Impacts of Corporate Social Responsibility and Authenticity on Brand Loyalty: Evidence from the Chain Coffee Shop Industry in Vietnam*

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Abstract

This study examines the impact of CSR and its authenticity on customer loyalty through the brand image in the chain coffee shop industry. Using qualitative and quantitative methods, 601 survey questionnaires were distributed, of which 491 were analyzed. The results show that CSR has a positive impact on brand image and customer loyalty. In addition, authenticity does not moderate the impact of CSR on brand image and loyalty, as it is difficult for customers to verify the authenticity of CSR action programs. This study emphasizes the importance of CSR action programs and authenticity for businesses to sustainably enhance their distinctive brand image and customer loyalty. Therefore, for sustainable development in the future, managers of coffee shop chains need to focus on the following issues. First, the most important thing is the right awareness of businesses regarding CSR and CSR authenticity. Third, businesses should strengthen the transparency of CSR action programs in various media so that consumers can easily verify authenticity, to increase brand image and improve customer loyalty.

Keywords: Corporate Social Responsibility, Authenticity, Brand Loyalty, Chain Coffee Shop Industry

JEL Classification Code: M4, M14, K20

1. Introduction

Corporate social responsibility (CSR) has been an issue of great importance to businesses and has attracted many researchers’ attention since the 1950s. Good CSR performance returns a positive image of fixed trust for customers, promotes customer loyalty (Bhattacharya et al., 2004; Lichtenstein et al., 2004; Madrigal & Boush, 2008), and promotes business performance (Zhou et al., 2022), thereby helping enterprises develop sustainably (Rashid et al., 2014; Lee et al., 2017; Lee et al., 2019). Within the last 10 years,
the number of research works on CSR has increased. In the case of Science Direct, the publication more than doubled from 1097 to 2845 (about 2.6 times) between the years 2010 and 2017. For the Web of Science, they almost quadrupled from 479 to 1816 (about 3.8 times) in the same time period (Agudelo et al., 2019).

With the deepening of international integration, the strong development of 4.0 technology makes commercial activities, of coffee chains, in particular, increase rapidly over time. Global international trade (in terms of export value) in 2020 was 3.12 times higher than that in 2000. The global market for coffee shops was about 156.9 billion USD in 2020 and is expected to reach an adjusted size of USD 201.4 billion in 2027, growing on an average of 3.6% from 2020 to 2027. With the explosion of coffee chain stores across the globe and the competition between brands, it is becoming increasingly difficult for them to survive and develop sustainably. In this context, consumers’ buying decision behavior is made quickly. Furthermore, consumers are increasingly demanding brands selling goods related to social responsibility, CSR authenticity, and the quality, price, and other factors of the goods. Consumers avoid artificial or fake products and services (Gilmore & Pine, 2007). and are willing to boycott brands that do not implement CSR, such as the 1971 boycott of the sugarcane industry in the UK due to the use of slaves. In 2000, Mitsubishi, Burma, Campaign, De Beers, Fur trade, and the body shop were boycotted in Mexico for environmental reasons and nature conservation.

CSR is subject to skepticism, ridicule, and distrust (Debeljak et al., 2011; Porter & Kramer, 2011). Consequently, CSR, particularly in this new context, is the top concern of businesses and consumers; thus, more evidence is needed in this regard. In recent years, the coffee chain in Asia, particularly in Vietnam, has developed significantly. The Chinese market has grown by four new branded coffee shops per day. In 2020, the world was affected by Covid-19. Despite this, the Asian coffee chain market (East Asia’s branded coffee shop) continued to grow, adding 3,630 outlets to a total of 74,535 stores (a growth rate of 5.1%). Leading the way are South Korea (25,905 outlets), China (21,464 outlets), and Japan (7,939 outlets) (Allegra World Coffee Portal, 2022). The big coffee chains include Starbucks, Luckin Coffee, Cocoa, 85C Barkery cafe, Angle-in-US, Amazon cafe, Caffe Bene, The Coffee Bean & Tea Leaf, Gloria Jean’s Coffees, and Pari’s croissant. In Vietnam, as of June 2021, there were about 1113 outlets (Vietnam Insider, 2022). These coffee chains include Highland, The Coffee House, Trung Nguyen, Passio, Phuc Long, Aha Coffee, Starbucks, Cong cafe, The Coffee Bean, and Tea Leaf; These enterprises have been carrying out many CSR activities. Highland coffee runs a campaign that fights to save pangolins in Vietnam; nearly 200 rescued pangolins were released into the wild in 2018, thanks, in part, to a collaboration with the UN Environment. Highlands coffee ran the Green Arms campaign to reduce plastic products, while Phuc Long ran the Green Life campaign. However, customers accessing their service at the shops still requested plastic cups. Coffee houses with many CSR activities such as community responsibility with the name from small action - supporting the big thing, serving the Covid-19 epidemic. Furthermore, coffee houses, such as Trung Nguyen coffee, go green but still use many non-biodegradable plastic products. Many enterprises engage in CSR activities, but the authenticity of their CSR activities remains doubtful. Thus, consumers and researchers require more practical research on this issue.

Currently, there are many studies on CSR (Agudelo et al., 2019), but few studies on the impact of CSR and its authenticity on customer loyalty in various fields, and even fewer in the coffee chain sector. Some studies on hotels include Martínez and Rodríguez del Bosque (2013), Martínez et al. (2014), Kim and Kim (2016), Kim and Stepenchekova (2020), Gürelk et al. (2017), and Palacios-Florecino et al. (2018); a study on restaurants includes Kim et al. (2016); some studies on casinos include Tingchi Liu et al. (2014) and Chen McCain et al. (2019); a study on coffee chains includes Cha et al. (2016). To the best of our knowledge, there are no studies on the impact of CSR and its authenticity on customer loyalty in the coffee chain industry in Vietnam.

There are two different views on the impact of CSR and its authenticity on customer loyalty. Several studies have shown that CSR directly impacts customer loyalty (Martínez et al., 2014; Chen McCain et al., 2019; Kim & Kim, 2016). Other studies have shown that CSR has a contingent effect on loyalty through customer trust, identification, satisfaction (Martínez & Rodríguez del Bosque, 2013); brand preference (Tingchi Liu et al., 2014); brand identification (Chen McCain et al., 2019); brand image, trust (Yu & Hwang, 2019); corporate image (Gürelk et al., 2017); customer satisfaction (Chung et al., 2015; Martínez et al., 2014); brand trust and experience (Khan & Fatma, 2019); functional image, symbolic image (He & Lai, 2014); perceived brand quality, perceived CSR authenticity, perceived monetary value, brand satisfaction (Kim & Stepenchekova, 2020); perceived value, social media engagement (Mohammed et al., 2019); brand image, and customer trust (Chun & Bang, 2016). Furthermore, studies have shown that authentic CSR directly impacts customer loyalty (Alhouti et al., 2016; Gunawan et al., 2020). Other studies have shown that authentic CSR has a contingent effect on loyalty through corporate image (Brusseau et al., 2013; Chun & Bang, 2016; Alhouti et al., 2016; Joo et al., 2019), corporate credibility (Gunawan et al., 2020), customer trust (Chun & Bang, 2016), boycott, and purchase intent (Alhouti et al., 2016). Therefore, it is necessary to have more experimental studies to clarify the two research directions.
Additionally, there is currently little research on the impact of CSR authenticity on customer loyalty. However, two conflicting findings have been reported. Several studies, such as Chun and Bang (2016), Alhouti et al. (2016), Feng et al. (2016), Joo et al. (2019), and Kim and Stepchenkova (2020), have shown that CSR authenticity has an impact on customer loyalty. Some other studies, such as Gunawan et al. (2020), have shown that CSR authenticity has no impact on customer loyalty.

The aforementioned gaps motivated the authors to conduct this study with the following objectives: (1) determine and estimate the impact of CSR and CSR authenticity on customer loyalty in the coffee chain industry; (2) verify that CSR directly or indirectly affects customer loyalty; (3) verify whether CSR authenticity has an impact on customer loyalty; and (4) propose policy implications for coffee chain businesses in the future.

2. Literature Review and Hypotheses

2.1. Corporate Social Responsibility in the Chain Coffee Shop Industry

CSR has not lost its topicality. At each stage of socio-economic development, the concerns of the community and the concept and composition of CSR differ. Researchers and entrepreneurs around the world mentioned CSR very early in the 1930s. However, there remains no unified CSR concept. Bowen is considered the father of the concept of CSR and the foundational concept for the development of later CSR concepts. According to Bowen (2013), the CSR of corporate executives is the obligation of businesspeople to pursue policies related to their employees and customers, which have a direct impact on the quality of life of the whole society. Therefore, decisions are made about whether to act or follow desired courses of action regarding the goals and values of society (Bowen, 2013). CSR means that entrepreneurs have related obligations towards society in economic and human terms; it asserts that, to an extent, social responsibility can be linked to economic profits for the company.

The social responsibility of entrepreneurs should be commensurate with their social power; not doing so will lead to a reduction in the company’s social power (Davis, 1960). McGuire (1963) argued that corporate responsibilities extend beyond legal and economic obligations to politics, the social welfare of community education, and employee happiness. Committee for Economic Development (1971) recognizes the responsibility of corporations to conduct business according to public consent and that its fundamental purpose is to serve the needs of society constructively for social satisfaction. However, Committee for Economic Development (1971) acknowledges the social contract between society and business and that society is developing in fundamental and important ways. It especially notes that “Business is being loved demand to assume broader responsibilities towards society before and in the service of a range of human values.”

Carroll (1979) provided the first unified definition of corporate social responsibility that includes economic, legal, ethical, and social discretionary expectations held at a certain time. Carroll (1991) presents the pyramid of corporate social responsibility to provide a useful approach to CSR for executives who need to balance their commitments to shareholders; their obligations towards more stakeholders are derived from new government agencies and government regulations. There are four main responsibilities for any company: (1) economic responsibilities that underlie the other levels of the pyramid, (2) liability of the company, (3) ethical responsibilities that shape corporate conduct in addition to legal compliance obligations, and (4) corporate philanthropic responsibilities that contribute to the enhancement of society’s quality of life. He also believed that a company should be a good corporate citizen. Carroll (2008) presented that corporate social responsibility is reflected in environmental aspects, product safety, and labor rights.

Elkington (1999) presented the bottom-line trilogy, a sustainability framework that balances a company’s social, environmental, and economic impacts. Elkington explains that the way to achieve superior performance in the last three lines (social, environmental, and economic) is through efficiency and long-term partnerships between the private and public sectors and among stakeholders. Corporations need socially and environmentally responsible behavior so that they can be positively balanced with their economic goals. Smith (2001) refers to a company’s obligations to its stakeholders, who are affected by its policies and practices. These obligations extend beyond the legal requirements and obligations of the company to its shareholders. The fulfillment of these obligations aims to minimize harm and maximize the long-term beneficial impact of the company on society. Lantos (2001) notes that CSR entails obligations stemming from the “latent social contract” between business and society, so that companies become responsive to society’s long-term needs and desires, optimizing their effects for positive impact and minimizing the negative impact of its actions on society. Lantos (2001) argued that CSR could become a strategy when it is part of company management that generates profit and is socially responsible. Freeman (2001) argued that corporations are responsible for their suppliers, consumers, employees, warehouse owners, and local communities and, therefore, should be managed accordingly.

In short, despite many different definitions of CSR, it can be defined as a company’s obligation to make
decisions, policies, and actions to maximize its benefits and fulfill its duties to employees and shareholders. Moreover, corporations must comply with the law, commit to well-defined ethical principles, give back to the community, and be accountable for social and environmental issues. According to these concepts, the components of CSR have been broadened and enhanced. Davis (1960) stated that CSR was composed of economic and other responsibilities. According to Carroll (1991), CSR includes legal, ethical, and philanthropic components in addition to economic responsibility. Elkington (1999) argues that CSR includes environmental, economic, and social sustainability. The International Organization for Standardization (ISO) has a CSR standard that includes seven core elements: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement, and development.

Coffee shops sell prepared coffee, tea, and other beverages. Many coffee shops began to sell sandwiches, salads, and other snack items. CSR in coffee shop chains is mainly related to employees, shareholders, society, solving food safety, healthy food, animal rights, and environmental protection problems. This study approaches CSR components according to Elkington (1999) for two reasons. First, Elkington (1999) adopted the Carroll (1991) model and added environmental sustainability to CSR to complete the CSR model. Second, the implementation of CSR components must be applied more cohesively and simultaneously, rather than prioritizing economic responsibility, according to Carroll (1979). As mentioned above, this model is applied to many different fields, including the F&B industry. Some studies based on sustainability theory show that customers can easily understand and distinguish between the three CSR components following this model (Kale & Singh, 1999; Rashid et al., 2014; Alvarado et al., 2015). This ability to distinguish the three dimensions in the “Triple Bottom Line” helps customers provide a better overview and quickly evaluate businesses’ CSR implementation.

Thus, based on inheriting the concept of Du et al. (2007) and the concept and characteristics of the coffee shop chain, this study approaches the CSR of the coffee shop chain as the commitment of businesses to maximize long-term economic benefits, contribute to society’s well-being, and protect the environment through its business practices, policies, and resources. The three main pillars of enterprises’ sustainable development (economic, social, and environmental responsibilities) must be implemented synchronously. Economic responsibility is required to maintain business operations; enterprises should care about profits and participation in competitive markets by providing affordable products and services. Good prices and quality bring satisfaction to customers.

For sustainable economic development, businesses cannot ignore their responsibilities to customers, which directly affect the company’s image and profit. Environmental responsibility in each country differs based on regulations. To protect the ecosystem, it is necessary to protect the environment by reducing the use of natural resources, as some resources can be replaced by using clean energy sources, such as wind energy, to generate electricity or recycle products. This can also reduce business costs. Furthermore, it is necessary to treat the waste before it is released into the environment. Social responsibility addresses the core values in society; these are the societal beliefs that are measured by the ability of people to work with each other in the organization. These capabilities are important for the development of sustainability in society (Elkington, 1999). Organizations are responsible for the community both internally and externally because they have an impact on growing companies by providing a good workplace, training environment, improved skills, increased welfare, and ensured human rights. For external organizations, it is necessary to create a good relationship with society by creating activities to help the community, such as providing financial support or having practical activities to improve community life. This is also the basis for forming the measurement scale shown in Table 1.

### 2.2. Corporate Social Responsibility, Brand Image, and Customer Loyalty

Kotler and Keller (2009) defined brand image as a set of beliefs and argued that it is the totality of consumers’ evaluation of brand attributes. Brand image refers to a set of associations that customers perceive over time, resulting from their direct or indirect experience of a brand (Baker & Hart, 2008). Brand image is the general impression of consumers about the overall characteristics of the brand. It is built from a set of consistent messages about the brand through which customers can easily associate and recognize it (Salinas & Pina Pérez, 2009). Positive brand image perception triggers favorable customer behavior and intentions (Lee et al., 2017). A satisfied customer feels better about a company’s CSR brand image (Wu & Wang, 2014; Wu, 2011; Lauritsen & Perks, 2015). Doney and Cannon (1997) showed that 76% of customers are willing to switch to the products or services of a brand that cares more about society. CSR and brand image are two sides of a coin, two inseparable elements of a successful business (Salinas & Pina Pérez, 2009). Similarly, the studies of Raza Naqvi et al. (2013), Martinez et al. (2014), Wu and Wang (2014), Wu (2011), Lauritsen and Perks (2015), and Cha and Jo (2019) also pointed out that the implementation of CSR helps improve the brand image of enterprises in the eyes of customers. This study expects that
CSR has a positive impact on brand image. In this study, we apply three dimensions of CSR (economic, environmental, and social sustainability) according to Elkington (1999).

**H1:** Corporate social responsibility – CSR – (related to economic sustainability – ECS; social sustainability – SS; and environmental sustainability–ES) has a positive significant influence on the brand image (BI).

Customer loyalty is the degree to which customers are willing to repeat purchases from a specific supplier, have a positive attitude towards this supplier, and consider solely using this supplier when their needs arise (Oliver, 1999; Estelami, 2000). Customer loyalty is also an assessment of future customer behavior. It is the driving force behind continuing the relationship, recommending the supplier, and extending the relationship (Salinas & Pina Pérez, 2009).

Thakur (2016) defined attitudinal loyalty as a customer’s intention to remain committed to a specific provider in the marketplace by repeating their purchasing experience. Researchers have studied the impact of several factors on customer loyalty, such as brand (Wu & Wang, 2011; Nisar & Whitehead, 2016). Brand image has a positive relationship with customer loyalty (Ataman & Ülengin, 2003; Grayson & Martinec, 2004; Vlachos et al., 2009; Nisar & Whitehead, 2016; Qasim et al., 2017; Cuesta-Valiño et al., 2019). This study expects that brand image has a positive effect on customer loyalty. Enterprises that focus on adopting CSR will make a good impression on customers and increase their loyalty (Du et al., 2007; Vlachos et al., 2009). Brand image positively affects how a company is perceived, increases its popularity, and narrows the gap between the brand and customers based on strong emotional bonds, which in turn influences and enhances customer satisfaction and customer loyalty (Ataman & Ülengin, 2003). Similarly, many studies have shown that CSR affects customer loyalty through brand image (Rashid et al., 2014; He & Lai, 2014; Chun & Bang, 2016; Qasim et al., 2017; Cuesta-Valiño et al., 2019). This study further follows this approach in that CSR affects customer loyalty through brand image and examines the moderating effect of CSR authenticity on brand image.

**H2:** Brand image (BI) has a significantly positive influence on customer loyalty (CL).

### 2.3. Authenticity Moderating CSR and Brand Image

Authenticity is an evaluation, a judgment of whether something is authentic (Grayson & Martinec, 2004), or an appraisal of the extent of the authenticity of something (Beckman et al., 2009). CSR authenticity refers to the accuracy and truthfulness of a company’s participation in CSR activities far beyond legal regulations (Alhouti et al., 2016). Combining authenticity and CSR can bring success to a company (Schimpf, 2015). Additionally, stakeholder awareness of authenticity is an important determinant of CSR performance. According to Gao and Mattila (2014), customers were more satisfied and loyal to a brand when they realized that the CSR activities were solid and derived with the purpose of serving the community rather than for the company’s benefits. McShane and Cunningham (2012) also showed that improper CSR could harm a company. Consumers avoid artificial or fake products and services (Gilmore & Pine, 2007). Consumers are willing to boycott brands that do not implement CSR, such as the 1971 boycott of the sugarcane industry in the UK due to the use of slaves. In 2000, Mitsubishi, Burma, Campaign, De Beers, Fur trade, and the body shop were boycotted in Mexico for environmental reasons and nature conservation. Authentic CSR can result in a company’s sustainable development. Empirical research has shown that authenticity is important for successful CSR implementation. Honest CSR benefits the community and contributes to strengthening brand image (Alhouti et al., 2016; Joo et al., 2019; Chun & Bang 2016). The disclosure of CSR has a positive on firm value (Machmuddah et al., 2020). This study expects CSR authenticity to have a moderating impact on the relationship between CSR and brand image.

**H3:** Authenticity has a moderating impact on the relationship between CSR and brand image.

### 2.4. The Research Model

This research is designed to confirm the relationships between CSR, brand image, and loyalty, as well as the moderating effect of authenticity on the relationship between CSR and brand image. Recent empirical studies have also confirmed the indirect effect of CSR and customer loyalty (He & Lai 2014; Qasim et al., 2017; Cha & Jo, 2019; Cuesta-Valiño et al., 2019). The proposed research model is as shown in Figure 1.

### 3. Methodology

This study consists of two main phases; qualitative research, followed by quantitative analysis.

#### 3.1. Qualitative Study

Preliminary research: A measurement scale was proposed for the research based on the research objectives, theoretical basis, previous studies, identification of research concepts, research hypotheses, and research model. The measurement scale is presented in Table 1.
Table 1: The Measurement Scale

<table>
<thead>
<tr>
<th>Measurement Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Sustainability (ECS)</td>
<td></td>
</tr>
<tr>
<td>ECS1</td>
<td>Coffee chain (X) focuses on maximizing profits.</td>
</tr>
<tr>
<td>ECS2</td>
<td>Coffee chains (X) always try to improve their products (beverage, bakery, and other products).</td>
</tr>
<tr>
<td>ECS3</td>
<td>Coffee chain (X) controls its cost accordingly.</td>
</tr>
<tr>
<td>ECS4</td>
<td>Coffee chain (X) tries to continuously improve the additional quality of the services that they offer.</td>
</tr>
<tr>
<td>ECS5</td>
<td>Coffee chain (X) has plans for its long-term success.</td>
</tr>
<tr>
<td>Social Sustainability (SS)</td>
<td></td>
</tr>
<tr>
<td>SS6</td>
<td>Coffee chain (X) actively promotes volunteerism activities within the local communities to enhance the local quality of life.</td>
</tr>
<tr>
<td>SS7</td>
<td>Coffee chain (X) engages in charitable activities by donating towards education for children in remote areas.</td>
</tr>
<tr>
<td>SS8</td>
<td>Coffee chain (X) tries to be highly committed to well-defined ethical principles.</td>
</tr>
<tr>
<td>SS9</td>
<td>Coffee chain (X) ensures food and beverage safety.</td>
</tr>
<tr>
<td>SS10</td>
<td>Coffee chain (X) provides customers with information about their food and beverages.</td>
</tr>
<tr>
<td>Environment Sustainability (ES)</td>
<td></td>
</tr>
<tr>
<td>ES11</td>
<td>Coffee chain (X) uses eco-friendly, recycled material in their business (bamboo, inox, grass straws; paper glass for takeaway; serving glass for use at shops; etc).</td>
</tr>
<tr>
<td>ES12</td>
<td>I am aware of the coffee chain (X)'s initiatives toward the environment.</td>
</tr>
<tr>
<td>ES13</td>
<td>Coffee chain (X) has a very good image in my mind regarding its environmental activities.</td>
</tr>
<tr>
<td>CSR Authenticity (CA)</td>
<td></td>
</tr>
<tr>
<td>CA14</td>
<td>Reliability: Coffee chain (X) implements CSR programs as promised.</td>
</tr>
<tr>
<td>CA15</td>
<td>Transparency: All aspects of coffee chain (X)'s CSR programs are open to public evaluation.</td>
</tr>
<tr>
<td>CA16</td>
<td>Benevolence: Coffee chain (X) is being philanthropic in its support of CSR programs.</td>
</tr>
</tbody>
</table>
The multigroup analysis method is typically used to measure the moderating impact. Thus, we decided to use this method to evaluate the relationship between CSR and brand image. Three factors: (1) reliability, (2) transparency, and (3) benevolence (Joo et al., 2019), were used as measurement items for CSR authenticity. Participants were asked to respond using a seven-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

### 3.2. Quantitative Study

Based on the above measurement scale, the authors conducted preliminary interviews; 50 out of 60 responses were valid and were used for preliminary analysis to evaluate the reliability of EFA and confirmatory factor analysis (CFA). The evaluation of the preliminary result indicated that the research data were qualified via Cronbach’s alpha coefficient (>0.6) and correlation coefficient (total > 0.3). The survey conducted focused on customers of coffee chains in Ho Chi Minh City. With 601 answers from respondents, 110 responses were unsatisfactory and 491 were valid ($n = 491 > 400$) (Table 2). A five-point Likert scale was used to measure these factors (1 = strongly disagree to 5 = strongly agree).

### 4. Results and Discussion

First, the study used Cronbach’s alpha coefficient (>0.6) and correlation coefficient (total > 0.3). The results of the reliability test also met these requirements (all Cronbach’s alpha ≥ 0.7). Next, principal component analysis with varimax rotation was used (Malhotra et al., 2017; Hair et al., 2010; Her et al., 2019). However, the number of factors was not restricted. For convergent validity, 0.5 was used as the factor loading cut-off point. Items had to display a 0.3 loading difference with any other factor to ensure distinctive validity. The results showed that five factors with the factor structure were fully matched. First, Bartlett’s test of sphericity was statistically significant ($p(Bartlett) = 0.000$), which verified that the correlation matrix was not an identity matrix, thereby validating the suitability of the factor analysis. Second, the Kaiser-Meyer-Olkin (KMO) test was performed, which showed a KMO value of 0.872, lower than the suggested value of 0.507. The total variance was 60.316%. Similarly, the variables, “brand image” and “customer loyalty” also met the requirements: total variances were 54.859% and 67.173%, respectively, higher than 50%; Eigenvalues were higher than 1. After running the CFA for the first time, one item, “ECS1”, was eliminated because its factor loading was 0.452 (< 0.50). After deleting this item, we ran the CFA for the second time (Figure 2).

The model demonstrated a good fit: $\chi^2$ was 524.285 (degree of freedom = 177, $p < 0.000$), $\chi^2$/df value was 2.962 (< 3.0), CFI was 0.932, Tucker Lewis coefficient (TLI) was 0.919, and the RMSEA was 0.063 (< 0.08).

As presented in Table 3, the factor loadings of the items ranged from 0.527 to 0.853, all of which were above 0.50. In addition, the average variance extracted (AVE) values ranged from 0.502 to 0.615 (>0.50), indicating satisfactory convergent validity. Discriminant validity was also confirmed since the AVEs were larger than the squared correlation coefficients between the factors. The composite validity was also confirmed since the AVEs were larger than the squared correlation coefficients between the factors. The composite validity was also confirmed since the AVEs were larger than the squared correlation coefficients between the factors.
reliabilities (CR) ranged from 0.77 to 0.871 (>0.70). Thus, the measurements of CSR, brand image, and customer loyalty were satisfactory in terms of convergent validity, discriminant validity, and reliability. Table 4 presents the correlation matrix among the latent constructs.

Table 5 provides the estimates of structural modeling. The model fit indices for the structural model were satisfactory, with chi-square/df = 2.948; RMSEA = 0.063; TLI = 0.909; CFI = 0.922 (chi-square/df < 3; CFI, GFI, TLI > 0.9; RMSEA < 0.08) (Malhotra et al., 2017). Thus, this provides a good basis for examining the hypothesized paths, H1 and H2, in this study. Table 5 presents the structural results of the proposed model with standardized path coefficients for significant relationships. First, CSR presented a positive relationship ($\beta = 0.865, P < 0.001$) with brand image; hence, H1 was supported. Second, brand image ($\beta = 0.814, P < 0.001$) had significant effects on customer loyalty; thus, H2 was supported. More specifically, comparing the values of the coefficients of CSR’s three dimensions, ECS had the greatest influence on CSR, followed by SS and ES.
Multiple group analysis was employed to identify the moderating effects of authenticity on the relationship between CSR and brand image. Based on the mean value of authenticity, respondents were divided into two independent groups: the high ($n=269$) and the low ($n=222$) perceived authenticity groups. The difference in chi-square between the constrained model and the unconstrained model was found to be insignificant at a 0.05 level ($\Delta \chi^2 = 0.117$). This finding suggests that authenticity does not moderate the relationship between CSR and brand image.

As expected, the path coefficients related to the effects between the variables in the research model were statistically significant at the 5% significance level. Notably, the bootstrap test results with 1000 replicates showed that the above coefficients were all zero. Therefore, it can be concluded that the hypotheses are supported.

The independent samples $t$-test was used to compare the means of the two independent groups to determine whether the associated population means were significantly different. The $t$-test indicated that the male respondents perceived CSR authenticity higher than the female respondents, and more highly educated people were more loyal to coffee chains than the others.

The results show that CSR indirectly reaches the customer center through the brand image. Validation computation does not act as a mediator between CSR and customer-centric influences.

This research result also contributes significantly to filling and completing the gaps in theory and empirical research on the impact of CSR and authenticity on customer loyalty, particularly in the coffee chain industry. The contributions of this study are as subsequently outlined.

First, this study contributes to supplementing and clarifying the theory on the conflicting effects of CSR on customer loyalty, as indicated in the introduction section. Accordingly, this study further supports the indirect impact of CSR on loyalty through
Table 3: Items of the Refined Measurement Scales and Measures of Reliability

<table>
<thead>
<tr>
<th>Factor Loading (EFA)</th>
<th>Factor Loading (CFA)</th>
<th>Average</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Sustainability (Cronbach’s α = 0.764, CR = 0.77, AVE = 0.502)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECS1) Coffee chain (X) focuses on maximizing profits.</td>
<td>0.696</td>
<td>0.452</td>
<td>4.34</td>
</tr>
<tr>
<td>ECS2) Coffee chain (X) always tries to improve their products (beverage, bakery, and other products).</td>
<td>0.634</td>
<td>0.581</td>
<td>4.09</td>
</tr>
<tr>
<td>ECS3) Coffee chain (X) controls its cost accordingly.</td>
<td>0.527</td>
<td>0.617</td>
<td>3.83</td>
</tr>
<tr>
<td>ECS4) Coffee chain (X) tries to continuously improve the additional quality of the services that they offer.</td>
<td>0.726</td>
<td>0.692</td>
<td>4.23</td>
</tr>
<tr>
<td>ECS5) Coffee chain (X) has plans for its long-term success.</td>
<td>0.687</td>
<td>0.802</td>
<td>4.13</td>
</tr>
<tr>
<td><strong>Social Sustainability (Cronbach’s α = 0.806, CR = 0.815, AVE = 0.512)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SS6) Coffee chain (X) actively promotes volunteerism activities within the local communities to enhance local quality of life.</td>
<td>0.655</td>
<td>0.518</td>
<td>3.82</td>
</tr>
<tr>
<td>SS7) Coffee chain (X) engages in charitable activities by donating towards education for children in remote areas.</td>
<td>0.762</td>
<td>0.543</td>
<td>3.28</td>
</tr>
<tr>
<td>SS8) Coffee chain (X) tries to be highly committed to well-defined ethical principles.</td>
<td>0.737</td>
<td>0.814</td>
<td>3.78</td>
</tr>
<tr>
<td>SS9) Coffee chain (X) ensures food and beverage safety.</td>
<td>0.607</td>
<td>0.790</td>
<td>4.05</td>
</tr>
<tr>
<td>SS10) Coffee chain (X) provides customers with information about their food and beverages.</td>
<td>0.602</td>
<td>0.733</td>
<td>4.01</td>
</tr>
<tr>
<td><strong>Environmental Sustainability (Cronbach’s α = 0.823, CR = 0.827, AVE = 0.615)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ES11) Coffee chain (X) uses eco-friendly, recycled material in their business (bamboo, inox, grass straws; paper glass for take-away; serving glass for use at shops; etc).</td>
<td>0.841</td>
<td>0.745</td>
<td>3.76</td>
</tr>
<tr>
<td>ES12) I am aware of coffee chain (X)’s initiatives toward the environment.</td>
<td>0.817</td>
<td>0.762</td>
<td>3.75</td>
</tr>
<tr>
<td>ES13) Coffee chain (X) has a very good image in my mind regarding its environmental activities.</td>
<td>0.800</td>
<td>0.842</td>
<td>3.64</td>
</tr>
<tr>
<td><strong>Brand Image (Cronbach’s α = 0.871 CR = 0.871, AVE = 0.576)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BI17) The products of coffee chain (X) have a high quality.</td>
<td>0.764</td>
<td>0.782</td>
<td>4.22</td>
</tr>
<tr>
<td>BI18) Coffee chain (X) has nice and friendly staff.</td>
<td>0.829</td>
<td>0.722</td>
<td>4.14</td>
</tr>
<tr>
<td>BI19) Coffee chain (X) has a personality that distinguishes itself from competitors.</td>
<td>0.853</td>
<td>0.824</td>
<td>4.19</td>
</tr>
<tr>
<td>BI20) Coffee chain (X) is one of the best brands in the sector with customers.</td>
<td>0.635</td>
<td>0.771</td>
<td>4.08</td>
</tr>
<tr>
<td>BI21) Coffee chain (X) is very consolidated in the market.</td>
<td>0.719</td>
<td>0.689</td>
<td>4.23</td>
</tr>
<tr>
<td><strong>Customer Loyalty (Cronbach’s α = 0.876, CR = 0.819, AVE = 0.539)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CL22) Coffee chain (X) is my top choice.</td>
<td>0.674</td>
<td>0.740</td>
<td>3.82</td>
</tr>
<tr>
<td>CL23) I would love to try coffee chain (X)’s new products.</td>
<td>0.844</td>
<td>0.621</td>
<td>3.77</td>
</tr>
<tr>
<td>CL24) I am loyal to the coffee chain (X)’s brand.</td>
<td>0.649</td>
<td>0.882</td>
<td>4.15</td>
</tr>
<tr>
<td>CL25) I would be happy to spend my time in search of coffee chain (X)’s product information.</td>
<td>0.800</td>
<td>0.658</td>
<td>3.89</td>
</tr>
</tbody>
</table>

CR: composite reliability, AVE: average variance extracted, ASV = Average shared variance, MSV = Maximum shared variance.
brand image, as presented by many previous studies (Tingchi Liu et al., 2014; Cha et al., 2016; Gürlek et al., 2017; Chen McCain et al., 2019; Yu & Hwang, 2019).

Second, the study assessed the impact of CSR (related to economic sustainability, ECS; social sustainability, SS; and environmental sustainability, ES) on customer loyalty through brand image. This has contributed to filling a gap, as little research on this impact in the coffee chain industry (Brusseau et al., 2013). Among the three dimensions of CSR, ECS has the most significant influence on CSR, followed by SS and ES. In the past, coffee chains in Ho Chi Minh City mainly focused on the ECS, but rarely on SS and ES. First, ECS was considered a priority for most coffee chains in Ho Chi Minh City. They emphasized enhancing products, controlling costs accordingly, and providing additional services to maximize profits. Second, SS has been receiving increasing attention from coffee chains in Ho Chi Minh City, but there are still few and far between. They ensure food and beverage safety and provide customers with information about food and beverages.

However, there are aspects of SS that coffee chain businesses need to improve on, such as enhancing the quality of life for local farmers and engaging in charitable activities by donating towards education for children in remote areas. Third, ES is the least perceived dimension of CSR for customers. This is concerned with coffee chains and the improvement of brand image. However, customers do not think that these coffee chains have performed well in terms of environmental responsibility. Coffee chains are constantly launching campaigns towards the environment, especially programs to reduce single-use waste. However, in addition to the positive effects of the implementation of serious campaigns, not every chain executes the campaigns well; on the contrary, it also receives strong objections and boycotts from customers, with halved performance. The opposition also strongly affects the overall image of the enterprises implementing CSR. The wide use of plastic products in stores is condemned by the community; some coffee chains have many classification boxes but only one large bag of socks underneath, including trash, and selling plastic cups containing ice separately for 2.000 VND.

Third, this study complements and expands on the theory regarding the conflicting effects of authenticity, whether it directly impacts or moderates customer loyalty. As stated in the introduction section, the moderating effect on customer loyalty was a gap requiring further argument. Empirical research has shown that authenticity is important for successful CSR implementation. Honest CSR benefits the community and contributes to strengthening brand image (Chun & Bang, 2016; Alhouti et al., 2016; Joo et al., 2019). The disclosures of CSR information can bring financial and non-financial benefits to the firms (Nguyen et al., 2020). The research results once again solidified the theoretical and practical basis of CSR authenticity and brand image. Thus, in the case of coffee chains in Ho Chi Minh City, CSR authenticity had no moderating effect on brand image. These research results also supported Alhouti et al. (2016).

Alhouti et al. (2016) established that the moderating role of CSR authenticity depends on the research context.

### Table 4: Correlations Matrix Among the Latent Constructs

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Economic Sustainability</td>
<td>0.708</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Social Sustainability</td>
<td>0.539</td>
<td>0.715</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Environmental Sustainability</td>
<td>0.413</td>
<td>0.575</td>
<td>0.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Brand Image</td>
<td>0.609</td>
<td>0.500</td>
<td>0.460</td>
<td>0.754</td>
<td></td>
</tr>
<tr>
<td>(5) Customer loyalty</td>
<td>0.508</td>
<td>0.540</td>
<td>0.414</td>
<td>0.583</td>
<td>0.752</td>
</tr>
</tbody>
</table>

Note: Values in parentheses represent the square root of the average variance extracted; all correlations are significant (p < 0.01).

### Table 5: Standardized Parameter Estimates

<table>
<thead>
<tr>
<th>Hypothesized Path</th>
<th>Standardized Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS ← CSR</td>
<td>0.868</td>
<td>0.00</td>
<td>0.00</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>ECS ← CSR</td>
<td>0.884</td>
<td>0.145</td>
<td>9.848</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>ES ← CSR</td>
<td>0.639</td>
<td>0.160</td>
<td>8.379</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1</td>
<td>BI ← CSR</td>
<td>0.865</td>
<td>0.128</td>
<td>9.716</td>
<td>***</td>
</tr>
<tr>
<td>H2</td>
<td>CL ← BI</td>
<td>0.814</td>
<td>0.074</td>
<td>13.842</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: **p < 0.001. 
industry’s characteristics, and the research object that led to the difference in the impact of CSR authenticity. Considering the characteristics of the coffee chain industry and its consumers in the context of Industry 4.0, the products of the coffee chain industry are not highly-priced and are consumed quickly, so consumers have not spent much time and effort verifying the authenticity of the CSR action programs. In Vietnam, particularly in Ho Chi Minh City, most customers found it difficult to verify the authenticity of CSR activities because most of the program information was not publicly available or transparent.

5. Conclusion and Managerial Implications

The results reveal that customers’ perceptions of CSR positively affect brand image and customer loyalty. In addition, the study adds to the theoretical and practical basis that the moderating effect of authenticity is not significant in the relationship between CSR and brand image in coffee chains in Ho Chi Minh City. With the explosion of the coffee chain industry worldwide, especially in Asia and particularly in Vietnam, the managers must have a differentiated business strategy to survive, develop sustainably, improve brand image and enhance customer loyalty. CSR and CSR authenticity are considered to be one of the most important aspects of that strategy. In fact, in a developing and populous country such as Vietnam, there is promising potential to attract foreign brands that can penetrate and develop alongside domestic brands. In 2015, the total number of coffee brand outlets was 230, but by June 2021, this number reached 1113 outlets and is forecasted to increase in the future. In the past, these coffee shop chains have constantly been competing to survive, always discovering initiatives to cut input material costs, polishing the brand image with slogans that say more than they do, and not understanding social responsibility. Especially, the environmental responsibilities have not been strictly implemented, which has contributed to environmental pollution.

However, Vietnam is constantly improving and strengthening the supervision and enforcement of environmental protection regulations. In addition, the global commitment to protect the green planet is continuously strengthening, including in Vietnam, and consumers will strengthen the supervision of the business activities of enterprises. Therefore, for sustainable development in the future, managers of coffee shop chains need to focus on the following issues.

First, the most important thing is the right awareness of businesses regarding CSR and CSR authenticity. Enterprises must consider CSR and CSR authenticity as part of their proactive business strategy, which should be reflected in their goals, vision, and mission.

Second, businesses should synchronously implement social responsibilities and pay special attention to environmental stabilization responsibilities. Among the three CSR components, customers clearly perceive economic responsibility and strongly influence customer loyalty. If businesses perform well, this responsibility contributes significantly to increasing brand image and customer loyalty. Social responsibility is demonstrated through practical programs to contribute to society and the community. For coffee shop chain businesses, attention should be paid to social programs. Projects should be implemented, focusing on supporting farmers to increase their productivity, product quality, and efficiency of coffee, tea, and cocoa according to new standards, such as sustainable development programs for coffee. The stability of output is another concern for businesses. In the face of environmental disasters and negative consequences for society due to business activities, the issue of environmental responsibility is urgently raised. Customers’ perceptions of environmental responsibility are higher when they can directly participate in, and experience environmental protection activities proposed by the chain. Businesses should continue to strictly implement programs to limit the use of single-use plastic items at all store systems, along with constantly encouraging customers to use environmentally friendly items to increase awareness and create green consumption habits for customers. Furthermore, businesses should consider collaborating with non-profit and non-governmental organizations in Vietnam to work on ecosystem conservation. Businesses can consider working with influencers who follow green living and have a suitable follower group for the target group enterprise goods.

Third, businesses should strengthen the transparency of CSR action programs in various media so that consumers can easily verify authenticity, to increase brand image and improve customer loyalty.

However, this study had some limitations that present directions for future research. First, the sample size was sufficient; however, it was necessary to enlarge the sample size to include a wider demographic. Therefore, the data may have limited the generalizability of the results. Second, there were limitations in terms of resources and time. Third, due to Covid-19 complications, data could only be gathered through online survey forms instead of face-to-face interviews at coffee shops in Ho Chi Minh City. Therefore, the results do not cover a larger scale. Finally, the proposed model only considers three dimensions of CSR and ignores other factors that could affect customer loyalty. In the future, researchers could expand the components of CSR or other intermediate variables to measure the impact of CSR on customer loyalty and extend the sample size.
References


