

Corporate Social Responsibility and Brand Equity: Exploring the Role of Customer Satisfaction, Trust and Customer Loyalty among Supermarkets' Customers in Sri Lanka

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Abstract

Purpose: The major objective of the study was to examine the relationship between corporate social responsibility and brand equity with the mediation of customer satisfaction, customer trust and customer loyalty among supermarket customers in Sri Lanka.

Design / Methodology / Approach: In order to meet this objective, a survey among 376 customers of supermarkets in Sri Lanka was conducted using a questionnaire. Smart PLS3 was used for this analysis.

Findings: The findings reveal that customer satisfaction, customer loyalty and customer trust are created when supermarkets engage in corporate social responsibility in Sri Lanka. Further, findings suggest that except for customer satisfaction, customer trust and customer loyalty are mediating the relationship between CSR activities and brand equity of supermarkets in Sri Lanka.

Originality: This study is important for the supermarket sector in Sri Lanka by examining the impact of corporate social responsibility on the supermarkets' brand equity. This study also contributes to the existing literature.

Keywords:

Supermarkets, customer satisfaction, customer trust, corporate social responsibilities, brand equity, Sri Lanka

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INTRODUCTION

The trend of retailing in Sri Lanka is changing from small retail stores to modern retailing which includes supermarkets. The reason for the change is that leisure shopping behaviour is being adopted by consumers. In Sri Lanka, retailing has been modernized with supermarket-level stores. Retailing has been modernized and classified as modern grocery retailing by the Lanka Monthly Digest Fitch Ratings. Sri Lanka has a 15 per cent supermarket penetration and customers are finding it more affordable to shop in supermarket chains due to the increase in per capita income and a rise in urbanization. According to the LMD (2017) special report, three major supermarkets; Cargills Food City, Keells Super and Arpico account for more than 80 per cent of modern grocery retailing in Sri Lanka. Hence, this study focuses on the customers of these supermarkets in Sri Lanka. While the trend of retail supermarket is increasing in Sri Lanka, retail companies need to understand corporate social responsibility and its impact on the supermarkets' brand equity. This helps retailers to get an insight into customer satisfaction, customer trust and customer loyalty and how these lead to brand equity of the supermarket brands. This study helps decision-makers in retailing to formulate and improve their existing marketing strategies, enabling the enhancement of profitability. There are very few studies on retailing supermarket industries in Sri Lanka and thus, further studies on supermarket's CSR and brand equity may help with strategic formulation in terms of customer satisfaction, customer loyalty and customer trust.

Presently, business organizations are aware of socially responsible activities as organizations are considered to be economic units that fuel economic growth and in turn, impact in the development of society (Wan et al., 2020). Corporate social responsibility and its impact on brand equity is of utmost importance for supermarket stores in order to attain profitability and the highest firm's performance. Corporate social responsibility helps organizations to experience competitive advantage (Hafez, 2018) and this will subsequently affect brand equity through positively impacting loyalty, customer satisfaction and customers' trust. Social responsibility of a business is based on the expectation of economy, legality, ethics and discretion at a given time (Carroll, 1979). This implies that socially responsible organizations would be striving for profit, abiding the law, adopt ethical guidelines and provide financial support for social activities. According to Branco and Rodrigues (2006), CSR includes protecting the environment, human resource management, health and

safety at work, relationship with the community and having a good relationship with suppliers and customers. In addition, corporate social responsibility is beyond the legal requirements and organizations engage in promoting social activities (Siegel & Vitaliano, 2007). Corporate social responsible actions are important for organizations, especially retailers, since it would have a positive effect on performance in the long run. This is due to the fact that creating an attractive environment with innovative activities along with a focus on the needs of the customers influence on the performances of the organizations (Tajeddini & Trueman, 2008).

It is important to measure the value of brand. Brand valuation is now popular in the world where it assists a firm to find a distinguished place in the market to compete in (Keller, 2003). This also help's an organization's existing and extended products to be introduced in the new market (Keller, 2003). Especially when it comes to the corporate social responsibility of the organizations, this needs to be evaluated and firms should attempt to see the impact and development that occurs with the brand equity of the supermarkets in Sri Lanka. Researchers focus on the brand equity of supermarket brands in the study. Sri Lankan supermarkets do engage in socially responsible activities. For example, supermarkets in Sri Lanka implement energy conservation, water management, reduction in the usage of plastics and recycling and reusable initiatives etc. In addition, these supermarkets also engage in the promotion of health and nutrition which works to ensure the well-being of consumers, promoting low sugar intake and providing awareness on health-related issues and maintaining food safety and quality. They are also involved in agricultural modernization projects, saving our soil projects and practicing good agricultural practices in Sri Lanka.

According to literature, the CSR activities of the supermarkets in Sri Lanka should influence customer satisfaction, customer loyalty and trust. Subsequently, these factors should mediate the relationship between CSR and brand equity and in turn, the mediating factors positively contributed to the brand equity of the supermarket brands in Sri Lanka. While many researchers emphasize that CSR activities will induce the organizations to launch eco-friendly goods and process to the market to curb the issues in the environment (Melay& Kraus, 2012) and while many organizations received instructions from stakeholders to address issues related with environment and society (Pekovic & Vogt, 2020), it is paramount to study the impact of CSR on the brand equity of these supermarket brands. Studies of this nature are lacking in

Sri Lanka in the retailing industry, specifically in the supermarket business. Therefore, the research question is, do CSR activities taken up by the supermarkets influence brand equity? Are factors such as customer satisfaction, customer trust and customer loyalty mediate between CSR and brand equity? Thus, the objectives of the study were to investigate the impact of corporate social responsibility of the supermarkets on the brand equity mediating through customer satisfaction, customer loyalty and trust. In order to meet the objectives, the paper was designed in the following line. Firstly, it explains the significance and the research problem. Secondly, a review of the literature and formulation of hypotheses were addressed. Thirdly, the methodology is given and finally, the results and discussions were stated.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The study on the brand equity for any brands is vital as it permits to examine how the brand equity evolves for a brand over time (Markques et al., 2020). Brand equity is defined as *“the differential effect that brand knowledge has on consumer response to the marketing of that brand”* (Keller, 2009, p. 142). Brand equity is also defined *“as a set of brand assets and liabilities linked to a brand, its name and symbols that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”* (Aaker, 1991, p. 15). Brand equity is currently being discussed immensely by scholars in the literature. Customer-based brand equity is *“a set of perceptions, attitudes, knowledge and behaviour on the part of the consumer, which allows that brand to earn greater volume or greater margins than it would without the brand name”* (Christodoulides & de Chernatony, 2010, p. 48). The organizations’ purpose is to enhance the brand equity (Goi & Goi, 2011). This is because of the fact that brand equity enhances the cash flow and increases the competitiveness of the brand (Baalbaki & Guzman, 2016).

Corporate social responsibility is one of the most important concepts that is being investigated by scholars around the world. CSR is being done internally and externally. Organizations engage in CSR activities for their employees as well (Lee & Heo, 2009). CSR activities to the employees in an organization leads to innovation and therefore, to its success (Baohua et al., 2020). CSR and firms’ performance have a positive relationship (Lee & Heo, 2009). In today’s competitive environment, many firms use CSR as a strategy to maintain a balance among the various stakeholders that bring about the image for the organizations (Kucukusta et al., 2013). CSR also assists in creating value

for a firm as it is maintained as one of the vital agendas of the top management (Haung et al., 2020). CSR has a positive relationship with both, customer satisfaction and customer retention by boosting affection for the brand and thereby, strengthening customer retention (Lee et al., 2020). Corporate social responsibility has a positive relationship with a company's image and reputation through perception of the market (Hur et al., 2014; Baohua et al., 2020). The company's image is also one of the components of the brand equity. Further, CSR activities are used to formulate the differentiation strategy for organizations' product or services. CSR activities reflect on the product quality and is used as a differentiation strategy (Bardos et al., 2020). Customers develop loyalty towards the brand when they feel the outcome of CSR activities by those relevant organizations (Ahn et al., 2021).

Corporate social responsibility is directly linked to customer loyalty. When a firm engages in CSR activities, those actions lead to customer loyalty (Arikan & Guner, 2013). Ethical responsibility as an element of CSR, acts as a security policy that enables customer loyalty (He & Lai, 2014). CSR is also considered as one of best strategies to induce customer loyalty and functions in differentiating the offering of the organizations with a similar business (Madhachitara & Poolthong, 2011). A study finds that corporate social responsibility contributes to customer satisfaction and leads to customer loyalty (Islam et al., 2021). It is worthwhile to note here that CSR activities of organizations are now pursuing a competitive strategy that assists in achieving profitability, customer satisfaction and customer loyalty (Calabrese et al., 2016). A study was conducted by Sharma & Vranda (2019) to understand the impact of CSR on the trust, loyalty and brand equity in the sportswear market. According to the review of literature on CSR, it has a significant influence on the performance of organizations. CSR is also used as a differentiation strategy for deriving competitive advantage and to build the image of the organization. Hence, empirical findings evidently suggest that corporate social responsibility has a direct link to trust, loyalty and brand equity and further finds that trust and loyalty are too, being linked to the brand equity.

Trust and Brand Equity

Trust is a confidence that is made on the exchange partner's reliability and integrity (Morgan & Hunt, 1994). A functional relationship between an organization and its customer is vital to develop a productive relationship and for the success of their marketing (Peter & Trim, 2006). It was also pointed out

that trust is considered as one of the elements that helps achieve organizational performance (Peter & Trim, 2006) and positively influence customer loyalty (Ball & Machas, 2004; Lau & Lee, 1999). Consequently, trust also has a positive effect on the brand equity (Grayson & Ambler, 1999).

While the relationship between a brand and a consumer is being strengthened, the trust on the brand also improves along with the consumer's commitment towards the brand (Grayson & Ambler, 1999). As the relationship with the brand is prime for brand equity, trust is a foremost element in the brand equity (Grayson & Ambler, 1999). Hence, trust helps improve the customer-based brand equity enabling the firm to enjoy a competitive advantage. Ballester & Aleman (2005) reiterate that trust is derived from the brand and it is positively associated with brand equity. Thus, trust is one of the determinants of brand equity (Ambler, 1997). The review of literature on trust and brand equity reveals that trust is one of the most important components of brand equity. Trust also improves the performance of the organization impacting loyalty and brand equity with brand commitment.

Loyalty and Brand Equity

When a consumer has in depth commitment to a product or brand, the consumer is said to be loyal to that particular brand. Consumers will buy the particular brand continuously without the intention of switching to the other brands in the market (Oliver, 2010). Loyalty is deemed to be an outcome of the relationship marketing, behaviour and attitude which are the components of the loyalty (Dick & Basu, 1994). Behavioural loyalty reflects on the number of times a particular brand is purchased and when a consumer provides a preference to the brands. This is called attitudinal loyalty (Javalgi & Mberg, 1997). Loyalty creates a long term relationship with the brand and a mutual benefit (Pan et al., 2012). Loyal customers express their attachment and commitment towards the brands and they would not switch to other companies (So et al., 2013).

As loyal customers show different profitable behaviour than unloyal customers, organizations are able to enjoy the benefits by way of generating profits from the loyal customers (Zeithaml, 2000). In addition, loyalty is a mediating factor between the satisfaction of employees and the organization's financial performance (Chi & Gursoy, 2009). Profit is also generated through the reduction of customers acquiring cost and by making the customers lower

their sensitivity to the price (Taylor & Neslin, 2005). Secondly, the share of wallet is formed by customer loyalty. This means that different portions of the purchases are shared by competing firms (Keiningham et al., 2015). The share of wallet has a potential impact on the profit of the organization and customer retention (Keiningham et al., 2015). According to Coyles & Gokey (2005), value will be created tenfold if customer retention and share of wallet is well focused in an organization.

According to literature, loyalty is also one an important aspect in brand equity. It creates a long term relationship with the brand and hence, will allow customers to switch brands. While looking into customer loyalty, it is inferred that customer loyalty is well connected to the brand equity of any brands.

Customer Satisfaction and Brand Equity

Customer satisfaction is an important determinant for a customer-oriented business in any industry (Roth & Bosener, 2015). Customer satisfaction is also considered as one of the predictors for the generation of word of mouth and repurchases (Haumann et al., 2014). Scholars also find that customer retention and loyalty are also predicted by customer satisfaction (Guo & Wang, 2015). Service quality and customer satisfaction have a positive relationship. Service quality dimensions are contributing towards customer satisfaction and in turn, affects customer loyalty (Hussain et al., 2015). Customer satisfaction plays a critical role in building and maintaining a long term relationship with customers and hence, is a prerequisite for the success of the organization. Hence, customer satisfaction is defined as a response from customers that has resulted through their expectations (Zhang et al., 2019). Further, it is believed that customers who are satisfied with the organizations remain loyal and show less sensitivity to the price and generate more word of mouth (Matzler et al., 2008). Therefore, organizations use the customer satisfaction as their strategy for creating loyalty, motivating the customers to pay and enhance the customers' life time value (Keller & Lehmann, 2006). This would further support the successful performance of the organization in the long term.

Customer satisfaction is an important factor to the success of an organization. When customers are satisfied, they are becoming loyal to that organization. In the case of the relationship between customer satisfaction and brand equity, researchers find a positive relationship (Aaker, 1992; Ailawadi et

al., 2003). Brand equity of any brand in the market immensely relies on customer satisfaction. So, managers mainly focus more on customer satisfaction to the brand and shareholder value than with marketing strategies and policies to improve brand equity. In this case, customer satisfaction directly influences the brand equity in a positive manner (Torres & Tribo, 2011).

Based on the comprehensive review of the literature, the following conceptual model has been developed. This is shown in Figure 1.

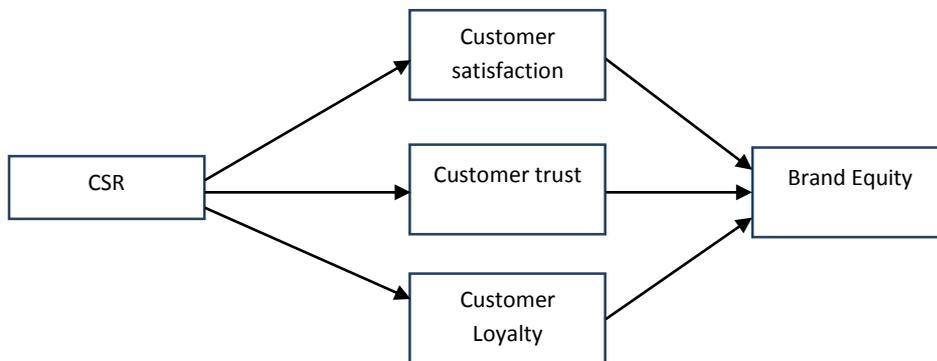


Figure 1: Conceptual Framework

Source: Author

The following hypotheses have been developed;

H₁: CSR of the supermarkets positively affect customer satisfaction.

H_{1a}: Customer satisfaction of supermarket customers mediates the relationship between CSR and brand equity.

H₂: CSR of the supermarkets positively affect customer trust.

H_{2a}: Customer trust of the supermarket customers mediates the relationship between CSR and brand equity.

H₃: CSR of the supermarkets positively affect customer loyalty.

H_{3a}: Customer loyalty of the supermarket customers mediates the relationship between CSR and brand equity.

H₄: CSR activities of the supermarkets positively impact brand equity.

RESEARCH METHODOLOGY

The study was conducted in order to investigate the relationship between corporate social responsibility and brand equity through the mediation of customer satisfaction, customer trust and customer loyalty. The study was quantitative in nature. The study involves testing hypotheses and hence, the research philosophy is positivism. As the data was collected only once, the time horizon for the study is cross-sectional. The research strategy was via survey. Since the hypotheses were tested and used for findings, a deductive approach was adopted for this study.

Survey Instrument

The survey instrument for this study was developed using previous studies. In order to measure the statements in the questionnaire, a seven-point Likert scale was used ranging from strongly disagree to strongly agree. The items used for this study are given in Table 1.

Table 1: Items Adaptations

Variables	No. of items	Adopted from
CSR	Offering quality products	Zhang et al. (2019)
	Partnering with customers	
	Fair treatment of customers	
	Dealing with complaints for customer compensation	
	Enthusiasm to charity	
	Donating to serve the society	
	Attention to vulnerable groups	
Customer satisfaction	Satisfied with products	Haumann et al. (2014), Ndubish & Natraajan (2018)
	Satisfied with value for money	
	Happy with supermarkets	
	Good experience	
	Overall satisfaction	
Customer trust	Trust supermarket	Choi & La (2013), Xie & Peng (2009)
	Confident with the supermarket	
	Safe to patronize	
Customer loyalty	First choice to purchase	Coward et al. (2008), Ha & Park (2013)
	Continuous buying from	
	WoM of excellency	
	Spreading positive message	

Brand equity	I will not change the supermarket to buy I am loyal Recalling symbol or logo Confident with the supermarket Atmosphere of the supermarket Offer customer service Remember the supermarket	Anselmsson et al., (2017)
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Sample Selection and Data Collection

The study was conducted among supermarket customers in Sri Lanka. The impact of CSR activities on the brand equity was examined in the study with a mediation of customer satisfaction, customer loyalty and customer trust. The population for this study were customers of supermarkets. Therefore, a convenient sampling has been adapted for this study. 426 supermarket customers were reached through google forms and direct contacts. 376 duly filled questionnaires were obtained by the researcher and were used for analysis in Smart PLS3.

DATA ANALYSIS AND PRESENTATION

Before discussing the findings, it is important to look into the demographical profile of the customers.

Table 2: Demographical Profile of Respondents

Characteristics	%
Sex	
Male	59.6
Female	40.4
Age	
18 – 25	21.3
26 – 40	33.5
41 - 60	28.2
> 60	17.0

Qualifications	
Less than GCE O/L	6.9
GCE O/L	18.6
GCE A/L	44.9
Graduates	15.9
Postgraduates	7.4
Others	6.3
Income	
< Rs. 50,000	20.7
Rs. 50,000 – Rs. 100,000	27.1
> Rs. 100,000	52.2

Source: Survey Data

Table 2 provides a demographical profile of the respondents. Of 376 respondents, 59.6 percent were male and the remaining respondents were female. In the case of age distribution of the respondents, 33.5 percent were between the ages of 26 - 40 and 28.2 percent of the respondents fell between the category of 41 - 60 years. 44.9 percent of the respondents among the surveyed customers came with the qualification of GCE Advanced Levels. Considering the income of the respondents, 52.2 percent of the customers came under the category of greater than Rs. 100,000. It is very important to investigate the validity of the model in the study before analysing the data using the SmartPLS 3. Hence, Table 3 provides the construct reliability and validity of the variables used in this study.

Table 3: Construct Validity and Reliability

Variables	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Brand equity	0.858	0.878	0.898	0.641
Customer loyalty	0.670	0.700	0.815	0.595
Customer satisfaction	0.670	0.712	0.814	0.595
CSR	0.887	0.903	0.915	0.645
Customer trust	0.701	0.840	0.830	0.632

Source: PLS Output

Composite reliability in Table 3 for all variable are greater than 0.70 and thus, the model is reliable (Hair et al., 2013). With the values greater than 0.50 of AVE for all variables, a convergent validity is also confirmed. Once the convergent validity is confirmed, it is important to ensure the discriminant validity of the model. In order to confirm the model with the discriminant validity, Table 4 provides the Fornel and Larker Criterion.

Table 4: Fornel and Larker Criterion

Variables	Brand equity	Customer loyalty	Customer satisfaction	CSR	Customer trust
Brand equity	0.801				
Customer loyalty	0.445	0.772			
Customer satisfaction	0.227	0.077	0.771		
CSR	0.314	0.138	0.839	0.803	
Customer trust	0.290	0.104	0.684	0.903	0.795

Source: PLS Output

Discriminant validity is confirmed with the data in Table 4 as the coefficient is not more than the square root of the AVG extracted. Further, the discriminant validity is also ensured with the factor loadings.

Table 5: Factor Loadings

Items	Constructs	Factor Loadings	VIF
BE2		0.900	3.207
BE3		0.683	2.776
BE4		0.760	2.563
BE6		0.856	3.390
BE7		0.786	3.204
CL1		0.834	1.304
CL3		0.746	1.258
CL4		0.732	1.375
CS1		0.706	1.298
CS2		0.835	1.258
CS3		0.766	1.407
CSR2		0.921	4.384
CSR3		0.744	2.882
CSR4		0.786	3.445

CSR5	0.669	1.747
CSR6	0.893	3.602
CSR7	0.778	4.320
CT1	0.510	1.123
CT2	0.919	2.014
CT3	0.889	2.022

Source: PLS Output

According to Table 5, the factor loadings are greater than greater than the other. The variation inflation factors are also more than 0.2 and not more than 5 (Hair et al., 2017).

Path Coefficient and Hypotheses Testing

Table 6 provides the details of path coefficients for a direct effect of latent variables that helps in testing hypotheses.

Despite the fact that customer satisfaction, customer trust and customer loyalty are influenced by corporate social responsibility, findings suggest that corporate social responsibility significantly impacts customer satisfaction ($p < 0.05$, $t > 1.96$), customer trust ($p < 0.05$, $t > 1.96$) and customer loyalty ($p < 0.05$, $t > 1.96$).

Table 6: Path Coefficient, R^2 and f^2

Directions	Path Coefficient	R^2	Adj. R^2	f^2	t	p
CSR → CS	0.839	0.703	0.703	2.371	61.080	0.000
CSR → CT	0.903	0.815	0.815	4.414	86.551	0.000
CSR → CL	0.138	0.019	0.016	0.029	2.438	0.015
CS → BE	0.049	0.259	0.254	0.022	0.735	0.463
CT → BE	0.213			0.032	2.509	0.000
CL → BE	0.419			0.235	11.474	0.000
CSR → BE					5.105	0.000

Source: PLS Output

However, R^2 value for any relationship among the variables should not be 0.20. Thus, the relationship between CSR and customer loyalty cannot

significantly be accepted. f^2 values are also given, which provides an insight to the extent to which the exogenous variable corporate social responsibility contributes to the R^2 value of endogenous latent variables. Consequently, CSR's contribution to the customer trust is huge. The next contributory factor of CSR is customer satisfaction. Q^2 of the model is also tested. The value for the Q^2 is 0.2753 which is greater than 0 and therefore, the model is accepted for accuracy. Table 7 provides the q^2 for latent variables.

Table 7: q^2 Values for Latent Variables

Latent Variables	q^2
Customer loyalty	0.1531
Customer satisfaction	0.1547
Corporate social responsibility	0.4580
Customer trust	0.3371

Source: PLS Output

Table 7 shows q^2 value for all latent variables. The values are more 0.02 and hence, the constructs are with predictive relevance.

The details of the hypotheses testing are given in Table 8 which shows that all hypotheses are supported by this study. Therefore, it can be concluded that CSR is contributing to customer satisfaction, customer trust and customer loyalty in the supermarket industry in Sri Lanka.

Table 8: Hypotheses Testing

Hypotheses	Results
H ₁	Supported
H ₂	Supported
H ₃	Supported
H ₄	Supported

Source: Author

Analysing Mediating Effects

In analysing mediating effects as shown in Table 9, customer satisfaction has no mediating effect between corporate social responsibility and

brand equity. This is because of the fact that the direct effect between customer satisfaction and brand equity is not significant ($t < 1.96$, $p > 0.05$).

Table 9: Mediating Effect

Path	Path Coefficient	T Statistics	P Values
CL -> BE	0.419	11.474	0.000
CS -> BE	0.049	0.744	0.457
CSR -> CL	0.138	2.438	0.015
CSR -> CS	0.839	61.080	0.000
CSR -> CT	0.903	86.551	0.000
CT -> BE	0.213	2.509	0.000

Source: PLS Output

Customer trust is playing the role of complementary mediation. This is owing to the positive relationship between corporate social responsibility and customer trust ($t > 1.96$, $p < 0.05$) and the relationship between the customer trust and brand equity ($t > 1.96$, $p < 0.05$). This is a complementary mediation. The third mediating variable is customer loyalty which is a complementary mediation ($t > 1.96$, $p < 0.05$).

Table 10: Hypotheses Testing Mediating Effect

	T Statistics (O/STDEV)	P Values	Results
H _{1a} : CSR -> CL -> BE	2.437	0.015	Supported
H _{2a} : CSR -> CS -> BE	0.733	0.464	Not supported
H _{3a} : CSR -> CT -> BE	2.448	0.015	Supported

Source: PLS Output

Table 10 shows that hypotheses H_{1a} and H_{3a} are supported statistically. Customer loyalty and customer trust within the supermarket sector in Sri Lanka are mediating between corporate social responsibility and brand equity. Hypothesis H_{2a} is not supported and inferred that customer satisfaction does not mediate between corporate social responsibility and brand equity.

DISCUSSION OF THE FINDINGS

The structural model for the study is given in Figure 2. According to the structural model, corporate social responsibility is very much an important construct for supermarket customers and vital for creating brand equity. In creating the brand equity for the supermarkets, creation of customer trust and customer loyalty is paramount.

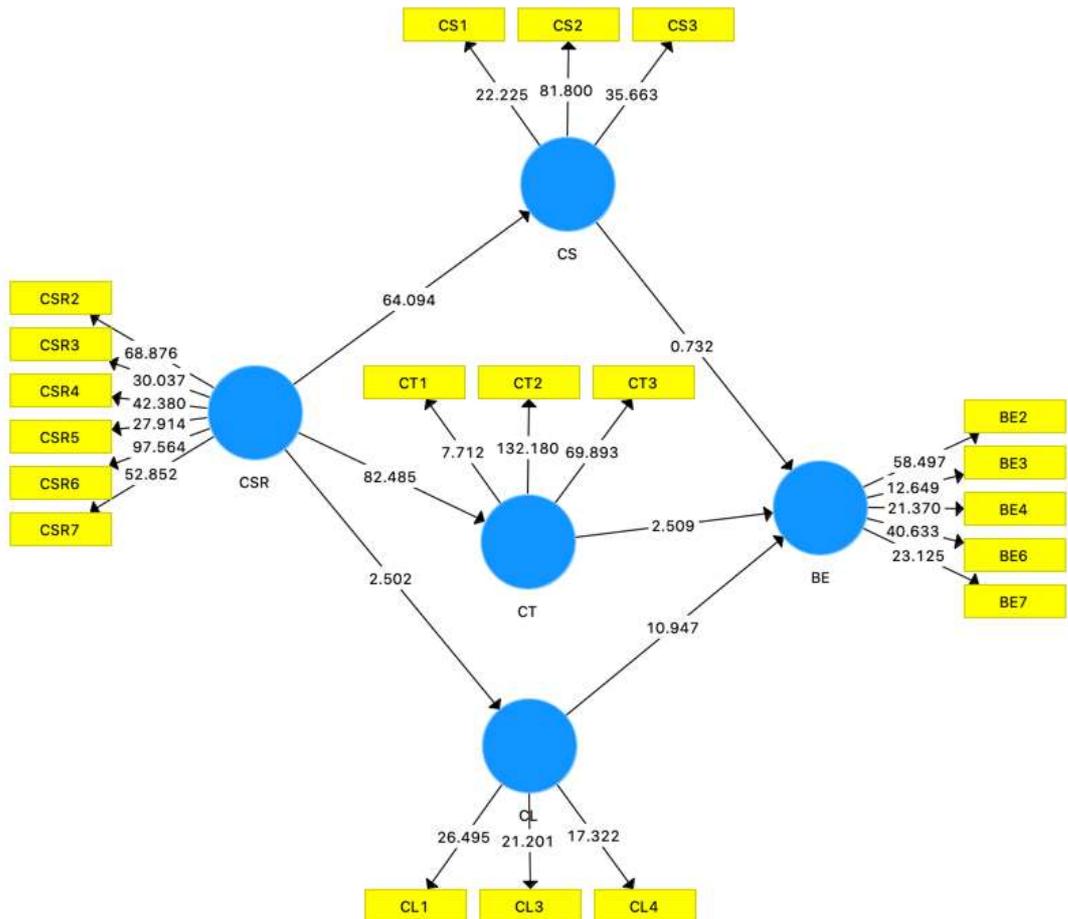


Figure 2: Structural Model

Corporate social responsibility positively impacts the brand equity of the supermarket sector in Sri Lanka. Therefore, supermarkets can use activities related to corporate social responsibility to enhance their brand equity. In the case of corporate social responsibility, supermarkets need to offer products of

good quality, maintain a partnership with customers, treat customers fairly, have a good handling of complaints given by customers and supermarkets need to focus on providing donations to charity and contributing to society. In spite of the fact that corporate social responsibility and brand equity have a positive relationship, customer satisfaction, customer loyalty and customer trust are also created by corporate social responsibility. In the context of the brand equity of the supermarkets, corporate social responsibility actions create a feeling of loyalty to the supermarkets and customers will not have a chance to switch from one brand of supermarket to another. Hence, customers understand that visiting that particular supermarket is special for them. This helps customers keep the logo or brands of the supermarkets in their minds.

This study also analyses the mediating effects of customer satisfaction, customer trust and customer loyalty between corporate social responsibility and brand equity of the supermarket sector in Sri Lanka. Findings suggest that except for customer satisfaction, the other two variables; customer trust and customer loyalty mediate the relationship between corporate social responsibility and brand equity. Customer loyalty is having a greater mediating effect on the relationship of CSR and brand equity and the factor that is the mediating effect is customer trust. Therefore, supermarkets in Sri Lanka can also invest more on CSR activities that create customer loyalty and will have a positive impact on the brand equity of the supermarkets. Findings suggest that when CSR activities are implemented by these supermarkets, they bring about a top of mind brand of the supermarket, customers are making continuous purchases from the supermarkets and a positive word of mouth is being generated. The second factor that is formed through CSR by the supermarkets is customer trust. CSR activities of the supermarkets positively impact customer trust. When the customers trust their supermarkets, they rely on it. Customers feel that supermarkets are safe for patronizing. Findings suggest that customers' trust is fully mediating the relationship between CSR and brand equity of the supermarkets. The third variable that CSR insignificantly creates is customer satisfaction. Therefore, customer satisfaction at the supermarkets do not mediate between the relationship of CSR and brand equity of the supermarkets.

CONCLUSION AND MANAGERIAL IMPLICATIONS

The objectives of the study were to investigate the relationship between corporate social responsibility and brand equity of Sri Lankan supermarkets and to explore the mediating effect of customer loyalty, customer satisfaction and

customer trust. Findings reveal that it is corporate social responsibilities that positively impact customer satisfaction, customer trust and customer loyalty. While three variables are being tested for the mediating effect, two of the variables; customer loyalty and customer trust are found to mediate between corporate social responsibility and brand equity. Therefore, it is recommended to all supermarkets in Sri Lanka to engage in CSR activities to the larger extent and help create or enhance customer loyalty and customer trust with those supermarkets.

This study contributes to the existing literature as well. This supports studies of Arikan & Guner (2013) and Madhachitara & Poolthong (2011) by finding an association between corporate social responsibility and customer loyalty. This study also supports Sharma & Vranda (2019) by bringing the fact to light that corporate social responsibility has an explicit link to trust, loyalty and brand equity. This study also supports Islam et al., (2021) by studying the relationship between CSR and its association with customer satisfaction. Further, despite the fact that customer satisfaction determines the long-term success factor of any organization (Koch et al., 2020), this research does not support to this fact and this could be owing to the cultural aspects of the country or may be due to the inadequacy of the size of the sample, which was one of the limitations of this study. However, brand equity of any brands hugely depend on customer satisfaction and is leading to brand equity (Torres &Tribo, 2011).

Brand equity of supermarket brands in Sri Lanka is a very important factor for supermarket companies to assess their performance. Brand equity is also one indicator for understanding the positioning of supermarket brands in the minds of the consumers. This study helps managers of supermarkets in Sri Lanka to explore the brand equity of the supermarket brands via customer satisfaction, customer loyalty and customer trust. Supermarkets can further invest on the activities related to corporate social responsibility as it assists in creating customer satisfaction, customer loyalty and customer trust. However, it is imperative for supermarkets in Sri Lanka to use CSR as a strategy to keep the balance of the interest of various stakeholders and builds fame and an image for them. Moreover, enjoying a competitive advantage is paramount for supermarkets while a paradigm shift is taking place in modern retailing. CSR activities are one of the major source of a competitive advantage within the current competitive environment in the supermarket sector in Sri Lanka. Thus, the creation of brand equity and the positive impact of customer loyalty and

customer trust derived from the corporate social responsibility for supermarkets in Sri Lanka is obvious.

There are limitations in this study. Limitations in the sample size were one of the constraints in this study. The survey for the study was carried out only across five cities in Sri Lanka inclusive of Colombo, Kalmunai, Batticaloa, Ampara and Kandy. When the size of the sample is increased and is extended to other areas where supermarkets are available, the reliability of the results would have further been improved. Hence, this study should be further expanded to other parts of the country as well. Another constraint is on the language. Sri Lanka is a multi-language speaking country. Therefore, the researcher had a constraint in filling out the questionnaires.

Further, studies could be focused on the corporate social responsibility activities and business performance of the supermarkets in Sri Lanka. This will help measure the extent to which the CSR activities of the supermarkets impact business performance so that the supermarkets sector can understand the outcome of their investment on CSR. Further studies can also be focused on the dimensions of the brand equity and CSR, which will also provide an idea of the CSR and brand equity that can be used to formulate strategies.

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CONFLICT OF INTEREST

The authors declare no conflicts of interest.

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