

Project Dissertation

On

To Build Brand Equity

Using Corporate Social Responsibility: Case Approach

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CERTIFICATE

This is to certify that the Project Report titled **To build Brand Equity using Corporate Social Responsibility**, is a bonafide work carried out by **Mr. Ankit Kumar Khalotra** of **MBA 2014-16** and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

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DECLARATION

I, **Ankit Kumar Khalotra**, student of MBA 2014-16 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Project Report on **“To Build Brand Equity using Corporate Social Responsibility”** submitted in partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me. The information and data given in the project dissertation is authentic to the best of my knowledge.

This project dissertation is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Place: Delhi

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Date:

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ABSTRACT

“**Corporate social responsibility (CSR)** is a method of corporate self-regulation incorporated into a business model. Corporate Social Responsibility has no universally accepted definition but it is treated as to take ethical approaches and be socially responsible and accountable to the stakeholders. Stakeholders are the people who are affected by the activities of the organization, they can be suppliers, creditors, employees and etc. Corporate social responsibility has been a compulsion for some organization according to new companies Act 2013 who meet the required statements.

Whereas, “**Brand equity** is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more money from products with that brand name than from products with a less well-known name, as consumers believe that a product with a well-known name is better than products with less well-known names”. Though it is hard to find the brand equity factors and different organizations have their different approaches to find it. Brand equity is also associated with brand image and brand loyalty, it can have a huge impact on financials.

In this project, the goal is to find the relationship between Corporate Social Responsibility and Brand Equity, the effect of Corporate Social Responsibility would have in building brand image and loyalty. The research has been carried out on two famous companies i.e. **Starbucks** and **Walt Disney**. Both the companies have a very impressive brand equity but, the question is How did they achieve it, what criticism they had to face in their successful journey and what activities of corporate social responsibility were performed by them to overcome it. Brand equity has been measured as per Millward Brown and Interbrand annual rating charts. Millward Brown is a market research firm having headquarter in New York. Its area of expertise is research on brand equity, strategic communication, media and effectiveness of advertising. It is a wholly owned operating company by WPP plc and is part of Kantar Group, the world’s second largest market research organization. Whereas Interbrand is a part of Omnicom, brand consultancy firm, which looks after domains such as brand value, brand strategy-making, analytics, brand management. Interbrand has 29 workplaces all over the globe. Both companies have their separate methodologies to calculate the brand equity so there will be some difference in their brand rankings too because of the parameters used for calculation.

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1. INTRODUCTION

Corporate social responsibility means to behave ethically, play a role in the economic development, improve the life standard of the employees and their families, and develop the surroundings around you like build a school, hospital or anything that helps the local society in any way or the other. A company needs to do more than just not harming the people and the society. Normally companies go to those part of the world where they find cheap labour, less restrictions and where they can easily run their operations without having much tension and limits but, most of the company's only focus on profits without giving much weightage to environment and the labour facilities which harms the society in way or the other.

With the increasing competition, companies are taking corporate social responsibility concern seriously. Nowadays consumers are much aware about the brands and products compared than what it was like 10 years ago. Now consumers associate the brands that not only focus on their benegits and profitability but, also take into consideration other issues like environment pollution and employee problem.

In the last few decades, CSR is defined and explained in various ways and seen from different angles. The importance of CSR is increasing with the increase in global business and with the increasing movement in goods from one place to another, where there is different culture and beliefs.

An Organization success depends on their repute and many organizations have failed to build that because of poor publicity and due to not involving stakeholder in the company decision making process which has brought a bad name to the organization and ultimately affected the brand equity of the firm which also affects the profitability of the firm.

Firms success depend on their reputation, there are many organizations that have failed due to their poor publicity and not involving with the stakeholders in the company decision making process, which ultimately affects the brand equity and profitability of the firm. Adopting CSR has paid well for many companies like Starbucks and Walt Disney when they were facing criticism due to various CSR issues like environment pollution, poor working conditions etc.

1.1 Significance of the study

The research will mainly focus on how firms use Corporate Social Responsibility to build brand equity.

- To know the relationship between CSR and brand equity
- To know the factors which can enhance CSR

1.2 Statement of problem

- What is the meaning of CSR in today's context?
- What is the present use of CSR in the firms?
- What are the major benefits of CSR in the development of brand equity?
- What is the competitive advantage of using CSR?
- How is brand equity linked to CSR?

1.3 Objectives of the study

- To find out the CSR impact on brand equity value in short or long term.
- To find out the Stakeholder's issues such as environment policy, community involvement, working environment and employee relations.
- To find out how CSR affects the environment, labor, local community and what is the subsequent effect on the competitive advantage of the company and its brand equity.
- To find the factors which will help to identify the relationship between brand equity and CSR.

2 LITERATURE REVIEW

2.1 Corporate Social Responsibility

According to Dawkins (2004) CSR is basically consistency of a firm to act ethically, increasing economic development, improvement in the lives of their workforce and their families and playing a role in the development of the society. CSR is defined differently in various CSR definitions.

According to Davis (1973) firm, on who just follow some of the requirements of law is not called a socially responsible firm. CSR work starts from the point where law ends. CSR is to act as a responsible citizen and fulfill the social requirement of the community.

For the last couple of years, CSR is the most debatable topic, not only in the media but also in academics. CSR importance is increasing with the increase in the global business market and movement of the goods from one country and culture to the other. (Miller & Besser, 2000).

According to McGuire (McGuire, 1963 in Carroll, 1979:498), companies are not only responsible for their legal and financial obligations, but they are also responsible for the society up to certain limits.

Ailawadi and Keller (2004) have commented that any events that the organizations hold for other than, even if partly, their direct financial benefits are also something called Corporate Social Responsibility. McGuire also highlighted the fact that a company is socially responsible if it not only fulfils the monetary and legal requirements but also considers it as a duty to serve the society in some way.

2.1.1 The Evolution of Corporate Social Responsibility

For the last decade, the idea of communal societal accountability has developed a lot from a small and frequently marginalized idea of a composite and versatile term. Two lecturers Adolf A. William Dodd and Martha Dodd are the initial scholastics to discuss the Corporate Social Responsibility issue. Burt & Mellahi (2002) argued that directors are only accountable to stiff shareholders, while Dodd disputed that they have a superior and a wider variety of tasks. Bowen has been called the father of Corporate Social Responsibility in the recent years. The United States observed the current social privileges faction during the 1950s and 1960s. A mixture of the social rights-movement, and the Vietnam conflict in the 1960s and untimely 1970s, brushed dissimilar communal activities jointly. The commerce surroundings were distorted crossways the earth by using campaigner collections and NGOs. Nowadays, associations, similar to Green Peace and Amnesty, frequently use the influence of media to tell the community about commerce practices that they find communally reckless. Serious harm to a firms position occurs by the unwanted media attention. This may cause disgruntled workers and a reduced level of trade. They disputed that brands were no longer immediately concerned in the dispute of principles and communal topics, but associations were also performing a convinced mode to gratify the prospection from the media and the civilization. Some compacts were required to modify their goods, strategies, performance etc as a response to the mounting center on Corporate Social Responsibility. One experiential zeal definitions of Corporate Social Responsibility came after extra attempts to quantify and analyze the term. These fresh instructions of the idea Corporate Social Responsibility were reliable with the meanings of Corporate Social Responsibility. Furthermore, the center of Corporate Social Responsibility has increased a lot in the previous decade and the speech of Corporate Social Responsibility is more in use today.

2.1.2 Terminology – Corporate Social Responsibility

➤ Corporate Social Performance

The thought after business communal presentation is the gratitude so that brands have principled compulsions and so that they have to react sensibly to community

➤ Corporate Social Responsiveness

Capability and procedures of a business to react to communal issues and Corporate Social Responsiveness are referring to this.

➤ Corporate Citizenship

Corporate Citizenship can be called as the sense of accountability towards the local society, the surroundings and environment in which it functions, and illustrates possessions and takes sustenance from. Companies articulate this nationality as, during their misuse and contamination lessening procedures, causative instructive and societano agendas, and receive sufficient income on the working possessions (Jones, 2003).

➤ Stakeholder Management

Stakeholders or the citizens who influence or are exaggerated by communal strategies and performances are the focal points, and the director is leaning toward these focal points.

➤ The Common Good

They draw near of the ordinary good quality maintenance for trading, as any extra communal cluster or entity of civilization has to donate to the ordinary high-quality, because it is a fraction of the civilization.

➤ Cause-Related Marketing

"The community connection for Revenue Corporation with a nonrevenue association, planned to endorse the corporation's creation or check and to lift cash for the nonrevenue, is called the Cause-related Marketing (Washburn & Plank, 2002).

2.1.3 The Pyramid of Corporate Social Responsibility

Corporate Social Responsibility with many features can be considered as an affecting target. Carroll has calculated "the pyramid of social responsibility" in order to understand the different levels of the topic in a better way. The pyramid is divided into four groups, which basically include lawful concerns, economic, charitable accountability as well as moral of commerce performance. This can be demonstrated with the help of a figure given underneath.

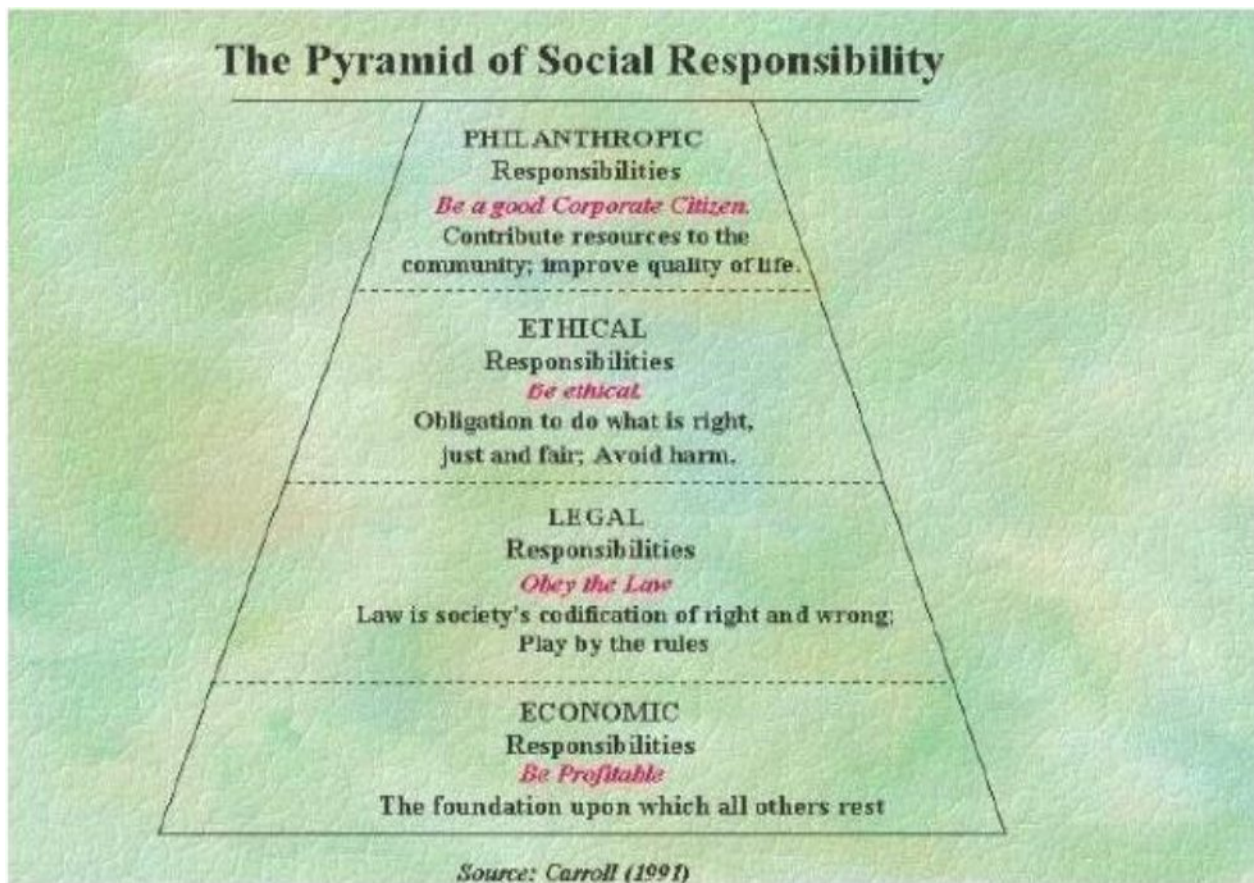


Figure 1: The pyramid of social responsibility

Source: The pyramid of social responsibility (Carroll, 1991)

Basically, these four categories are not equally intended to be seen as a range on one hand with communal issues and on the other hand with the economic concerns (Melewar & Wooldridge, 2001). Though to be able to work at the same time, at least two of the responsibilities have to be met, such as for a firm, it is not possible to just include the economic requirements but also lawful requirements have to be taken into account. The character of the commerce as well as the essential role of every association is basically the financial accountability. In our society, business is regarded as a finance organization before anything else. It is basically accountable to produce goods as well as services that are basically required. The country's rules and regulations in which the business is likely to operate are basically laid down by the lawful responsibilities as well as the basic rules. It can be difficult to deal with the moral responsibility particularly as the limitations of commerce principles are balanced and they make it hard to tell the truth if there's anything wrong. On the other hand, in the media, this responsibility has been highlighted and it can also be seen that society has very high hopes about this aspect. If the public has more knowledge or information on the subject, their hopes will be higher. The conclusion is to act in a sure way so that charitable accountability is intended and is not synchronized by rule nor in general or moral anticipation. In house programs, basically for drug abusers, an example can be

accomplished. It can be said that the corporation goes one step ahead of what is predicted as a moral duty.

CSR can be thus defined by (Jones, 2003) that “the communal accountability of commerce comprises of the financial, lawful, moral as well as charity hopes that civilization has on businesses at a given point”. The factor for which Carroll’s definition gets differs from other definitions at the instant is basically that the economic side of the business is included by him. The traditional financial principle is fulfilled by him by declaring that the essential role of every business is basically the economic accountability and one has to touch the prior one, in order to shift to the next level of the pyramid.

2.1.4 Different Aspects of CSR Theories

Backgrounds of theories as well as approaches which are basically notorious, multifaceted and indistinct are offered by the Corporate Social Responsibility. The country desires are basically planned in their articles, i.e., Corporate Social Responsibility, in order to explain the condition by categorizing the main hypothesis as well as the approaches into four groups that are economical, political, communal incorporation as well as morals or principles. Basically, these four features exist in every communal atmosphere.

1) *Instrumental theories*: Generating wealth is the only and the basic accountability of an association.

Economic feature is the only aspect taken into consideration. Also, if the communal behaviors lead to wealth generation then they are only accepted. There are three key groups of instrumental theories which can be recognized. 1) Exploiting shareholders worth; a temporary profit is lead by this point of view. 2) Focus on attaining competitive benefits; basically a long term profit direction is lead by this. 3) Cause-related advertising, which is strongly in relation to the second group.

2) *Political theories*: “Connections and associations between commerce and civilization is also on the authority, and the situation of commerce as well as its intrinsic accountability are basically focused on in the political theory”. Corporate constitutionalism and corporate citizenship are basically the two main approaches that can be illustrated.

3) *Integrative theories*: For survival, stability and development or growth of an association is basically dependent on civilization, and the social demands are therefore incorporated in it. The essential plan in this hypothetical approach basically comprises of matters of

Management, the main beliefs of Community Accountability, Stakeholder Management as well as Corporate Social Performance.

4) Ethical theories: In moral values, the connection between associations and civilization is basically entrenched. Communal accountabilities should be acknowledged by Associations as a compulsion above any other consideration. Different plans are incorporated by this group such as Universal Privileges, Sustainable Growth as well as The Ordinary Fine Approach.

2.2 Brand Equity

The study of Brand Equity has been gaining much popularity recently and according to some researchers, brands are the most worthy and precious assets that a company might have. Bendall et al (2003) have also mentioned that the higher the brand equity is the more it is likely to be purchased and be a preference of consumers; it also leads to increased stock income (Besser & Miller, 2001).

The term “Brand Equity” was first used by the marketing professionals and practitioners in the 1980s (Castka et al, 2004). Today, the importance of brand equity has broadened even more and its importance has further been realized by the marketing practitioners. In this paper, the scope and definitions of brand equity have been brought into the limelight through various pragmatic and literary studies. The two parts of this paper include journalism on brand equity, which is discussed in the first part, and structure of brand equity, which is highlighted in the second part. This part focuses on customer-based context, those that involve various aspects of brand equity.

In this whole review of literature about brand equity, we got to know that brand equity has a huge magnitude and means a lot of the organizations. This study also includes the different concepts that exist that of brand equity as well as how it is defined. Brand equity is perceived to have 5 elements: Accessory, Value, Social image, Performance and Honesty.

Brand equity is assumed to be the stakeholder loyalty, potential price premium of brands, alleged brand leadership, top comparative quality, different from other brands, consumers perceived trust, stability and reliability of the brand, awareness of brand, the alleged worth of the brand, brand market share, brand character as well as its practical advantages.

There has been a lot of research in the field of brand equity in the last few decades, which has resulted in the various dimensions of brand equity as well various modes of measurement of

brand equity (Yoo & Donthu, 2001). Hence, we can say that customer-based brand equity includes four major aspects that are brand loyalty, brand association, brand awareness and the perceived quality.

2.2.1 Five Dimensions of Brand Equity: The Proposed Model

➤ Brand Awareness

One of the important elements in this model is awareness (Mackay, 2001). According to him, awareness means being able to distinguish and recollect the brand; it also includes recognizing the brand even in odd circumstances and the ability to associate the logo, name and other such aspects of the brand to some specific relations. He includes brand knowledge, brand supremacy, top-of-mind and brand estimation. The complete set of brand associations is brand knowledge about the brand.

➤ Brand Associations

The majority conventional feature of brand equity is brand relationship. Associations symbolize the basis for brand devotion and for purchase choice. Brand relations contain all brand-related opinion, awareness, approaches, attitudes, experiences, images, (Kotler & Keller, 2006) and or whatever thing is related in memory to a brand. The two type of brand associations that is classified by Chen in 2001 are organizational and product association.

➤ Product Associations

According to Chen (2001) Product Association includes both functional attribute association and non-functional associations. The touchable features of an item for consumption are functional attributes. The brand wills has short stage of brand equity, if it does not carry out the functions for which it is future

➤ Social Image

According to Bendixen et al. (2004) that social image is a concept where the company has some kind of social standings in the society. Moreover, social image means that the consumer is aware of the fact that the brand is well-liked and popular among the social groups one belongs to.

➤ Perceived Value

Similarly perceived value is cleared as the apparent brand value in relation to its value for money as perceived by the consumer and the image of the brand in the society or social group and how much can be spent to acquire it. Obvious equilibrium among all its utilities and the

price of a product are the thing on which the customer option of a brand depends. Due to the higher brand equity, a consumer is excited to give better prices.

➤ **Trustworthiness**

Trustworthiness of an invention is a significant quality in calculating the strengths of a brand which is primarily experiential in brand equity models (Kim et al., 2010). Trustworthiness is the self-assurance that a customer holds in regards to the specific brand and brand association as well as the awareness about the brand events.

2.3 UN Global Compact

The ten principles of UN Global Compact (www.unglobalcompact.org) gained universal acceptance which elaborated the areas of Environment, Labor, Human Rights, and Anti-corruption, especially in the industrial sector. According to UN Global Compact, the origins of these principles are from;

- The Universal Declaration of Human Rights
- The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

These principles of UN Global Compact asked global companies to follow, accept, apply, intact and influence within their spheres in the areas of labor, human rights, anti-corruption and environment.

Companies must follow the global standards of labor, eliminate child labor and such other crimes and uphold freedom of association and elimination of all forced behaviors by the employers. The employees must have the freedom of leaving or accepting employment anytime. They must not stop by joining labor unions or claiming their rights. Companies must integrate with each other in order to abolish child labor and eliminate discrimination in respect of hiring employees.

Precautionary approach is necessary to face environmental challenges (Environment; UN Global Compact). Companies must take such measures to develop environmental standards in order to avoid any operational inefficiencies, production hazards and pollution.

On 24th June 2004, The UN Global Compact has given another principal to stop extortion and

bribery. The companies must introduce anti-corruption policies as a part of the first initiative, and join hands with the industry peers and stakeholders to develop programs.

These principles are interrelated with the CSR practices and create positive image of companies among all the stakeholders. Employees as well as customers develop a positive image of the company in their minds, and ultimately, productivity and revenue streams boost up.

2.4 ISO 26000 : Integration with CSR

Corporate social responsibility plays a vital role for the whole economic system along with contribution to the society, environment and labor through organizational practices. Over the period of time, its importance has inevitably been increasing.

According to an international standard organization, organizational governance must meet its basic six subjects regarding corporate social responsibility, which includes fulfilling the human rights, encouraging and securing the labor practices, contributing to the global green environmental campaign, ensuring the operating practices are fairly accomplished, addressing the consumer issues, and timely contribution to the local community development (ISO 26000, 2009).

2.5 Variables

2.5.1 CSR as an Independent Variable

➤ Environment

Environment means the external environment, where we need to assess the behavior of companies. We need to assess their roles being a part of this environment and analyze how much they are integrated with each other and involved in CSR, what are the environmental standards they have developed and what are the ones they have already been following. Being proactive towards dealing with environmental concerns creates a positive image of a firm or it doesn't make any impact. These are the questions that we are going to address further.

➤ Labor

Labor has been facing many challenges in different parts of the world. They do not have freedom of choice and face lack of health & safety standards. They become a victim of discrimination, and child labor is also increasing massively. Addressing these concerns creates a positive impression in their minds and it also imposes a good impact on the productivity and commitment.

➤ Local Community

One must admit that today organizations are facing many challenges. It has become quite difficult to progress without the assistance of local communities. Collaboration and harmony in any industrial environment help to develop a good name in the market. They also help to build and implement standards, policies and procedures.

2.5.2 Competitive Advantage as a Dependent Variable

Competitive advantage is a core competency that a company possesses. It can be anything that no other company possesses like technology, knowledge, skills, quality standard not easily imitable products etc. Here, competitive advantage is dependent on CSR or any other particular factor, or we can say how much a company involved in any particular area of corporate citizenship.

2.5.3 Brand Equity as a Dependent Variable

Normally, brand equity depends on overall operations, product quality and features, company's image, stakeholder's relationships and number of other factors. It takes years to build an optimum level of brand equity. Here in this research, brand equity is working as dependent variable since it depends on the companies that how much they are involved into CSR activities.

2.6 From Social Responsibility to Strategic Competitive Advantage

When a firm's moral compulsion to the civilization is recognized by the firm, it can be said that there has been a transfer of Corporate Social Responsibility to Corporate Social Performance (CSP). In order to make a society an improved place, the firm is contributing much. An analysis has been done in order to investigate the constructive and unconstructive effects of CSP as well as the competitiveness of associations, from which the following results were discovered.

2.6.1 Positive Effects

The development of stakeholder associations was the most sustained constructive outcome. It has been argued by the respondents that CSP results in inspiration, contentment, faithfulness as well as confidence among the workers and the consumers (Melewar, 2002). Associations that contribute to civilization as well as the natural surrounding result in having a fine corporate image; and this is basically the next main constructive effect. Some of the other constructive effects mentioned are that the respondents think that CSP is supportive when rising/civilizing the business firm and that saving can be increased by lessening the use of energy and also by decreasing the manufacturing waste.

2.6.2 Negative Effects

The most ordinary unconstructive effect given from CSP in accordance with this study or analysis is that concentration to the "core" business is taken away by it. Let us take an example that if we give power to the stakeholders to get part in the decision making then it might result in lack of attention on the "core" business as well as disagreement of concentration between the stakeholders and managers. Secondly, it is also a most feared effect of CSP that if the plan was implemented poorly then it would lead to destruction of the organization's reputation. In actuality, the plan may have an unconstructive effect on the

corporation if the directors or managers have assured more and the stakeholders have anticipated more.

2.7 Impact of Corporate Social Responsibility on Brand Equity

Brand fairness has an interior dimension, which is loyalty. According to the point of view of critics, loyalty has many dissimilar levels. According to the point of view of old researchers, loyalty that is linked to the behavior of customers in the marketplace is called behavioral loyalty; behavioral loyalty can be indicated by the number of frequent procures or, according to the point of Oliver, the promise to re-buy the product as the first option. The highest stage of consciousness is closely connected to the cognitive loyalty, where attention in the product is the major issue in a known group, which the customers are reminded of initially. According to cognitive loyalty, a product should be capable to become the respondent's first option and should be consequently obtained, which is behavioral loyalty. In the point of view of Chaudhuri & Holbrook (2001) product faithfulness is in a straight line connected to product cost. In their point of view, the essential point of faithfulness is to recognize cost quality, the quantity a client will give for the product in contrast with another product contributing comparable profit.

2.8 Theoretical Framework

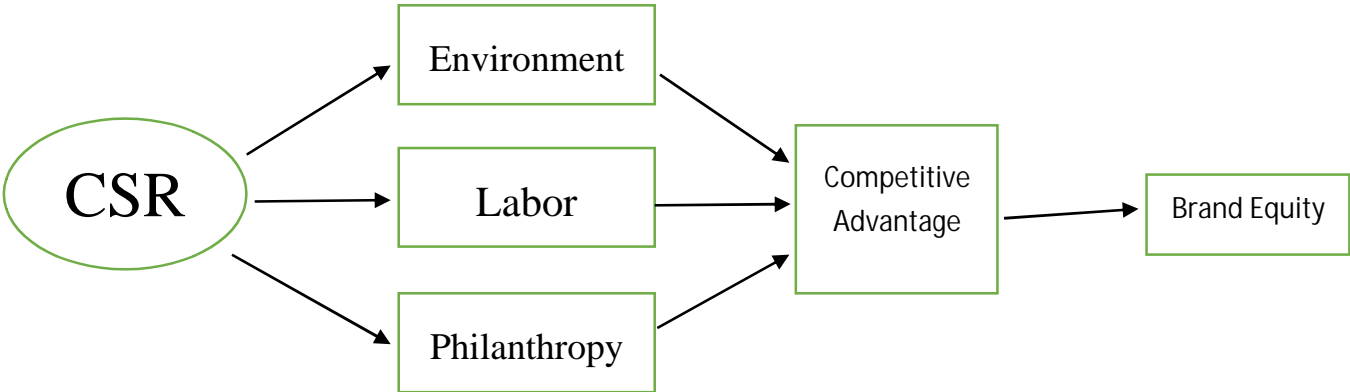


Figure 2

3. RESEARCH METHODOLOGY

Research methodology is the method that is used for research on the topic of research. In this research methodology, the basic trends will be taken into account. For the purpose of including this chapter is to assess the methodology that is used for the research and the reason for selecting the methodology and how it supports and leads to a conclusion.

3.1 Research Philosophy

The methods used for a research include pondering over the in a theoretical way so that the research approach can be applied, Mason stated (2002). The main purpose of explaining research philosophy here is to get to know of as many research methods and information as possible so that research can be made by gathering data about the Corporate Social Responsibility of the organizations and how they actually practice it.

There are also techniques defined used for data acquisition for the purpose of research in case the data could not be obtained. Saunders et al., (2007) mentions that research philosophy can be categorized as is shown in the diagram below:

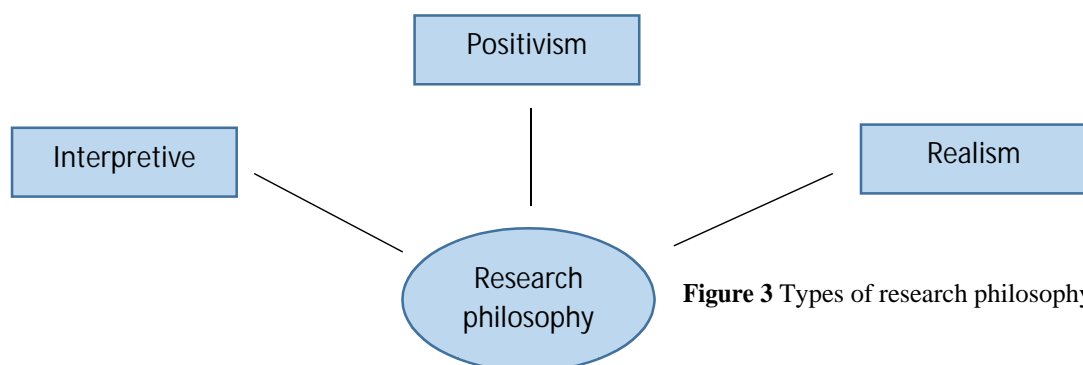


Figure 3 Types of research philosophy

The major approaches are as follows:

- **Realist Approach:** The realistic approach states that all the data and information collected are purely related to true beliefs
- **Positivist Approach:** This approach includes the hard facts and figures about the Research.

- **Interpretive Approach:** It includes getting real time experience of the people included in the research.

3.2 Research Design

Research design gives the direction or framework how to carry out or conducting the research project so that the desired result can be obtained. It is also called the overall research plan. The basic purpose of this study is to know how do firms use CSR to build brand equity.

3.3 Units of analysis

Unit of analysis in this research is the case studies of two multinational companies; Walt Disney and Starbucks.

3.4 Research Approach

Inductive research approach will be carried out in this research and a result of provisional and belief is a theory created by this research. In this research, qualitative inductive approach is used. Brand equity is measured on different parameters by Millward Brown and Interbrand , so the positions will vary.

3.5 Data Collection

Secondary Data

Secondary data collection method is the one in which the data is already available and is not the firsthand information. For this particular research, secondary data were used. This data can both be used in small or large scaled surveys. The reliability of the data can be questioned in the fact that the figures and facts were not collected by the researcher directly through Primary Research, which is the main disadvantage of conducting research on secondary data available already. The data includes in this research was collected from different company reports, websites, articles, company blogs, pressure groups reports and the like.

4. Case Analysis

4.1 Starbucks

Case Study: The Starbucks Come Back story: Losing their focus, only to regain it!!!

Sep 17, 2014 | 1,669 views | 72 Likes | 10 Comments | [in](#) [f](#) [t](#)



In 2003, Starbucks was on their first peak of their climb. It's very likely that the corporate ego was also peaking. "We can do anything". But, just as they hit that peak, somehow their corporate arrogance got the best of them and they decided they are bigger than "just coffee", so they created their own recording company, which successfully won 8 Grammy's 2 years later. In 2006, Starbucks launched their first movie, then started partnership with William Morris to scout for music, books, films and finally Starbucks opened their own "entertainment" office in LA. I remember when, a few agency folks marvelling and trying to convince me to follow the Starbucks lead. The whole idea was that Starbucks had the potential to be the "third place" in people's lives: Home, Office and Starbucks. The music and movies were all part of bringing that to life for Starbucks. Marketing academics were writing about it and gushing over it. That's ok as an idea in theory, but in terms of managing a culture, Starbucks had a very hard time staying focused on what they did best: make a great cup of coffee.

By 2008, the lack of focus caught up with them. The most loyal consumers of Starbucks were seeing cracks in the service and quality and began choosing local establishments, who were solely focused on making a great cup of coffee. Starbucks cut 18,000 jobs, closed 977 stores and same store sales were down 7%. Stock price falls to \$7.83, down from \$39.63 in 2008. Yikes.

The Starbucks brand was in complete free fall. I remember doing a speech, right at the height of the Starbucks collapse and very few people considered it a beloved brand. I was almost in shock. And, about half the room figured it wouldn't be around in 10 years. People were seriously starting to wonder "is this the next Benetton?" (the brand that drank and believed in their own Kool Aid)

In 2009, Starbucks re-focused on what they do best: COFFEE. They had no choice. Every turnaround story has to start with "so what do we do best?" and then eliminate everything else. They closed every store for a day of re-training the barista. A brilliant move to tell most loyal consumers: "we know we messed up, but we're going to get it back". But more importantly, it told the culture of Starbucks that the most important thing we do is make a great cup of coffee. That barista is essential to our brand. It all starts with that. Starbucks began to innovate, but again it was focused going deeper around their COFFEE, with broader line of coffee, pastries, accessories sandwiches. No more movies or music. All of a sudden, they were focused.

Source: <http://beloved-brands.com/2014/09/17/case-study-starbucks/>

Top Challenges Faced by Starbucks

- Starbucks has to face the financial crisis in America.
- Numerous Coffee shops all over the world doing the same thing, there main competitors were Dunkin Donuts, McDonalds and Nestle.
- In 2008 Starbucks had to close 600 stores because of loss of focus.

4.1.1 Corporate Social Responsibility Initiative

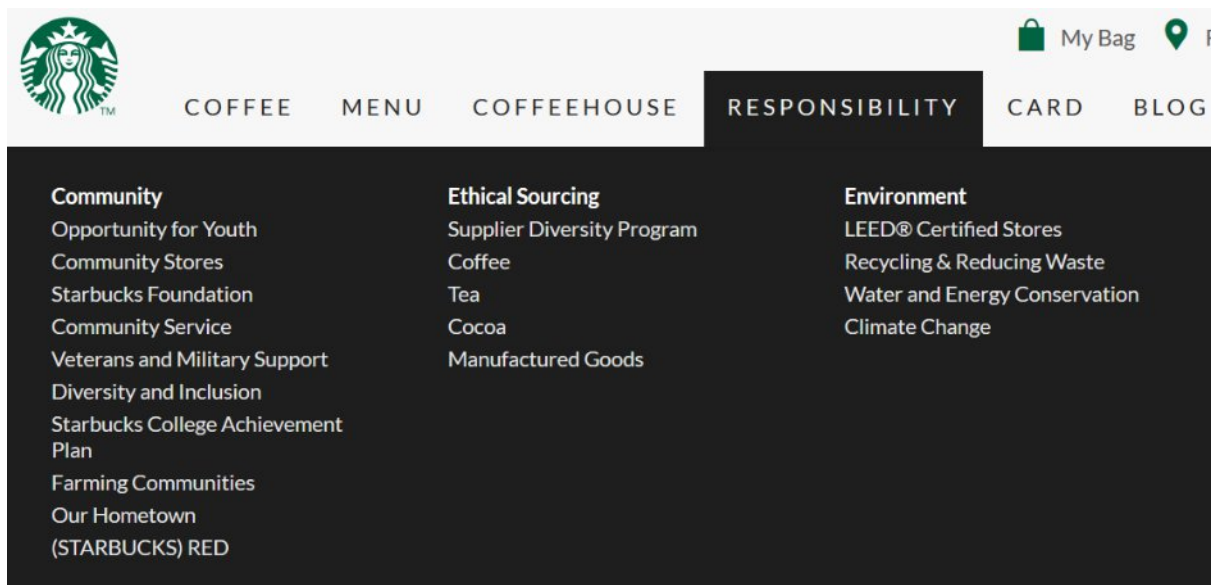


Figure 4

4.1.1.1 Community

The Starbucks Foundation was created to as a part of their commitment to society. The Starbucks Foundation is a separate charitable organization that receives funding from Starbucks Corporation and private donations.

➤ Opportunity for Youth

The Starbucks Foundation provides young people, who ages from 15 to 24 years old, with various ways to opportunity in programs that requires young age group.

➤ Community Service

Starbucks believe in the development of society and does endless measures for community services.

➤ Supporting Coffee, Tea and Cocoa Communities

Starbucks work collaboratively with non-governmental organizations that have experience and expertise in working with farming communities in the countries where coffee, and other agricultural products are raised.

➤ **Access to Clean Water**

Ethos Water began as a social venture start-up, every bottle of Ethos water you buy, 5 cents is directed to the Ethos© Water Fund which invests in the water program around the globe.

➤ **C.A.F.E. Practices**

Starbucks invests in programs designed to strengthen economic and social development in local communities, while also caring for the environment.



➤ **Social Development Investments**

Starbucks invests in programs planned to strengthen local economic and social development..

➤ **Farmer Support Centres**

Starbucks has established many farmer support centres to provide them with guidance and looking after their issues.

➤ **Farmer Loan Programs**

The Starbucks has introduced many loan programs which are formed with support of non-government organization to help the farmer's financially.

➤ **Ethical Sourcing Programs**

Starbucks ethical sourcing programs helps other than just coffee farming communities.

➤ **Collaborative Relationships**

Starbucks is committed to helping farmers to help and work with Starbucks in way both can mutually make profit.

➤ **(Starbucks) RED**

Starbucks offers products RED that is a program for HIV/AIDS donation, every item u buy in red some amount of it will be contributed to the donation.

4.1.1.2 Environment

➤ **LEED Certified Stores**

This the future of stores, the stores are environment friendly and Starbucks are planning to set them up around the globe.

➤ **Water and Energy Conservation**

Each year Starbucks plans the usage of water and electricity and try to reduce it every year by some margin and over the years it has saved a lot of energy.

➤ **Investing in Renewable Energy**

In addition to only reducing energy, Starbucks also invests in the models, ideas and products of renewable energy.

➤ **Climate Strategy**

To maintain the climate strategy, Starbucks is following everything to reduce gas emissions which can be seen from the trends of gas emissions by Starbucks.

➤ **Greenhouse Gas Emissions**

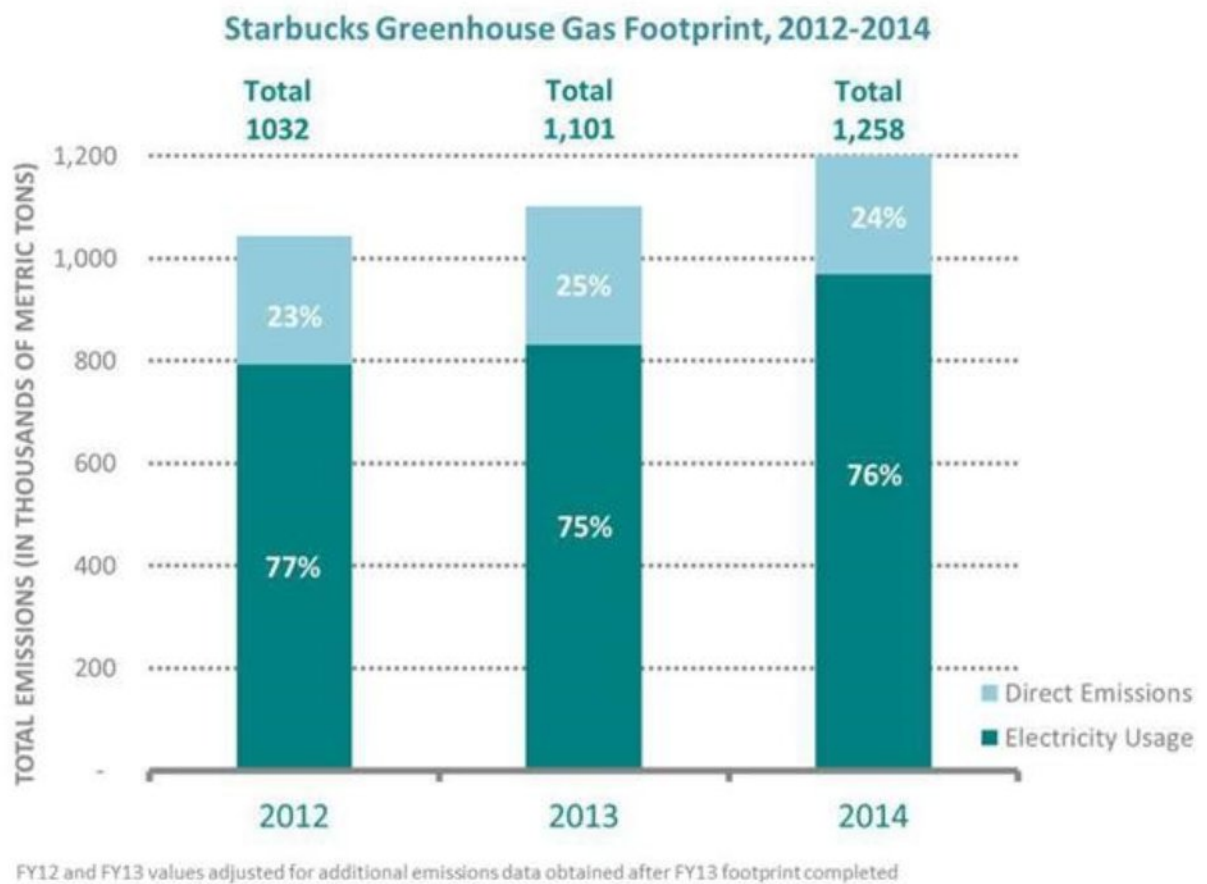


Figure 5

➤ **Reducing Waste: Packaging and Reusable Cups**

Starbucks always believed in reducing waste and has done many activities to follow the same like Starbucks introduced reusable cups in its operations which was greatly appreciated.

4.1.1.3 Ethical Sourcing

➤ **Manufactured Goods**

Starbucks have set certain strong standards for the suppliers to follow where assistance will be provided to suppliers.

➤ **Cocoa**

Starbucks buys through a relation build through long term supply of cocoa of high quality and ethically sourced which also give benefits to the farming society.

➤ **TEA**

Tea sourcing is done in the same way how Starbucks does coffee sourcing ensuring high quality and ethically correct.

4.1.2 Impact on Brand Equity

With indulging in CSR practices and knowing the relation between brand equity and corporate social responsibility, Starbucks started to show progression in top 100 global companies chart produced by Millward Brown and Interbrand.

Millward Brown		Interbrand	
Year	Rank	Year	Rank
2010	85	2010	97
2011	72	2011	96
2012	42	2012	88
2013	44	2013	91
2014	31	2014	76
2015	29	2015	67

4.2 Walt Disney

The Biggest Disney Controversies

Aladdin – Racial Stereotypes



Aladdin has had its fair share of problems. Firstly, there was the opening scene which had to be removed by Disney upon re-release after protests by Arab groups. Secondly, Aladdin and Princess Jasmine, although they are ethnic leads, have noticeably light skin along with distinguishable western facial features, contrasting heavily with other characters in the film – the villains of the tale have much more pronounced ethnic features. The stereotypes in this film are so numerous there are too many to mention, but the overall message it gives to children about Arabian culture is almost inexcusable for a film released in 1992. The New York Times expressed these concerns soon after the film's release.

Alice In Wonderland – Drug Related Imagery



Alice and Wonderland, while a well-regarded children's movie, is teeming with references to drug use. The most obvious is of course the caterpillar, who is constantly chugging on a Hookah pipe. Various other elements of the film correspond to drug use – Alice is seen eating mushrooms, shrinking from big to small (corresponding to the highs and lows of drug use) and the Mad Hatter's behaviour mimics the frantic nature of someone under the influence of drugs. The story was written when opium smoking was very common- so the entire film is pretty trippy but it has been said the film has the potential to give children mixed messages about drug use.

The Disney Princesses- An Ongoing Unfair Portrayal of Women



The portrayal of the Disney princesses as a whole is quite a questionable one, and has been a point of contention for generations. Most of the Disney princesses, with a few weak exceptions, seem obsessed with and defined by their love interests and other men in their lives. The factor that attracts the lead male to the princess is always the woman's appearance. Critics say the Disney princesses as a whole do not give a positive message to young girls – take Ariel from *The Little Mermaid*, for example. She changes her appearance (by asking for legs) and leaves her family and home under the sea to live on land with Eric. Corresponding images of submissiveness appear throughout the Disney princess films. Furthermore, the body image question is one that irks many critics – every princess is, in true Hollywood style, impossibly Barbie-doll thin. It's argued that Disney is conservative, that little has changed in over 90 years since Disney was founded. And are these really the images we want young girls to model their behaviours on?

Source: <http://www.therichest.com/rich-list/the-biggest/the-10-biggest-disney-controversies/>

➤ General Criticism

- “In August 2014, Disney and Disney English were sued in an American court for subjecting workers, young children and infants to highly polluted air in classrooms, resulting in illness. Disney chose to settle out of court.”
- “Many have criticized the company about flipping upside-down the original values of the company after the deaths of Walt Disney and Roy Disney.”
- “Religious welfare groups, such as the Catholic League, have spoken out against the release of material which they and others found offensive, including vehement protests of the Miramax Films features *Priest* (1994) and *Dogma* (1999). Disney pushed back the release date for *Dogma* due to the controversy surrounding the movie, and eventually sold the distribution rights to Lions Gate Films. The ABC show *Nothing Sacred*, about a Jesuit priest, a book called *Growing Up Gay* (published by Disney-owned Hyperion Press), the (unofficial) annual Gay and Lesbian Days at Disney theme parks, and similar issues spurred boycotts of Disney and its advertisers by the Catholic League, the Assemblies of God, and other conservative Christian groups.”
- “The Southern Baptist Convention (SBC) and the American Family Association voted to boycott Disney over opposition to the Disney offering domestic partnership benefits to gay employees and over opposition to the ABC show *Ellen*, in which the host, Ellen DeGeneres, came out as a lesbian; both boycotts were withdrawn in 2005.”
- “The company has been accused of human rights violations regarding the working conditions in factories that produce their merchandise. It has been criticized also by animal welfare groups, for their care of and procedures for wild animals at Disney's Animal Kingdom theme park, and for using purebred dogs in movies such as *101 Dalmatians*. Animal rights groups claim movies with purebreds create an artificial demand for purebreds from people who may not be prepared or temperamentally suited for the animals, many of whom end up abandoned or surrendered to animal shelters or rescue groups.”

Source: https://en.wikipedia.org/wiki/Criticism_of_The_Walt_Disney_Company

4.2.1 Corporate Social Responsibility Initiatives

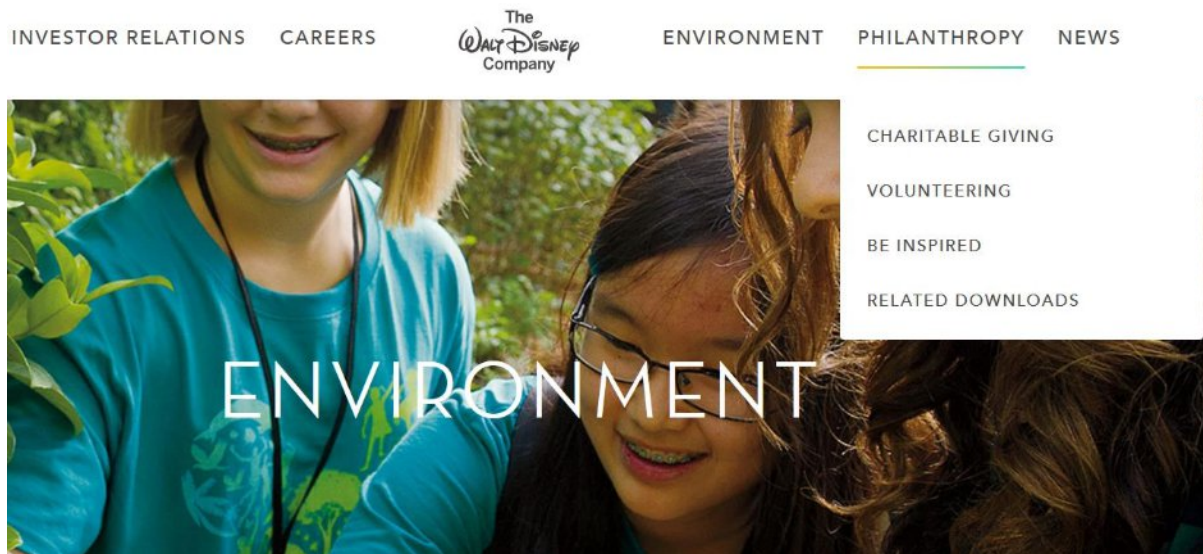


Figure 6

4.2.1.1 Environment

➤ Reducing Emissions

Walt Disney has reduced its net emissions by 35% and now they aim to reduce it to by 50% in the next 5 years.

➤ Waste Diversion

Walt Disney successfully sidetracked around 50% of waste from incineration and landfills. It is trying for another 10% in next 5 years.

➤ Water Conservation

Walt Disney already have water conservation system in existing sites and is implementing in the sites.

➤ **Disney Paper Sourcing & Use Policy**

The policy aims to:

- Reduce the usage of paper
- Exclude paper products containing irresponsibly harvested fibre.
- Make best use of recycled content.

➤ **Walt Disney Parks and Resorts Takes Steps towards an Eco-Friendly Future**

In the last 10 years, the Disneyland Resort has doubled the amount of waste diverted from landfills, and is working toward the long-term goal of achieving Zero Waste a distinction already awarded to Circle D Corral at Disneyland Park.

4.2.1.2 Philanthropy

➤ **Charitable Giving**

In 2015, Disney gave \$333.3 million to non-profit organizations helping kids, families, and communities in need through charitable cash giving, in-kind and product contributions, and public service announcements.

➤ **Books Donation**

Since 2012, Disney has donated 23.1 million books to schools and children.

➤ **Trevor Project**

Trevor Project recognized The Walt Disney Company for being a leader in creating an inclusive environment for the lesbian, gay, bisexual and transgender (LGBT) community.

In 2015, the Company hosted the first-ever LGBT Equality Institute, a free event to help and inspire other companies to build safe and respectful workplaces for LGBT employees.

➤ **Disney VoluntEARS**

The Walt Disney VoluntEARS have paid around 2.5 million hours of service since 4 years and the goal is to contribute double than the current figure in next 5 years.

➤ **Impacting Lives**

The Philanthropic efforts of Walt Disney have changed positively more than 16 million children and families through Disney Hospital Care Package.

➤ **Inspiring Action**

Walt Disney has raised thousands of dollars by volunteering in local communities and donating to the deserving non-profits around the globe.

4.2.1.3 Investor Relations

➤ **Board of directors**

The Walt Disney Company board of directors is a strong, balanced blend of global industry leaders who have great experience and knowledge and can support the company whole heartedly.

➤ **Audit committee**

The Board of directors are assisted by the audit committee in its oversight of the integrity of the Company's financial statements, compliance with legal and regulatory requirements.

➤ **Governance & Nominating Committee**

The monitoring of implementation and operation of companies corporate governance guidelines is done by the governance and nominating committee.

Walt Disney in Talks - Corporate Social Responsibility

The Walt Disney Company - A Leader In Corporate Social Responsibility



- Leadership - Jun 10, 2013



The June Edition of The Business Review USA is now live!

Source:<http://www.businessreviewusa.com/leadership/3827/The-Walt-Disney-Company-A-Leader-In-Corporate-Social-Responsibility>

June 7, 2012, brand enhancement

by Marcus

Why Disney's Corporate Social Responsibility Decision Will Pay Big Dividends for the Disney Brand



For many companies, corporate social responsibility (CSR) remains more of an "obligation" than an actual business practice.

Some companies avoid full commitment to CSR because they view it as an additional cost or investment of money, resources and/or personnel that will detract from their business.

I believe that corporate social responsibility, when implemented as part of an organization's overall strategy, can build a brand and build a business.

A case in point is the decision by the Walt Disney Company to take a stand on childhood obesity. They have adopted strict standards on food advertising aimed at children on Disney-owned television channels, radio stations and websites.

This far-reaching policy will have an obvious impact on Disney's bottom line, but I believe the short-term pain will produce long-term gain.

First, it enables Disney to take a leadership role on a crucial issue: childhood obesity and healthy nutrition. Based on the amount of media coverage their announcement receives, Disney is able to take an ownership stake in the issue as well.

As the New York Times noted, Disney "may lose some advertising dollars in the beginning, but believe that appealing to parents with healthier food is 'smart business.' The company's move could put pressure on other child-oriented networks to do the same and could push food companies and fast-food chains to reformulate products so that they can keep advertising with Disney. If that happens, the marketing game will be doing some good by giving consumers healthier choices." You can read more from the article by clicking this link: <http://r-i.co/3A>.

Second, this CSR decision clearly communicates and affirms Disney's values and priorities as an organization.

- Their commitment to this policy "humanizes" its brand and will build even greater customer trust and loyalty.
- Disney is not just saying it is a company that truly cares about the well-being of its customers (children, parents and families); they are backing it up with real actions.

Source:<http://marcusstarke.com/leadership/why-disneys-corporate-social-responsibility-decision-will-pay-big-dividends-for-the-disney-brand>

4.2.2 Impact on Brand Equity

In Millward Brown chart of top global companies Walt Disney showed a major improvement in positions whereas in Interbrand chart, it had ups and downs but always stayed in top 15 major players. The stat is as follows

Millward Brown		Interbrand	
Year	Rank	Year	Rank
2010	41	2010	9
2011	38	2011	9
2012	43	2012	13
2013	26	2013	14
2014	23	2014	13
2015	19	2015	13

5. CONCLUSION

The outcome of the research has drawn out that the main objective of implementing corporate social responsibility is ultimately profit maximization. The reason behind adopting corporate social responsibility is also the pressure from people, media and NGOs. Some companies have adopted the corporate social responsibility activities but are not really implementing them and are associated with them only for the sake of it.

After knowing the stakeholder's theory and freeman's approach, it has been noticed that companies do not give same weightage to all groups of stakeholders. The practices vary from country to country and from company to company. For example the practices of Walt Disney differ from country to country same goes for Starbucks.

The main outcome is the relationship between brand equity and corporate social responsibility which I propose is somewhat directly proportional that means the more corporate social responsibility you do, there will be an increase in brand equity, but the increase proportion can vary from company to company.

The companies on which the research has been done on this project i.e. Walt Disney and Starbucks have utilized efficiently corporate social responsibility to overcome their criticism and to increase the brand equity as well. Both the companies have taken various steps in the support and maintenance of three major factors that enhances corporate social responsibility i.e. Environment, Labour and Local community or Philanthropy. The measures paid for them from the 84th position on top 100 global companies in 2010 Starbucks jumped to 29th position in 2015 according to Millward Brown chart whereas according to Interbrand chart it jumped from 97th to 67th position. Walt Disney also made progress in those charts, it jumped from 41th position in 2010 to 19th position in 2015 in Millward Brown charts and for Interbrand it stayed in the top 15 companies for five straight years. Hence this is for sure that the effect is corporate social responsibility is significant on brand equity.

6. SCOPE & LIMITATIONS

The scope for future researchers is to find new theories related to the relationship between corporate social responsibility and brand equity which is more strong and dependable than the existing one. To find new factors which enhances the corporate social responsibility and to measure the brand equity through other sources than Millward Brown and Interbrand.

The limitations of the research are as follows:-

- Data collected from limited resources
- Limit on time
- Sample size
- Measure used to collect the data
- Limited access

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ADHERENCE SHEET

Particulars	Last Date	Signature of Mentors	
Title of the Project/Area of Topic Finalization	21/1/16		
Literature Review/Objectives of the study	2/2/16		
Methodology	18/2/16		
Questionnaire/Data Collection tools	3/3/16		
Data Collection	17/3/16		
Analysis	24/3/16		
Conclusion and Recommendations	1/4/16		
First Draft	15/4/16		
Final Report/Binding and Submission	27/5/16		

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