

Tab. 1   Trade balance with coffee in the Czech Republic in years 2012-2016

YEAR	2012	2013	2014	2015	2016
Import	-3469	-3351	-5985	-12627	-8595
Export	2390	2271	4741	11122	7002
Variance	-1079	-1080	-1244	-1505	-1593

Source: Own processing in accordance with a database of foreign commerce ČSÚ, May 2017

The Czech Republic doesn't belong to countries with the highest demand. However, as a member of European Union, our country is a part of the biggest import destination. According to International Coffee Organization (2018), there were 72 237 000 60kg bags of coffee imported to EU in 2013, nevertheless, the Czech Republic represented only 1.6 % of the import with 1 184 000 60kg bags.

The industry has managed to attain an erratic growth from the beginning of the 21st century with the highest imported volume in 2015. However, the coffee industry went through hard times during the global financial crisis in the year 2008. There was a massive decline in an imported coffee volume in 2009 which lasted for the next three years with only a slight growth. (ICO, 2018)

In the year 2016, there was 61 900 tons of coffee imported by foreign companies for 8 595m CZK and more than 73 % of this volume comes from European Union countries.

Tab. 2 Coffee imports by selected exporting groups to the Czech Republic (2012-2016)

YEAR	Total		From EU		From non-EU	
	Thousand tons	Million CZK	Thousand tons	Million CZK	Thousand tons	Million CZK
2012	34.6	3 469	16.5	2 122	18.1	1 343
2013	35.2	3 351	18.0	2 289	16.9	1 036
2014	51.2	5 985	35.3	4 840	15.3	1 059
2015	82.0	12 627	60.2	10 156	19.3	1 983
2016	61.9	8 595	42.0	6 462	15.3	1 196

Source: Own processing in accordance with a database of foreign commerce ČSÚ, May 2017

Coffee can be transported from the exporting countries in different ways. Usually is coffee exported as green coffee which is roasted later in the importing country. The Czech Republic cooperates the most with Germany, from where is imported mostly already roasted coffee. Germany is our biggest supplier of extracts and essences at the same time. Even bigger supplier of roasted coffee for the Czech Republic is Poland which exported 24 724 tons in 2016. According to European Coffee Federation (2018) is the biggest importer of green coffee the worlds' biggest producer and exporter in the same time, Brazil. Other important exporters from developing countries are Vietnam and Cameroon.

Tab. 3 Imports statistics of the Czech Republic in 2016 (in tons)

Green coffee (including decaf)	Roasted coffee (including decaf)	Extracts, essences
Brazil 3 765	Poland 24 724	Germany 3 723
Germany 3 764	Germany 9 513	United Kingdom 3 683
Vietnam 2 757	Slovakia 3 796	Belgium 1 421
Cameroon 1 326	Italy 2 142	Poland 1 383
Slovakia 1 005	Netherlands 1 146	Spain 1 105
Others 5 006	Others 2 701	Others 2 255
Total 17 623	**Total 44 022**	**Total 13 569**

Source: Own processing in accordance with a European Coffee Report 2016/2017

The import of roasted coffee represents almost 60 % of the total import. However, what is interesting, the import of extracts and essences represents a really high percentage of the total import in the Czech Republic in contrast to other countries. It is given by the fact that instant coffee with a full taste and rich velvet foam remained popular among Czech population. According to a research done by KPMG (2018), instant coffee is being bought by 71 % of Czech households. This type of coffee is generally bought mainly by people with a lower income. The interest falls with rising income and changes into coffee beans or coffee capsules which are very trendy nowadays especially for citizens of bigger cities. Coffee beans are popular the most among individuals earning 25.001 – 30.000 CZK and coffee capsules among people with an even higher wage. (KPMG, 2018)

The annual consumption of coffee in the Czech Republic is oscillating around 2.0kg per capita as is shown in figure 3 below. The highest disappearance was in the year 2007 when 2.4kg per capita and 679 000 60kg bags were consumed. (ICO, 2018, ČSÚ, 2018) Such a consumption represents only 1.6 % of total EU consumption. It follows that this number is inconsiderable in contrast to other countries' consumption, especially from the North, as Finland, Sweden or Netherlands. (European Coffee Federation, 2018)
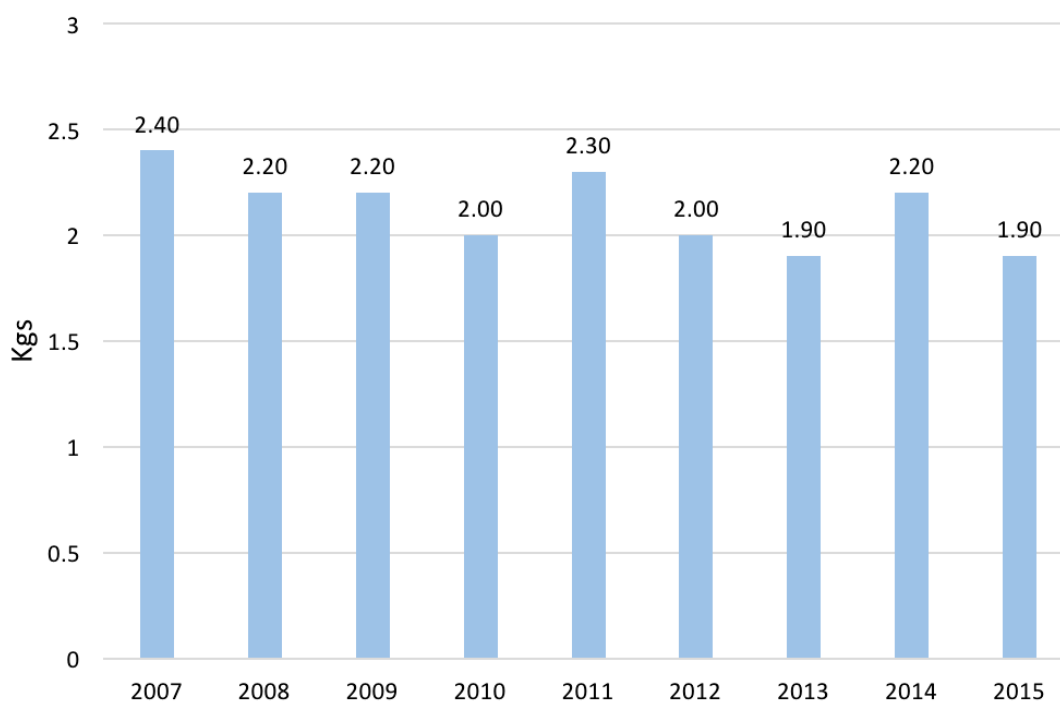

Fig. 3   Annual consumption of coffee beans per capita
Source: Own processing in accordance with ČSÚ, 2018

Some of the major actors on the Czech coffee market are Jacobs Douwe Egberts (Jacobs, Tassimo, L'Or, Douwe Egberts, Piazza d'Oro, Cafitesse), Nestlé (Nespresso,

Nescafé Dolce Gusto, Nescafé), Tchibo and smaller international premium coffee brands, such as Lavazza and Segafredo Zanetti. (Euromonitor International, 2018)

Within the coffee industry, the term Corporate Social Responsibility is hardly anything new. However, during recent years more attention has been brought to it. Clothing, cacao and coffee industry is an often topic because of bad working conditions, child labour or destroyed rainforests. Therefore, all of the above-mentioned brands on the Czech coffee market (Tchibo, Nestlé and Jacobs Douwe Egberts) are actively involved in CSR activities or projects.

Jacobs Douwe Egberts fights for minimising the impact on the environment by reducing energy, waste and carbon footprint. They have invested more than $40 million since 1999 and established 36 projects across 12 developing countries to establish farmer organisations and enhance working conditions. In order to help better sustainable farming, they cooperate with UTZ certified, an organisation striving to help farmers and their families, to implement better agricultural practices with respect for the planet and to manage farms profitably. (Jacobs Douwe Edgberts, 2018)

Nestlé Czech has a sustainability already in a slogan "Good Food, Good Life". The company was awarded as a TOP responsible corporate firm 2017 ("TOP odpovědná velká firma") by Business for society. (Nestlé, 2018) Nestlé has created a concept called Creating Shared Value with the main idea of being responsible not only to shareholders but also to the society where the company operates. Nespresso, as a premium luxury coffee of this brand, has created a so-called "The Positive Cup" which should deliver a greater value for society and the environment. They started to cooperate with a Rainforest Alliance and built specially for Nespresso an AAA Program in 2003. Next to embedding sustainable practices on farms, the aim is also taking care of socio-economic and environmental conditions. Farmers are rewarded with price premiums when the coffee is seen as high quality. The Nespresso premium quality coffee is available in a form of coffee capsules which are made from aluminium. Not only aluminium keeps coffee fresh but also is infinitely recyclable. (The Positive Cup, 2018)

Tchibo Prague brand is becoming more popular and strengthens its position, mainly within fresh coffee of good taste and premium quality. (Euromonitor International, 2018) Sustainability is a part of Tchibo's strategy since the year 2006 and its aim is to have a 100% sustainable development. Similar to Nestlé and Jacobs Douwe Egberts, Tchibo cooperates with many internationally recognised organisations for sustainable coffee farming as Rainforest Alliance, UTZ, Fairtrade and also BIO label. However, Tchibo supports also small local entrepreneurs through their own program "Tchibo Joint Forces!". Another program developed by Tchibo is "Coffee & Climate", which helps and educate farmers how to adapt to the often climate changes and a program "Save the Children", the biggest world organization which is devoted to children's rights. Tchibo is its partner since 2015 and helps children in Tanzania where were found special afterschool programs for 3000 children. Thanks to all of these activities, Tchibo won many international CSR awards, including the Czech TOP responsible corporate firm 2015. (Tchibo, 2018)

The time when people didn't care about society and environment is over. Research shows that every year the number of people who is interested in corporate social responsibility is increasing and are willing to recommend a responsible brand. Therefore, it is no wonder that the most successful companies of the Czech Republic in the coffee industry have CSR in their strategic plan.

People are looking for responsible products and brands. The importance of being responsible in the decision process while buying something is for 61 % of the Czech population crucial according to IPSOS CSR & Reputation Research. (IPSOS, 2018) However, Czech population is still insufficiently informed about responsible coffee. For instance, Fairtrade coffee is known mainly by people with a university degree, with the rest of population, the knowledge rapidly decreases. (KPMG, 2018) Anyway, Fairtrade coffee was bought by 88 % more in 2016 than in the previous year. The consumption was 326 tons in the Czech Republic. (Fairtrade, 2018)

4.2   Quantitative research in a form of a questionnaire

The questionnaire has been created in order to gain answers from coffee consumers in the Czech Republic. The aim of the research was to analyse whether any brand loyalty exists among the buyers, which factors influence the buying process, and mainly, whether corporate social responsibility has any impact on brand loyalty in the coffee industry or not.

Web-based survey created in umbrela.cz was used. Since the research is specialized in the coffee market, next to sharing it on social media in coffee lovers' groups, the questionnaire was present also in two cafés to better reach the right target. The survey was filled out by 106 respondents. The table 4 below provides an overview of the characteristics of the sample data.

The great majority of the respondents are females (57 %). The dominating group has a university degree for both women and men, representing almost 51 % of the respondents, or a Maturita degree (39 %), which is a high school-leaving exam in the Czech Republic. In contrast to education, the age of the respondents was more varied. Half of the sample is the group of 18-25 years, while 22 % is 26-30 years and 19 % is 31-40 years.

Tab. 4   Sample demographics

	Women		Men		TOTAL	
AGE	**Abs.**	**Rel.**	**Abs.**	**Rel.**	**Abs.**	**Rel.**
18-25	33	31 %	21	20 %	54	51 %
26-30	10	9 %	13	12 %	23	22 %
31-40	13	12 %	7	7 %	20	19 %
41-50	3	3 %	3	3 %	6	6 %
50+	1	1 %	2	2 %	3	3 %
EDUCATION	**Abs.**	**Rel.**	**Abs.**	**Rel.**	**Abs.**	**Rel.**
Elementary school	1	1 %	0	0 %	1	1 %
High school	1	1 %	4	4 %	5	5 %
High school with Maturita degree	25	24 %	16	15 %	41	39 %
Vocational college	4	4 %	1	1 %	5	5 %
University degree	29	27 %	25	24 %	54	51 %
TOTAL	60	57 %	46	43 %	106	100 %

Source: Own processing

4.2.1   Results

The first part of the questionnaire analysed factors which influence the buying process and whether there is any loyalty among the coffee consumers or not.

Respondents were obliged to rank how significant are different factors for them when buying coffee. From the graph below, where the relative numbers are displayed, is evident that taste and quality are the most important factors. However, if we sum up the variables very significant, significant and rather significant, for more than 50 % of respondents are all factors important when considering which product to buy.
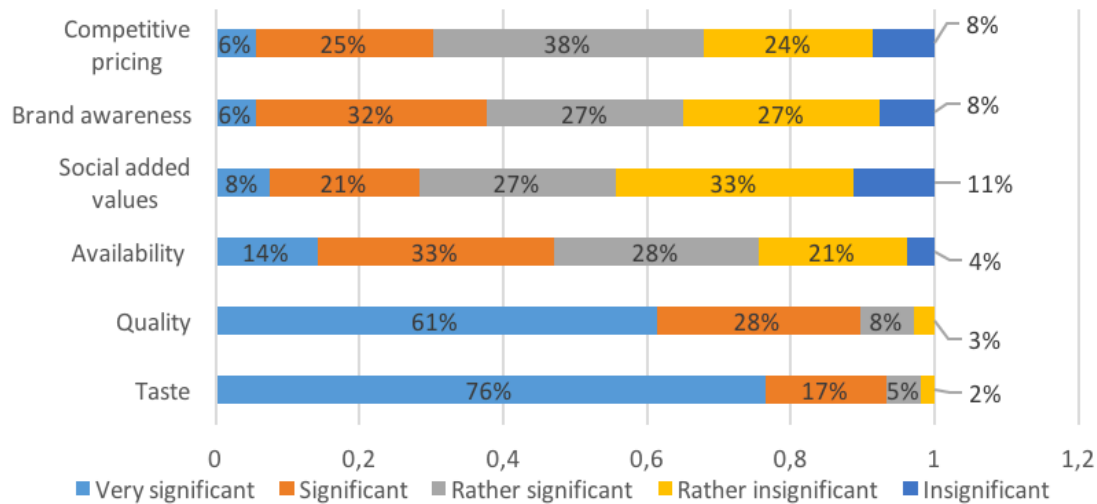
Fig. 4   The importance of factors influencing the buying process of coffee

Afterwards, testing of loyalty was done. The first question asking whether respondents have any preferred coffee brand showed that 77 respondents (73 %) have a popular brand. However, only 16 % of them can be described as committed customers, 19 % answered they have one or two brands which they like meaning they are so-called fence sitters and do not make any difference among them. The biggest part of respondents (40) said they have few brands which they prefer, this can be a case of fence sitters as well, but they can be also more influenced by price and can be categorized as price switchers. Very interesting is a fact that in contrast to older people, respondents who are 18 to 40 years old like to keep experimenting with new coffee brands. This can be done by the fact that younger people are more open-minded and are more likely to try new trends.

1%

16%

26%

19%

38%

■ No, I buy the one for the best price (1)

■ No, I keep experimenting with new coffee brands (28)

■ Yes, I have few brands which I prefer (40)

■ Yes, I like one or two brands (20)

■ Yes, I stick to the same brand (17)

Fig. 5   Do you have a preferred coffee brand?

Those who are loyal to some brand were asked to say what kind of brand is it. I have to mention that this question could be influenced by the fact that the questionnaire was present in two cafés and on Facebook groups for baristas, thus 71% of respondents answered they buy the brand from a specialized coffee store or it is a brand available only in cafés and only 29 % of the sample responded they buy their favourite brand in a supermarket.

Prerequisite for the brand loyalty is to have positive attitudes towards the brand which means also a satisfaction and customers are supposed to recommend the brand. 98 % of respondents said, according to the survey, they are satisfied with the brand and the same percentage of respondents would recommend it. However, when asking what kind of feelings describe their favourite brand, 15 respondents (18 %) have chosen an option "I don't have any special feelings towards the brand". It means it is not brand equity. Those people are described as passively loyal, people who do not buy the brand for a reason but for a habit. It was interesting to divide respondents into two groups according to where they buy their favourite brand. For consumers of coffee from specialized stores were the most often answers "I really like what the brand stands for and it makes me feel good buying from them" (31 %) and "I trust the brand completely" (26 %), in contrast to people whose most liked brand can be purchased in a supermarket. This group mostly answered they don't have any special feelings (37 %) or "The brand has a very good brand image" (19 %). The good brand image was chosen only by 4 respondents of the first group. It can be caused by the fact that brands in a supermarket are stronger on the market and they have more money for advertisement which is the

most common way of the image influencing. An option "They have very good quali-
ty coffee which is why I buy again and again" selected almost the same percentage
of respondents in both groups.

As quality is after a taste the most important aspect of the coffee buying pro-
cess, there were two questions included in the questionnaire related to quality and
price. Together 78 % answered they wouldn't switch coffee brands if an alterna-
tive coffee brand was cheaper but worse quality but 87 % of respondents would
more likely switch the brand to more expensive better quality coffee. It follows
that even though people have positive attitudes towards the brand, the factor of
quality is really strong and can change the buyers' decision process.

The second part of the questionnaire was designed in order to analyse how
consumers of coffee brands perceive a concept of corporate social responsibility.
From the literature research and the secondary data analysis is evident that the
concept is recognised by more and more people and they are willing to support
companies which have it as a part of their identity. In the figure below is seen that
CSR is seen as important in the coffee industry by both men and women. However,
there is a small difference between them. While CSR is seen by women decidedly as
"important" (55 %) and "extremely important" (27 %), men have chosen "extreme-
ly important" only in 20 % but there are 24 % of men considering the concept as
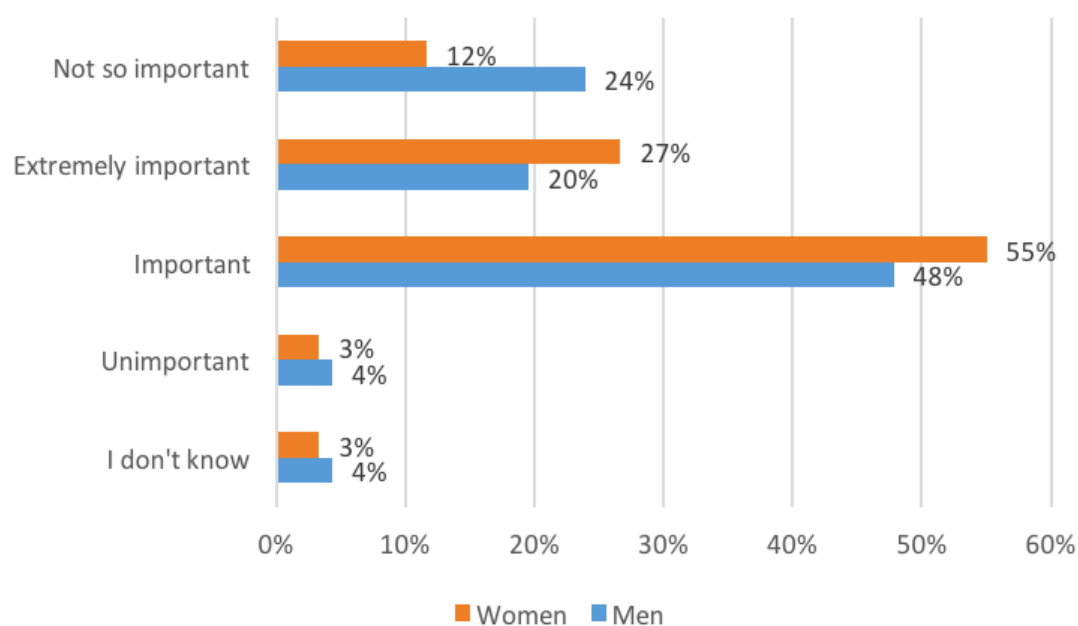"not so important".

Fig. 6   The importance of CSR for coffee brands

Since the CSR concept often means higher costs for the company and a price of the
final products can be thus higher, it is interesting to find out whether people are

willing to pay more for coffee which meets all the requirements of the corporate social responsibility. Research shows that 81 % are willing to pay this price. Furthermore, 13 people who previously said they do not see CSR so important are still willing to pay the higher price. The most people (36 %) are willing to pay 6-10 % more for a responsible coffee brand or even 11-25 % (25 % of respondents). Those are at the same time seeing the CSR as "important" or "extremely important".

In order to test how the concept of corporate social responsibility affects the buying decision process, respondents were asked if they would stop to buy a coffee brand which engages in unethical and unfair practices, even though the taste is their favourite. Forty respondents (38 %) would rather stop to buy such a brand. However, 23 % of respondents would continue buying an unethical brand even though 13 of them have previously said that CSR is important for them.

Another question was similar; they were asked if they would stop to buy an unethical brand which was at the same time the cheapest one. The answer here is more united. 90 respondents (85 %) would stop buying such a brand with using most often an answer "definitely yes". Even people who don't see CSR so important would change the brand. It follows that CSR is a really strong factor and can influence the buying decision process and loyalty towards the brand in contrast to price but the taste is still very important as was discovered previously in the questionnaire.

The end of the survey was focused on the awareness of CSR. A bigger half of respondents (61 %) said they don't feel informed enough about responsible activities done by coffee brands. Only a small percentage of people with a university degree (30 % of people with a university degree) or maturita degree (39 % of people with maturita degree) said they are informed enough. With rising popularity of social media, people use it as a source of information about companies more and more often. Even respondents see the importance of informing the society about CSR activities in the coffee industry through social media as significant. Only 10 % of them have the opinion that it is "rather insignificant" or "insignificant".

4.2.2   Hypothesis testing

On the basis of the questionnaire were created and later tested the hypothesis below. Contingency tables with absolute and expected values can be found in the appendix.

1. **H$_0$ There is no relation between personal feelings towards a favourite coffee brand and the type of the brand.**

   The null hypothesis has been rejected at the significance level of 0.05 as the p-value is smaller (0.001561<0.05). Thus, with 95% probability is possible to assert that there is a relation between personal feelings towards a favourite coffee brand and the type of the brand.

2. **H$_0$ There is no relation between the willingness to recommend the brand and the feelings towards the brand.**

    Another null hypothesis has been rejected as the p-value has a smaller value than the significance level (0.001036 <0.05). Therefore, with 95% probability, the alternative hypothesis is retained claiming that there is a relation between the willingness to recommend the brand and the feelings towards the brand.

3. **H$_0$ There is no relation between the willingness to recommend the brand and knowing the importance of the concept of corporate social responsibility in the coffee industry.**

    Since the p-value is approaching 0 and thus is smaller than the significance level, null hypothesis has been rejected (0.000<0.05). The answer of the hypothesis testing, therefore, asserts that with 95% probability there is a relation between the willingness to recommend the brand and knowing the importance of the concept of corporate social responsibility in the coffee industry.

4. **H$_0$ There is no relation between the willingness to pay more for a coffee brand which meets all the requirements of the CSR and knowing the importance of the concept of CSR in the coffee industry.**

    The last null hypothesis has been rejected at the significance level of 0.05 as the p-value is smaller (0.000170 <0.05). Therefore, there is a relation, with 95% probability, between willingness to pay more for a coffee brand which meets all the requirements of the CSR and knowing the importance of the concept of CSR in the coffee industry.

4.3   Introduction of Rituale caffè

Rituale caffè is a Czech medium-sized coffee-roasting plant company from a Southern Bohemian region. The company specifies in premium and specialty coffee for gastronomical use. They are willing to create a unique coffee mixture for each client with their own packaging and design. There are only three employees so far and they have 69 clients who have sometimes more franchises. The clients are in a gastronomical sector, which means cafés, restaurants, hotels. Rituale caffè can be found, after 5 years of their existence, all over the Czech Republic as can be seen on the figure below. However, they are mainly concentrated in the big cities as Prague, Brno and České Budějovice.

Fig. 7   A map of clients' presence
Source: Google Maps, 2018

There is also offered by Rituale caffè a program for self-development which means the clients, usually, café's owners and their baristas, come to the roasting room where they can be directly trained or mentored by Rituale caffè. Its main purpose of this training is to improve the relationships and build a trust between the company and their clients but also to ensure a perfection of the coffee created.

The coffee purchased by the company is the one of specialty type. The term specialty coffee was used for the first time in 1978 in a French Montreuil to describe coffee beans of the best unique flavour produced in a special geographical microclimate. In contrast to premium coffee, specialty coffee has defined standards which are controlled by Specialty Coffee Association. (SCA, 2018) By buying specialty coffee, customers are sure that the coffee is of the best quality, they know the exact place of origin, farm or directly a particular farmer of coffee and the way of the whole process.

Rituale caffè is now considering entering a new market. Next to a gastronomy market, they want to offer their specialty coffee also to the broad Czech population in a form of an online store. As they need to differentiate themselves from competitors, and they are aware of environmental and social problems in the coffee industry, they are thinking of implementing CSR into their strategy.

4.3.1   Current CSR activities

Rituale caffè does not implement corporate social responsibility concept purposely in their strategy. However, there are still some activities which are carried out by the company and are specified as a part of the CSR concept.

The coffee they buy is precisely chosen from countries as Brazil, Honduras, Nicaragua, Ethiopia, El Salvador and more. These countries suffer, they have problems with climate changes, deforestation and bad working conditions. Rituale caffè has decided to pick only those farms, which use new agronomy techniques in respect to nature. They have also started to visit the farms to personally check how the process of planting and harvesting works and whether everything is right on the farm and all farmers' and their families' laws are abided.

A cooperation with Fair Trade, UTZ Certified and Rainforest Alliance is evident. Another cooperation is, because of Latin American countries, with BIO Latina organic coffee certification. To empower women through the supply chain in developing countries, there is another organization cooperating with Rituale caffè. International Women's Coffee Alliance fights for women in the coffee industry for not being excluded from training, education or not having financial benefits. (IWCA, 2018)

These actions are part of an environmental and social pillar. In order to speak about a responsible brand, the caring actions have to be at the core of the identity and the company has to be more responsible also in the workplace.

4.3.2   Elements of branding

The core identity of Rituale caffè or the heart of the brand as it is called by Olins (2016) can be described as "Czech coffee-roasting plant specialised in specialty coffee with a transparent place of origin and best quality which is well prepared, freshly roasted and properly brewed." Thus, in the soul of the brand is the quality of the production and of the final product. The extended identity is then a good relationship with both clients and farmers, committed employees and a specialization in gastronomy.

The name Rituale caffè is self-explanatory and easy to remember. Coffee ritual in translation from Italian communicates the identity of this company almost clearly. There is an evident connection to coffee and at the same time, the term ritual evokes positive feelings in people's mind.

There is a close relationship with coffee in their logo. The identity of the company is apparent. The S-shape of the best coffee beans, Arabica beans, represents the company's insistence on quality. The brown colour represents the roasting process when the coffee beans change from green into brown. The logo of Rituale caffè is present on all packages of coffee which were roasted by them.

Fig. 8   Logo of Rituale caffè
Source: Facebook, 2018

Even though Rituale caffè's brand isn't really promoted and managed, they have many loyal clients who are really committed. This is a very big advantage of a gastronomical sector.

4.3.3   Questionnaire for customers of Rituale caffè

This questionnaire consists of 3 questions created particularly for clients of Rituale caffè and distributed by the coffee-roasting plant's owner Daniel Šperka to all customers by email. It analyses which factors are the most important for them, meaning what makes them be loyal towards the brand. Second question analyses whether they see a concept of corporate social responsibility as important in the coffee industry nowadays or not, and the last, if they would be interested in implementing CSR activities and thus changing the brand identity. From 69 clients were collected only 65 answers and two of them had to be erased because the questionnaire was filled in incompletely.

The first question proves that taste and quality are the most important factors influencing the buying process and strengthen loyalty. The percentage of answers "very significant" is even higher than in the previous questionnaire. It is caused by the high quality of Rituale's coffee. Competitive pricing is again rather insignificant but in contrast to the first questionnaire, good brand image and merchandise access are more significant thanks to the gastronomy sector. Cafés like to have a coffee which is recognised by people and they need incessantly access to it. What is very important, activities which can be regarded as responsible activities are a very high value of importance. All the relative numbers can be found in figure 9 below.
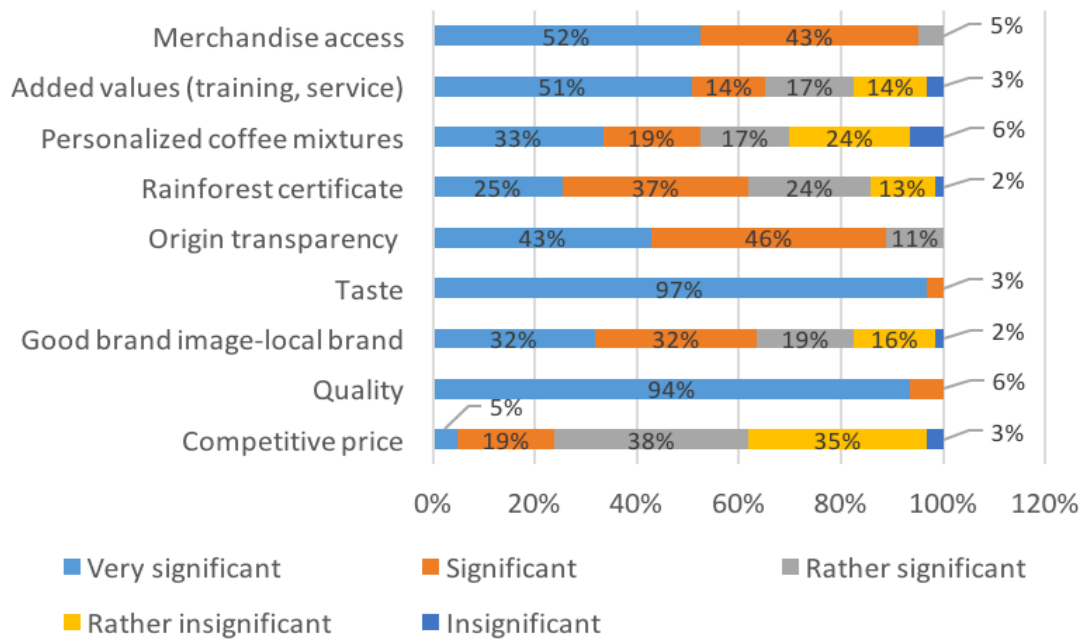
Fig. 9   Factors influencing loyalty towards Rituale caffè

Question number two points out that cafés and hotels' owners are aware of the ethical and environmental problems in the coffee industry. 31 respondents, representing 49 %, stated that CSR is definitely important in the coffee branch nowadays. None of the respondents has said it is unimportant nor rather unimportant.
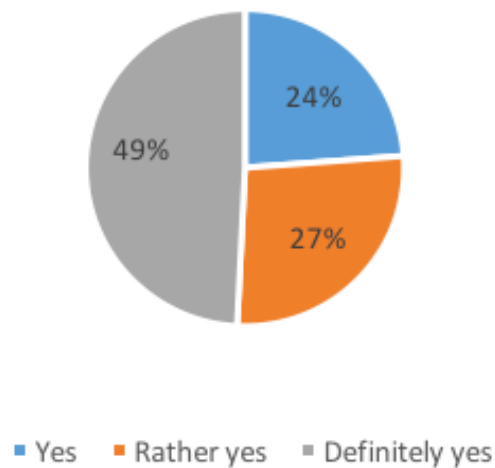

Fig. 10   Do you see corporate social responsibility as important in the coffee industry nowadays?

In the last question, participants were supposed to speak their mind to five different statements regarding their satisfaction if the coffee brand image was more linked to the responsible activities. It is positive to see that only 8 respondents (13 %) said they are rather not interested in CSR and, after adding "Agree" and "Rather agree" up, 95 % would feel proud to offer such a brand to customers. Generally, they are very open to the idea even though 13 people (21 %) said they are not sure by the customers' appreciation, which can be caused by the final higher price. However, 40 % of restaurants would rather be still willing to pay more for such a coffee and 29 % are sure to be able to pay more. More than three quarters stated also that it would be useful if Rituale caffè promoted their current activities. With this statement agrees the owner of Rituale too as it hasn't been done properly so far.
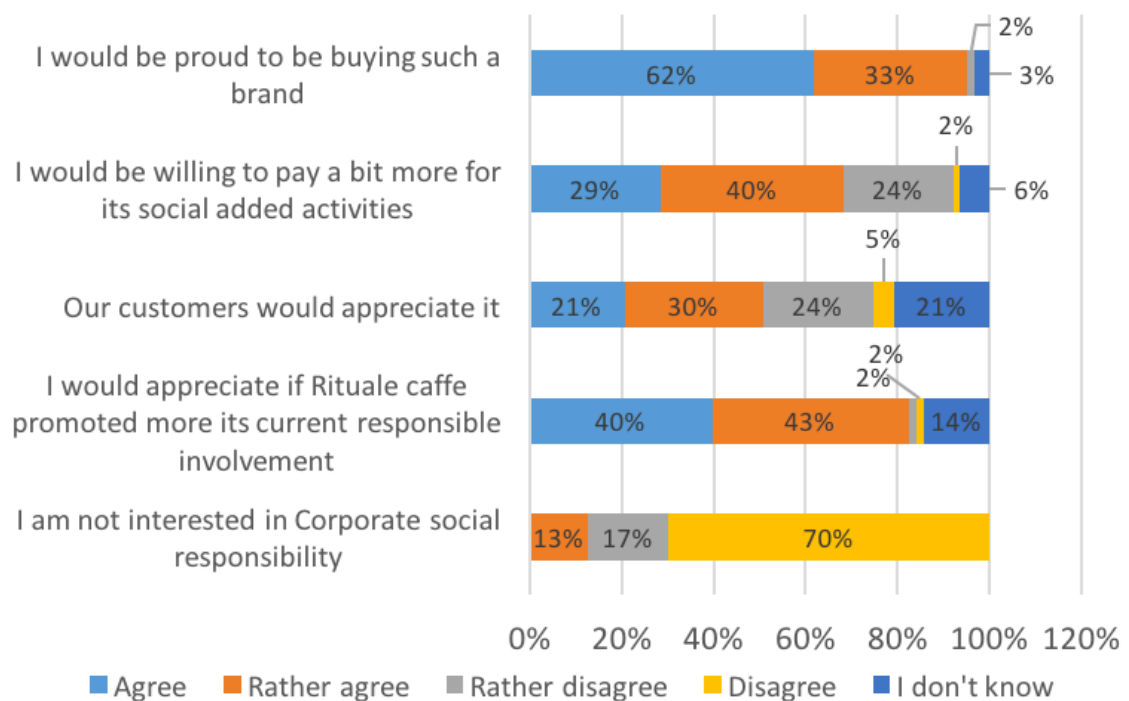

Fig. 11   Would you feel more satisfied after buying coffee from Rituale caffè if their brand image was linked to responsibility actions more? Please rank each statement.

4.3.4   SWOT analysis

To understand a current situation clearly and to be able to plan, it is useful to analyse what strengths and weaknesses of the company are. If the analysis is done correctly, the company can build on the strengths in order to take advantage of the opportunities while minimizing its weaknesses and being aware of the threats.

Strengths

- As it is a small company it is easier to make a change in the strategy.

- Since its 5 years' existence, they have built a good reputation and portfolio of trusted clients.
- Thanks to their added values as training, they have built good relationships with their customers.
- They offer the best quality coffee with a transparent place of origin and responsible certificates which is what their customers ask for.

Weaknesses

- The recognition of the brand is still low.
- There is a lack of informing clients about their CSR activities and certificates.

Opportunities

- Corporate social responsibility builds trustworthiness and brand loyalty.
- Rituale caffè has loyal customers who see the importance of corporate social responsibility in the coffee industry and are willing to pay more for a more responsible brand.
- As people are not feeling informed about problems in the coffee industry, Rituale caffè can take advantage of it and present their experience from their travels to developing countries.

Threats

- Competition from bigger coffee-roasting plants and their advertising campaigns which ameliorate their brand image.
- A possibility of increasing costs by implementing CSR into their strategy.

4.4   Recommendations in terms of responsible and sustainable brand management

Recommendations will be suggested for a company Rituale caffè on the basis of previous analysis and questionnaire. However, also others small-sized coffee companies can get an inspiration when starting with a corporate social responsibility. The final plan, which will be the most suitable, meaning not to be only responsible but enhancing customer loyalty to the brand at the same time, will be economically interpreted.

In order to be a responsible brand, the company cannot only involve CSR activities and advertise them. The brand identity has to be set up properly and cannot involve any unethical practices. The current brand identity of Rituale caffè promises customers an authentic, high-quality coffee with a transparent place of origin and roasted in a local coffee-roasting plant. There is nothing unethical, which is important but there is even nothing what would point out their current CSR activities. The heart of the brand has to remain. However, I would recommend to Rituale caffè create a slogan, as they don't have any yet, to show people they care about environmental and social problems related to the coffee industry. It can

be for instance "We make coffee for people from people" to highlight the fact that there is a process behind the coffee which involves many human beings who deserve a better standard of living. For people can be understood as for customers or for next generation's future, showing the involvement in the environmental protection.

The first action which should Rituale implement is to advertise more their current sustainable activities. Secondary data analysis showed that people are not informed enough about certified coffee which was proved in the quantitative questionnaire too where 61% of respondents said they don't feel informed enough about the corporate social responsibility of the coffee brands. Rituale should take advantage of this opportunity. Initially, presentation of all certificates, their coffee has, should be done through the social media and website, with an introduction what they represent and why is it important to support them. Secondary, Rituale caffè can organize public lectures and educate a community about current problems which coffee industry has to face. Mainly the young generation is nowadays very interested in travelling and Rituale caffè could mix their experience in travelling to developing countries with a small talk about farmers' life and sustainable farming.

Next to currently certified coffee they purchase, it would be nice to buy more coffee directly from the chosen farmers. Direct trade is usually even more expensive than buying for instance Fairtrade coffee but the communication and a quality check is easier. Rituale caffè would give money right to the farmer himself and could be able to pay them bonuses (a percentage from the sold coffee) to improve their processing plant in order to be eco-friendlier and sustainable. Again, a brief introduction of each farmer and what the extra money uses for is recommended. When customers see real names of the families behind the process, the trustworthiness of the brand is built.

However, the company has to be responsible in the own workplace as well. In order to not only protect the environment where farms are situated but also in the Czech Republic, the coffee package is recommended to be changed. Nowadays it is made from a non-recyclable material. The perfect solution to it would be not using any package. However, as Rituale specializes in the gastronomy sector and has to transport approximately 30kgs per month to one café in 1kg bags, they need to have a package which is indestructible and the coffee cannot lose its quality. An option is to use infinitely recyclable aluminium as it is solved in Nespresso.

The number of Rituale caffè's customers is growing rapidly and soon, an assistance in the production process as weighting, packaging of the roasted coffee and preparing shipments will be needed. A suitable solution is to give a chance to disabled people. It is useful to make a list of work where the disabled person could work and refer to non-profit institutions which are able to help and find a suitable candidate. Such a help can be found at NFOZP, Endowment fund for the aid of the employment of people with disabilities. (NFOZP, 2018)

Another way how to implement CSR into the strategy is a charity donation. The company would choose one charity which is according their interests. An ar-

rangement that company will send monthly a financial aid will be made. It could be for instance 5 % of each 1kg coffee bag sold.

4.4.1   Calculation of the final proposal

The final recommendation will be such a plan which protects an environment, supports community and helps to promote the brand and build a loyalty program at the same time. Coffee comes from the developing countries to the coffee-roasting plant in 60kgs jute bags which are not used later on and usually end in a trash. However, instead of wasting, Rituale caffè can approach a sheltered workshop in their surroundings where the jute bags can be used for handmade tailored shopping bags with a Rituale caffè logo. These bags would be given as a gift to customers after each 20kgs of coffee they buy. This would help the company to create a loyalty program, build a better reputation and awareness of the brand, thus the brand equity. Moreover, there is always printed a place of origin and all the certificates the coffee has on the jute bag. Therefore, thanks to the shopping bags can be raised public awareness of not only Rituale but also of a specialty coffee and certificates associated with it.

Fig. 12   60kgs coffee jute bags in Rituale caffè
Source: Facebook, 2018

A suitable sheltered workshop is Práh Jižní Morava, located in Brno. To adults with a mental illness is being given help there and are integrated into an ordinary everyday life. Besides other activities, Práh runs a sewing room where is created their own assortment of goods or commissioned work is made. By buying products manufactured in Práh, Rituale wouldn't help only financially but also by giving the disabled people work, meaning helping them psychologically. (Práh Jižní Morava, 2018)

Rituale caffè has in a form of waste approximately thirty-five 60kgs bags/month as they have 69 customers with an average consumption 30kgs/month. From each bag can be sewed 3 Rituale shopping bags, meaning 105 shopping bags/month. To use all the material and reach at least one gifted bag monthly the donation after each purchase of 20kgs of coffee is reasonable in the gastronomy sector.

Given the fact that the jute bags are supplied by Rituale to Práh, the proposal would contain expenditures in a form of labour costs, costs of a supplementary material as needles, threads and a print of the Rituale label by a textile colour. The minimum wage is from 1.1.2017 for everyone set up at 11,000 CZK, disabled people included. (zpravy.alfa9.cz, 2018) If we would work on the assumption that 1 shopping bag is sewed within 1 hour, the labour cost is 68.75 CZK. The supplementary material expenditure with the Rituale label is maximally 20 CZK. A total price of one jute shopping bag is thus 88.75 CZK.

Tab. 5   Yearly expected expenditure of donated hand-made jute shopping bags

The expected amount of sold coffee/year	24 840kg
Expected number of donated shopping bags/year	1 242 bags
Total costs of the proposal/year	110 227.5 CZK

Source: Own processing

Since the number of gifted shopping bags changes monthly, the lost profit has been economically interpreted after one year.

5 Discussion

This bachelor thesis was focused on the topic of the mutual relationship between brand management and a concept of corporate social responsibility in the Czech coffee industry. CSR is more and more often regarded as a good marketing tool which can influence consumer's behaviour, brand image, and later on brand loyalty. Initially, in order to describe a current situation of the Czech coffee industry and to briefly describe CSR activities of major brands on the Czech coffee market, secondary data analysis obtained from annual reports, databases or CSR reports was done. However, the primary part of the analysis was a quantitative research in a form of a questionnaire designed for coffee consumers, and a questionnaire for Rituale caffè's customers.

If we take a look at a research that was done by Larson (KPMG, 2018) from KPMG U.S., the survey stated that 90 % of customers expect from companies not making only a profit, but also operate responsibly. This statement has been proved by both questionnaires. Especially Rituale caffè's customers are aware of the importance of the concept of CSR. Mádlová (Byznys.ihned.cz, 2018), the founder of the Association of the Czech Republic, says that the expectations of nowadays population growth. Thus, there is a competitive advantage in sustainable and responsible brands which are easily adapted to consumers' requirements.

Consumer's buying process is highly influenced according to KPMG's Czech shopping customs research (KPMG, 2018) by the quality in the first place and secondly, by price. Another factor influencing the buying process is according to the last research of IPSOS (IPSOS, 2018) a concept of CSR implemented in the company's strategy. For coffee consumers who responded to the questionnaire is quality definitely a decision-influencing factor when buying coffee, but added values of the company are significant only for certain people. However, Zadražilová (2010) points out in her book that even though people do not make always a purchase on the ground of corporate social responsibility, companies should not definitely resign from its responsible and sustainable actions. The situation is according to her changing quickly and customers perceive it positively and take it into account.

Regarding the impact of CSR on brand, there has been statistically proved that feelings towards the brand influence the willingness to recommend it, and also that there is a relation between knowing the importance of CSR and willingness to recommend the brand. This has been confirmed also by Nielsen's online survey (Nielsen, 2018) in 60 countries with 30,000 consumers on the topic of how the purchase is influenced by sustainability. According to the survey, brands should take an advantage of CSR in order to build trust, especially in the social and environmental pillar. The relationship between perceived CSR activities and brand trust has been explained also by a Swedish University study, adding that there is a positive influence of brand loyalty, a qualitative research in a form of a questionnaire was used as well. (Lidfords, L. and H. van den Berg, 2018) And The City University of Hong Kong found out in their study that brand loyalty can be

built through enhancing brand image by perceiving ethical responsibilities. (The effect of corporate social responsibility on brand loyalty, 2018)

The research confirmed the impact of CSR on purchasing behaviour and the ability to build positive attitudes towards the brand. In order to create recommendations, a specific small sized company of the local coffee market has been chosen. Mádlová (Byznys.ihned.cz, 2018) mentions that CSR is not only for big corporate companies anymore but also for smaller and medium-sized companies. These smaller brands, in contrast to big ones, do not take the concept of CSR that formally and take it more ethically and naturally. They take into consideration the environment, community and they select their suppliers very strictly.

There is a sample size limitation in this study. The study focuses only on companies acting on the Czech coffee market. A larger amount of respondents and a comparison of the results in different industry and geographical location would allow us to generalize and conduct a better statistical testing in order to validate the findings of this study.

This thesis can be further built up on the fact that owners of cafés cooperating with Rituale caffè's showed interest in CSR, thus, it would be useful for the further research to use the qualitative data analysis. Subsequently, as the awareness of CSR activities of coffee brands is generally low and customers show an interest in being more informed, there is another opportunity for the future research in this matter. The results of that more extended study with this focus would be of great importance for the field of marketing.

6 Conclusion

Bachelor thesis "Responsible Brand Management" stated an objective to analyse the mutual relationship between brand management and a concept of corporate social responsibility (CSR) in order to propose recommendations for a company in the Czech coffee industry to become a responsible and sustainable brand.

To achieve this aim, analysis of professional literature and scientific sources of both terms- brand management and corporate social responsibility was done. Moreover, a link between those two terms was studied. To introduce coffee industry in the Czech Republic, a secondary data analysis was performed with a focus on Czech major coffee brands and its corporate social activities. Subsequently, a quantitative research in a form of questionnaire was conducted with four hypotheses tested.

The results demonstrate that CSR is an important factor for Czech coffee consumers when choosing a brand. People are willing to recommend the brand more likely if they are aware of the CSR importance, and those who see it as important are able to pay more for a brand which meets the responsible and sustainable requirements. It follows that even though CSR cannot be taken as a commercial tactic, it has a positive impact on attitudes towards the brand and on building a loyalty.

Afterwards, a chosen coffee-roasting plant Rituale caffè was described with its current branding elements and CSR activities. A short questionnaire completed by Rituale's customers was analysed and on the basis of the final analysis of strengths and opportunities which Rituale caffè has were proposed several recommendations.

There has been found out that consumers do not feel informed enough about CSR activities in the coffee industry. The engagement in CSR activities and a better promotion would be valuable for Rituale caffè, as their customers showed interest. Therefore, a final strategy proposal, which was the most suitable for the company, was economically interpreted. It ensures the company to be a real responsible brand as it involves reducing waste and helping a community. Such a brand is despite the expenditures supposed to be able to reach a long-term prosperity, sustainable profit, good brand image and loyal customers.

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Appendix

A Questionnaire

1. How often do you buy coffee?

- Regularly
- Often
- Not so often
- Rarely
- Never

2. Please indicate which factors are the most important for you when buying coffee (whether in a café or for a home-use)

	Very significant	Significant	Rather significant	Rather insignificant	Insignificant
Competitive pricing					
Quality					
Brand awareness					
Availability					
Taste					
Social added values (charitable contribution-children in developing countries, farmers working on coffee plants…)					

3. Do you have a preferred coffee brand?

- Yes, I stick to the same brand
- Yes, I like one or two brands
- Yes, I have few brands which I prefer
- No, I keep experimenting with new coffee brands
- No, I buy the one for the best price

If you can think of one specific brand you are loyal to (whether in a café or at home), please keep this brand in mind when answering next 5 questions. If not, please skip to the question 8

4. What kind of brand is it?

- A coffee brand which is available in a supermarket or other nonspecialized coffee stores
- Brand from a specialized coffee store or it is a brand available only in cafés

5. How are you satisfied with this brand?

- Extremely satisfied
- Satisfied
- Somewhat satisfied
- Rather dissatisfied
- Dissatisfied

6. Please, choose one option, which best describes your feelings towards this coffee brand.

- I trust the brand completely.
- The brand has a very good brand image.
- I really like what the brand stands for and it makes me feel good buying from them.
- I don't have any special feelings towards the brand.
- They have very good quality coffee which is why I buy again and again.

7. Would you recommend the brand to others?

- Definitely yes
- Yes
- Rather yes
- Rather no
- No

8. How likely would it be for you to switch to another coffee brand if an alternative brand was cheaper but worse quality?

- Extremely likely
- Likely
- Rather likely

- Unlikely
- Extremely unlikely

9. **How likely would it be for you to switch to another brand if an alternative brand's coffee was a better quality but higher price?**

- Extremely likely
- Likely
- Rather likely
- Unlikely
- Extremely unlikely

10. **Do you think a concept of corporate social responsibility is important for brands in the coffee industry nowadays?**

- Extremely important
- Important
- Not so important
- Unimportant
- I don't know

11. **Would you be willing to pay more for a coffee brand which meets all the requirements of corporate social responsibility?**

- Definitely yes
- Yes
- Rather yes
- Rather no
- No

12. **What is the percentage you would be willing to pay extra for a brand which meets CSR requirements?**

- 0%
- 1-5%
- 6-10%
- 11-25%
- 26-50%
- 51-75%
- 76-100%

13. **Would you stop to buy coffee from a brand if you found out about its unethical practices, even though the taste is your favourite?**

- Definitely yes
- Yes
- Rather yes
- Rather no

- No

14.   Would you stop to buy coffee from a brand if you found out about its unethical practices, even though it is the cheapest coffee?

- Definitely yes
- Yes
- Rather yes
- Rather no
- No

15.   Do you feel informed enough about CSR activities of coffee brands?

- Definitely yes
- Yes
- Rather yes
- Rather no
- No

16.   Please indicate the importance of informing the society about CSR activities in the coffee industry through social media

- Very significant
- Significant
- Rather significant
- Rather insignificant
- Insignificant

17.   Please select your gender

- Male
- Female

18.   Please select your age

- 18-25
- 26-30
- 31-40
- 41-50
- 51+

19.   Please select your current highest education

- Elementary school
- High school
- High school with Maturita degree
- Vocational college
- University degree

B Contingency tables for testing the hypothesis

Tab. 6   Contingency table for the first hypothesis: feelings towards the favourite brand and a type of the brand

FEELINGS	TYPE OF THE BRAND		TOTAL
	Coffee brand from a specialized coffee store or a café.	Coffee brand available in a supermarket.	
I trust the brand completely.	15 (10.92)	1 (5.08)	16
I really like what the brand stands for and it makes me feel good buying from them.	18 (15.01)	4 (6.99)	22
I don't have any special feelings towards the brand.	5 (10.24)	10 (4.76)	15
They have a really good quality coffee that is why I buy again and again.	16 (15.69)	7 (7.31)	23
The brand has a very good brand image.	4 (6.14)	5 (2.86)	9
TOTAL	58	27	85

p-value: 0.001561

Tab. 7   Contingency table for the hypothesis n.2: willingness to recommend the brand and feelings towards the brand

WILLINGNESS TO RECOMMEND	FEELINGS TOWARDS THE BRAND					TOTAL
	I trust the brand completely.	I really like what the brand stands for and it makes me feel good buying from them.	I don't have any special feelings towards the brand.	They have a really good quality coffee that is why I buy again and again.	The brand has a very good brand image.	
Yes	3 (5.08)	6 (6.99)	5 (4.76)	10 (7.31)	3 (2.86)	27
Definitely yes	13 (8.09)	13 (11.13)	1 (7.59)	12 (11.64)	4 (4.56)	43
Rather no	0 (0.38)	0 (0.52)	1 (0.35)	0 (0.54)	1 (0.21)	2
Rather yes	0 (2.44)	3 (3.36)	8 (2.29)	1 (3.52)	1 (1.38)	13
TOTAL	16	22	15	23	9	85

p-value: 0.000430

After combining categories "Rather no", "Rather yes" and "Yes" into "Probably yes"

WILLINGNESS TO RECOMMEND	FEELINGS TOWARDS THE BRAND					TOTAL
	I trust the brand completely.	I really like what the brand stands for and it makes me feel good buying from them.	I don't have any special feelings towards the brand.	They have a really good quality coffee that is why I buy again and again.	The brand has a very good brand image.	
Definitely yes	13 (8.09)	13 (11.13)	1 (7.59)	12 (11.64)	4 (4.55)	43
Probably yes	3 (7.91)	9 (10.87)	14 (7.41)	11 (11.36)	5 (4.45)	42
TOTAL	16	22	15	23	9	85

p-value: 0.001036

Tab. 8   Contingency table for the hypothesis n.3: knowing the importance of CSR in the coffee industry and willingness to recommend a coffee brand

THE IMPORTANCE OF CSR IN THE COFFEE INDUSTRY	WILLINGNESS TO RECOMMEND A BRAND				TOTAL
	Yes	Definitely yes	Rather no	Rather yes	
Rather unimportant	2 (4.48)	7 (7.08)	1 (0.33)	4 (2.14)	14
Extremely important	1 (6.04)	17 (9.61)	0 (0.45)	1 (2.91)	19
Important	24 (13.98)	16 (22.26)	0 (1.04)	4 (6.73)	44
I don't know	0 (1.27)	3 (2.02)	0 (0.09)	1 (0.61)	4
Unimportant	0 (1.27)	0 (2.02)	1 (0.09)	3 (0.61)	4
TOTAL	27	43	2	13	85

p-value: 0.000001

After combining categories "Rather unimportant", "I don't know" and "Unimportant" into "Rather unimportant" and categories "Rather no" and "Rather yes" into "Probably yes"

THE IMPORTANCE OF CSR IN THE COFFEE INDUSTRY	WILLINGNESS TO RECOMMEND A BRAND			TOTAL
	Yes	**Definitely yes**	**Probably yes**	
Rather unimportant	2 (6.99)	10 (11.13)	10 (3.88)	22
Extremely important	1 (6.04)	17 (9.61)	1 (3.35)	19
Important	24 (13.98)	16 (22.26)	4 (7.76)	44
TOTAL	27	43	15	85

p-value: 0.000000

Tab. 9   Contingency table for testing the hypothesis n.4: the importance of CSR and willingness to pay more for a responsible product

WILLINGNESS TO PAY MORE FOR A RESPONSIBLE PRODUCT	IMPORTANCE OF CSR					TOTAL
	Rather un-important	Extremely important	Important	I don't know	Un-important	
Rather Yes	7 (4.75)	4 (6.6)	17 (14.52)	0 (1.06)	0 (1.06)	28
Yes	4 (7.47)	11 (10.38)	28 (22.83)	1 (1.66)	0 (1.66)	44
Definitely yes	0 (2.38)	9 (3.3)	3 (7.26)	1 (0.52)	1 (0.53)	14
Rather no	7 (3.06)	0 (4.25)	6 (9.33)	2 (0.68)	3 (0.68)	18
No	0 (0.34)	1 (0.47)	1 (1.04)	0 (0.08)	0 (0.08)	2
TOTAL	18	25	55	4	4	106

p-value: 0.000067

After combining categories "I don't know", "Rather unimportant" and "Unimportant" into "Unimportant" and categories "Rather no" and "No" into "Rather no", and "Definitely yes" and "Yes" into "Yes"

WILLINGNESS TO PAY MORE FOR A RESPONSIBLE PRODUCT	IMPORTANCE OF CSR			TOTAL
	Extremely important	Important	Unimportant	
Rather Yes	4 (6.6)	17 (14.53)	7 (6.87)	28
Yes	20 (13.68)	31 (30.1)	7 (14.23)	58
Rather no	1 (4.72)	7 (10.38)	12 (4.91)	20
TOTAL	25	55	26	106

p-value: 0.000170

C   Questionnaire for customers of Rituale caffè

1.   Which factors influence your loyalty towards Rituale caffè brand? Please rank each choice.

	Very significant	Significant	Rather significant	Rather insignificant	Insignificant
Competitive price					
Quality					
Good brand image					
Taste					
Origin transparency					
Responsible certificates					
Personalized coffee mixtures					
Added values (training, service)					
Merchandise access					

2.   Do you see corporate social responsibility as important in the coffee industry nowadays?

- Definitely yes
- Yes
- Rather yes
- Rather no
- No

3. **Would you feel more satisfied after buying coffee from Rituale caffè if their brand image was linked to responsibility actions more? Please rank each statement.**

	I agree	I rather agree	I rather disagree	I disagree	I don't know
I would be proud to be buying such a brand					
I would be willing to pay a bit more for its social added activities					
Our customers would appreciate it					
I would appreciate if Rituale caffè promoted more their current responsible involvement					
I am not interested in corporate social responsibility					