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ASPECTS OF CORPORATE SOCIAL RESPONSIBILITY ON THE MARKET FOR CARBONATED SOFT DRINKS IN BULGARIA FROM THE POINT OF VIEW OF BUSINESS¹

The concept of sustainable development has changed modern business. The successful companies of the 21st century strive to be good corporate citizens. This means integrating the concept of Corporate Social Responsibility (CSR) into their corporate strategies. The results of an empirical survey among carbonated soft drink manufacturers/bottling companies in Bulgaria on the aspects of applying CSR to this market are presented. The expert assessment offered by the business focuses on four key areas: (1) the role of CSR in the market for carbonated soft drinks in Bulgaria; (2) the effects of the implementation of CSR; (3) the consumer choice factors behind the purchase of carbonated soft drinks; and (4) the profile of the consumers of carbonated soft drinks.

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In the context of the market conditions of the 21st century, companies are striving to “produce sustainably” and maintain good corporate citizenship – to be companies that do well and simultaneously strive to do good things. This characterization combines the opposing views of two of the founders of Corporate Social Responsibility (CSR) in the USA Carnegie and Rosenwald. Both positions are united by a firm belief that socially responsible behavior is becoming a mandatory element in the modern way of doing business; doing good is what distinguishes the good companies from the great ones. As the Chairman of Ford Motor Co William Ford Jr. put it “a good company offers excellent products and services, and a great company does all this and strives to make the world a better place”. Although “good” is a philosophical category whose content and scope are subject to subjective interpretation, Kotler emphasizes that “in the business world, the “good” is associated with CSR (Kotler and Lee, 2011, p. 2). Moreover, CSR is becoming an indispensable element in the strategies of the companies of the 21st century.

This report presents the results of an empirical study conducted in 2018 among 13 soft drink manufacturers/bottling companies in Bulgaria on the aspects of CSR implementation in this market. The study includes some of the market leaders, as well as some small carbonated soft drink manufacturers/bottling companies with a significantly more limited scale of activity. Some providers of the so-called “Private labels” are also included. The business expert assessment is focused on four key

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areas: (1) the role of CSR in the market for carbonated soft drinks in Bulgaria; (2) the effects of the implementation of CSR; (3) the consumer choice factors behind the purchase of carbonated soft drinks; and (4) the profile of the consumers of carbonated soft drinks.

The role of CSR on the market for carbonated soft drinks in Bulgaria

Carbonated soft drinks manufacturers/bottling companies have a good general understanding of the nature of CSR. They consider it as a function of the complex implementation of economic, legal, ethical and philanthropic responsibility (Karl's understanding of the nature of CSR), and to a great extent (92% of all respondents) they state that the companies they represent are aiming towards such a form of corporate citizenship (Table 1).

Table 1

The nature of CSR from a business point of view

For our company CSR means that:	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1 – I totally disagree 5 – I totally agree					
1. A company should make a profit which it invests in protecting the interests of its stakeholders (owners, suppliers, employees and customers)	-	15	39	31	15	3.46
2. A company should be compliant with all the applicable laws in all aspects of business.	-	-	-	23	77	4.77
3. A company should strive for ethical behavior that does not harm people and the environment in all aspects of business.	-	-	15	31	54	4.38
4. A company should produce high quality products	-	8	-	8	84	4.69
5. A company should use its production resources efficiently	-	-	8	61	31	4.23
6. A company should use recyclable, recycled and/or biodegradable packaging	-	8	15	46	31	4.00
7. A company should monitor the overall impact of its production process on the environment	-	-	39	46	15	3.77
8. A Company should provide financial, material and other means and resources to raise awareness and concern for a given cause (<i>promotion of a cause</i>)	-	8	54	15	23	3.54
9. A company should engage, on the basis of sales of a particular product or by donating a percentage of its total profit in the support of a particular social cause (<i>marketing related to a cause</i>)	-	8	54	15	23	3.54
10. A company should create and support campaigns to change public behavior whose aim is to public health, security and well-being (<i>corporate social marketing</i>)	-	8	54	23	15	3.46
11. A company should engage in charity, sponsorships and donations (<i>corporate philanthropy</i>)	-	8	38	31	23	3.69
12. A company should encourage its employees to volunteer for the benefit of society and the environment by participating in local public organizations and causes (<i>volunteering for society</i>)	-	8	23	46	23	3.85
13. A company should voluntarily engage in activities beneficial to society and the environment (<i>socially responsible business practices</i>)	-	8	15	54	23	3.92
14. A company should strive for a complex implementation of all of the above mentioned statements	-	-	8	54	38	4.31

More specifically, the gathered data show that business representatives almost unanimously associate CSR mostly with observing the laws in force in all aspects of the company's business (mean score of 4.77). After that come: the production of high quality products (mean score of 4.69); ethical behavior that does not harm people and the environment (mean score of 4.38); the efficient use of production resources (mean score of 4.23), and the use of recyclable, recycled and/or biodegradable packaging (mean score of 4.00). Engaging in various corporate social initiatives (promotion of a cause, marketing connected with a particular cause, corporate social marketing, corporate philanthropy, volunteering for society and socially responsible business practices) (mean scores vary between 3.46 – 3.92) is of less importance for businesses. Moreover, 8% of all the companies surveyed indicated that the implementation of such initiatives does not correspond to their understanding of CSR. The rest of the companies demonstrate moderate activity at the level of philanthropic responsibility (Table 2).

Table 2

Intensity of the implementation of the six types of corporate social initiatives by the producers of carbonated soft drinks in Bulgaria

Initiative	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1 – Never 5 – Continuously					
1. Socially responsible business practices	-	31	39	15	15	3.15
2. Promoting a cause	-	31	46	15	8	3.00
3. Marketing related to a cause	-	31	38	23	8	3.08
4. Corporate social marketing	-	23	46	15	16	3.23
5. Corporate philanthropy	-	31	38	23	8	3.08
6. Voluntary activity for society	-	23	46	23	8	3.15

The data presented in Table 2 show that carbonated soft drink manufacturers/ bottling companies in Bulgaria are not predominantly focused on any of the six types of corporate social initiatives, nor do they avoid their realization. The businesses reported an average intensity of the implementation of these initiatives (mean scores vary between 3,00 - 3,23), which refutes the popular position that many companies limit the understanding and practice of CSR only to the performance of philanthropic responsibility, expressed precisely through the six types of corporate social initiatives presented. On the contrary, the results of the survey, summarized in the two tables, show that industry representatives understand and strive to apply the concept of CSR in its universality and integrity.

Effects of the implementation of CSR

The data systematized in Table 3 show that from the point of view of business, the strongest positives of engaging in CSR are related to building a positive reputation (mean score of 3.92) and building a positive image of the company/brand (mean

score of 3.85). The representatives of carbonated soft drink manufacturers/bottling companies also rank, albeit with a slight difference, the other positive effects of the implementation of CSR as follows: (1) building positive associations with the company/brand (mean score of 3.69); and (2) building a positive identity of the company/brand (mean score of 3.62).

The position of business with regard to the other effects of CSR is contradictory. For example: (1) 17% of the surveyed companies do not believe that CSR implementation helps them meet consumer expectations on the market (41% state a positive opinion); (2) 15% of respondents deny the possibility that the implementation of CSR can have a positive influence on the quality of the products offered (23% of companies defend the opposite opinion), (3) as well as on the level of consumer satisfaction (54% consider it possible); (4) 8% of respondents find no positive relationship between CSR and the value of the brand (62% of respondents acknowledge the existence of such); and (5) 8% of the companies also think that CSR does not help them improve their market performance (however, 54% state the opposite opinion).

A relatively higher degree of consensus exists among business representatives regarding the role of CSR in the customer relationship management process. For 54% of the companies, socially responsible behavior helps to attract more customers. However, the percentage of companies that are rather skeptical about this finding (46%) is also high.

Table 3

The effects of CSR implementation

Engaging in CSR helps:	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1 – I totally disagree 5 – I totally agree					
1. To build positive associations with the company/brand	-	23	8	46	23	3.69
2. To create a positive image of the company/brand	-	-	38	39	23	3.85
3. To create a positive identity of the company/brand	-	-	62	15	23	3.62
4. To increase the value of the brand	8	15	15	46	16	3.46
5. To improve the quality of the products offered	15	23	39	8	15	2.85
6. To meet consumer expectations on the market	17	17	25	25	16	3.08
7. To raise the level of consumer satisfaction	15	8	23	31	23	3.38
8. To build a positive reputation for the company/brand	-	8	31	23	38	3.92
9. To achieve a better performance of the company/brand on the market	8	15	23	39	15	3.38
10. To attract more customers	-	23	23	31	23	3.54
11. To develop customer relationships	-	8	31	46	15	3.69
12. To maintaining long-term relationships with customers	-	15	46	23	16	3.38
13. To gain and keep customer loyalty	-	23	31	23	23	3.46

61% of respondents believe that CSR helps the development of customer relationships but at the same time the percentage of companies that believe CSR may be a motive for maintaining customer relationships in the long run, as well as

for gaining and keeping their loyalty, is significantly lower 39% and 46%, respectively. This discrepancy shows that, besides the socially responsible behavior of carbonated soft drink manufacturers / bottling companies, there are other factors which are also important for consumers and which determine their choices and consumer habits.

The factors behind consumer choice when purchasing carbonated soft drinks

Table 4 reflects the point of view of business on the consumer choice factors involved in purchasing carbonated soft drinks. Representatives of the industry agree unanimously that the taste and quality of the product, as well as the price at which it is offered, are of paramount importance to customers (mean score of 4.77). Less relevance is attributed to the availability of the product (mean score of 4.69), to the availability of a promotional offer (mean score of 4.38) and to an impressive advertising message (mean score of 4.31). The involvement of carbonated soft drink manufacturers/bottling companies in CSR is ranked as least important (mean score of 3.62).

Table 4

The factors behind consumer choice when purchasing carbonated soft drinks from a business point of view

Factor	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1 – Not at all important 5 – Very important					
1. Product taste	-	-	-	23	77	4.77
2. Product quality (nutritional content and ingredients)	-	-	-	23	77	4.77
3. Price of the product	-	-	8	8	84	4.77
4. Availability of a promotional offer (promotional price/ price discount, additional quantity of the product at an unchanged price or additional pieces of the product at the price of one product unit)	-	-	15	31	54	4.38
5. Effective advertising message	-	-	15	39	46	4.31
6. Accessibility of the product	-	-	-	31	69	4.69
7. A company's commitment to CSR	-	15	31	31	23	3.62

It is somewhat surprising that only 7 of the 13 industry representatives surveyed believe that the company's engagement with CSR is a factor that affects consumer choices when purchasing carbonated soft drinks. Even though for these 7 companies the relevance of the discussed factor is high compared to others (Table 5), the fact that half of the carbonated soft drink manufacturers/bottling companies surveyed completely ignore the significance of CSR, as an independent factor for consumer choice remains illogical. This raises questions in connection with the fact that for 92% of the said companies CSR is associated mainly with the production of high quality products. In this sense, if product quality is among the leading factors behind

consumer choice, CSR should also be such, as quality is a function of socially responsible behavior. In any case, the results of the expert assessment of the effects of the implementation of CSR and the factors behind consumer choice indicate that business is used to a more conservative approach: it recognizes the importance of CSR in consumer relations, but considers that the latter are also influenced by other factors which may, in certain circumstances, have a significantly greater importance for gaining and keeping customer loyalty.

Table 5

The degree of importance of the company's engagement with CSR compared to all other factors from the point of view of business

The degree of importance of the company's engagement with CSR compared to all other factors	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1 – Not so important 5 – Very important					
	-	-	29	29	42	

A profile of carbonated soft drink consumers

Carbonated soft drink producers / bottling companies in Bulgaria are united by the understanding that there is a segment of “sophisticated” consumers on the market on which they operate (the definition of a “sophisticated customer” is presented in Table 6). 54% of the respondents are firm in this opinion, 31% state a high degree of certainty and only 15% have some reservations but are still convinced that such a segment exists (Table 6).

Table 6

The existence of a segment of “sophisticated” consumers of carbonated soft drinks from the point of view of the manufacturers/bottling companies of such drinks

Do you generally think that there is a segment of consumers on the carbonated soft drink market in Bulgaria who possess the features of “sophisticated” customers: high ethical awareness; ethical consumer behavior; education, awareness, experience, competence; concern for society and the environment; a high degree of personal self-esteem and self-respect; a high level of satisfaction?	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1 – Definitely not 5 – Definitely yes					
	-	-	15	31	54	

The summarized data in Table 7 show that, according to business representatives, the consumers of carbonated soft drinks in Bulgaria: (1) have great experience because the market diversity gives them the opportunity to try different brands of beverages (mean score of 3.77); (2) have high self-respect (mean score of 3.69) which, as is to be expected, results in (3) high self-assessment (mean score of 3.54); (4) are constantly searching for information about the products/brands they consume, which results in them being (5) well-informed and familiar with the market, which in turn allows them to make a well-informed consumer choice (mean score of 3.23).

Table 7

**Characteristics of the consumers of carbonated soft drinks in Bulgaria –
from the point of view of business**

Consumers of carbonated soft drinks in Bulgaria:	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean
	1. – I totally disagree 5 – I totally agree					
1. Have a high degree of ethical awareness	8	23	15	54	-	3.15
2. To a high degree demonstrate ethical consumer behavior	-	23	23	54	-	3.31
3. Continuously seek information about the products/brands they consume, and in particular about the carbonated soft drinks they consume	-	15	62	8	15	3.23
4. Are well-informed and aware of the carbonated soft drink market which allows them to make informed consumer choices	-	23	46	15	16	3.23
5. Have rich experience because they have the opportunity to try different brands of carbonated soft drinks	-	8	31	38	23	3.77
6. Tend to try new carbonated soft drinks available on the market	8	8	30	46	8	3.38
7. Appreciate the high quality of the product, the reasonable cost of supply and the effect the product has on people and the environment equally.	8	15	23	23	31	3.54
8. Have high self-esteem	-	31	15	23	31	3.54
9. Have high self-respect	-	31	8	23	38	3.69

Representatives of the business believe that the consumers of carbonated soft drinks in Bulgaria demonstrate highly ethical consumer behavior (mean score of 3.31), but some of the companies (8% of respondents) are skeptical about whether ethical behavior is related to a high degree of ethical awareness. In this sense, it is not surprising that according to some of the respondents involved in the survey (8%), the consumers do not value the high quality of the product, combined with a reasonable price, and the effect that this product has on people and the environment equally. There are also certain fluctuations among the respondents (8% of them) regarding the innovative spirit of consumers and their tendency to try new carbonated drinks that are available on the market.

All of the above mentioned positions are features and consequences of consumer “sophistication”. On the basis of the findings presented thus far, it can be summarized that from the point of view of business there is a segment of “sophisticated” consumers on the market for carbonated soft drinks in Bulgaria. However, the more detailed analysis shows that not all the features inherent to the “sophistication” that the theory describes are actually fully valid for the consumers on this particular market.

Conclusion

On the basis of the above said, it can be concluded that carbonated soft drink manufacturers/bottling companies in Bulgaria are well aware of the concept of CSR and are aiming for its effective implementation in practice.

What is interesting is that while most companies do not usually publicly disclose their CSR commitments or produce a social report to communicate their implementation as the strongest effect of socially responsible behavior, they recognize the impact this has on building a positive company reputation/brand, as well as a positive image, however, these effects are heavily dependent on communication effectiveness. The positive impact of CSR in the context of customer relationship management phases has also been taken into consideration. Besides the role of CSR, business representatives also evaluate the other factors that determine consumer choices when purchasing carbonated soft drinks. The profile of carbonated soft drink consumers in Bulgaria and their belonging to the segment of "sophisticated" customers is also the subject of assessment by the business.

All this forms the expert assessment of business representatives and supports the understanding of the role of CSR as a naturally inherent form of behavior for the companies which considered successful in the 21st century.

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