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# **Analysis of Customer Perception on C.S.R. and Brand Loyalty** with reference to Automobile Sector

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#### **ABSTRACT**

The present-day markets are highly competitive. The degree of competitiveness is quite high in the automobile sector in India. Every company attempts to provide advanced and unique features in their Motor Cars to attract as well as retain customers. Apart from providing advanced technological features in their products, building goodwill for the organization is also being seen as a strategy to increase the market share.

In this direction, the companies are adopting the C.S.R route for building up their goodwill as well as creating brand loyalty. In this regard, it becomes pertinent to study whether the Automobile customers are aware of the concept of C.S.R. and initiatives of the automobile companies in this direction and does the CSR initiatives influence the Brand Loyalty in the Automobile Industry. The objective of this study is to evaluate consumer awareness of CSR and understand the role of CSR in Brand Loyalty in the Automotive Sector. To examine the issue, the research study was undertaken with a structured questionnaire with special reference to the automobile sector. The results show that awareness about the concept of C.S.R is not significantly high and the nature of activities undertaken also widely differ across the automobile companies. CSR initiatives do influence Brand Loyalty.

Keywords: C.S.R., Brand Loyalty, Customer Perception and Goodwill.

#### 1.0 Introduction

Corporate social responsibility initiatives' main aim is to give structure to an organization's efforts to give back to the community, participate in social causes, and provide positive social value. Businesses turn to CSR to make a difference and build goodwill and brand loyalty to their customers. Jason Fernando (2024) says, "CSR can help improve various aspects of society as well as promote a positive brand image for companies".

Large businesses driven by profit motive are now turning to initiate CSR endeavors. 2021, Tim Stobierski. Harvard Business School blog. Customers are nowadays more aware of the initiatives the companies are taking for their community and many now base purchasing decisions on the CSR aspect of a business. As a company engages more in CSR, it is more likely to receive favorable brand recognition. "Good Guys Can Finish First: How Brand Reputation Affects Extension Evaluations." 2019, Jechary S. Johnson,

Jai Shankar Ganesh. Apart from the positive impacts to the planet, the article mentions many reasons for businesses to continue corporate social responsibility.

#### 1.1 Corporate Social Responsibility

As per the Companies Act 2013 "Every company with a net worth of Rs 500 crore, a minimum turnover of Rs 1,000 crore, or a minimum net profit of Rs 5 crore, is obligated to constitute a CSR committee dedicated to undertaking a mix of initiatives, such as promoting education, gender equality, women's empowerment, improving mental health, or ensuring environmental sustainability."

"The law does not treat foreign companies differently and includes foreign companies doing business in India, whether by themselves, through an agent, or even electronically". (Carroll, A. B., 1991).

#### 1.2 Definition of CSR

The World Business Council for Sustainable Development (WBCSD) defines, CSR as "CSR is the continuing commitment by businesses to behave

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ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

# 1.3 Current Situation of Corporate Social Responsibility in India

Corporate Social Responsibility is not a novel concept in India. Through donations and charity events, many organizations have been doing their part for society. But 2013 Companies Act made it mandatory.

CSR programs range from community development to advancement in education, environment, healthcare, etc. Many of the companies are helping people by providing them a good standard of living. For instance, 551 crores In Haryana State, and 971 crores in U.P., were spent in the financial year 2020-21 on CSR activities. (Source: National CSR Portal, Ministry of Corporate Affairs)

#### 2.0 Automobile Industry in India

The Indian automobile industry is the sixth largest automobile producer in the world, The Industry can cater to both domestic and external markets. Rising demand is due to growing disposable incomes and the availability of finance options.

India emerged as Asia's fourth largest exporter of passenger cars. According to the Society of Indian Automobile Manufacturers 'passenger vehicle sales were 42,18,746 in number, in the year 2023-24'.

## 2.1 Corporate Social Responsibilities by the Automotive Industry

The automobile sector in India is growing at a fast pace. It is becoming one of the biggest markets in Asia. Several domestic and foreign companies are launching their new products every year.

To survive in such an aggressive market, organizations need to have quality products. At the same time, they also need to concentrate on building their reputation. It plays a crucial role in the success of any company. To maintain a good corporate image, every company attempts to boost its goodwill with the help of Corporate Social Responsibility (CSR). CSR is therefore recognized as an important

tool, that enhances the company's reputation leading to its success.

#### 2.2 Brand Loyalty

Oliver defined brand loyalty by incorporating repeat purchase as "a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior"

Brand-loyal customers purchase a brand frequently. They also show a strong resistance towards shifting to the competitor's brand. Strong brand loyalty is a firm's asset leading to an improved market share, better returns on investment, creating scope for brand extensions, leading to higher brand equity.

#### 3.0 Objectives of the Study

The Objectives of this study are:

- i. To evaluate consumer awareness of CSR in the Automobile Sector
- Understand the role of CSR in Brand Loyalty in the Automobile Sector.

This paper examines how far car buyers are aware of the CSR initiatives taken by car manufacturing companies and whether there is any relationship between CSR and Brand Loyalty while making car purchases. We also examine whether car manufacturers' CSR initiatives influence car buyers' purchase behavior.

#### 4.0 Research Methodology

As per the objectives of the study Primary data is collected through a structured questionnaire from respondents from NCR, Andhra Pradesh, and Telangana. Convenient Sampling is adopted and 90 respondents are selected for the study. The period of study is from October 2023 to August 2024. The Secondary data inclusive of quantitative and qualitative information is collected from various sources including research papers, magazines, and websites

The data collected is tabulated to get an insight into the nature of awareness about CSR initiatives among consumers. For this as well as for testing the

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different hypotheses in the study the SPSS software package was used. The only limitation of the study is that it focuses on a small geographical region and the number of respondents is also limited considering the number of consumers in the automobile market.

#### 5.0 Review of Literature

There are several research studies on CSR published in various journals. We review some of the studies relevant to the theme of the present research.

Goel (2015) found that many business organizations were practicing CSR activities before the introduction of the Companies Act 2013. Cheng, Lin, and Wong (2016) affirmed that it was about 40% of the companies in India have collaborated with local and state governing bodies to promote and impart CSR activities. Shyam R. (2016) did a study "An Analysis of Corporate Social Responsibility in India" which Offers trends to know the growth of CSR in India, shifting trends, and activities done by SMEs which make it mandatory for every company. Kaur S. and Tandon N. (2017), in their article titled "The Role of Corporate Social Responsibility in India," conclude that some businesses have already begun to use CSR as a strategy to develop the company and the community. (Miras-Rodríguez et al., Citation2020) the effective implementation of CSR responsibility towards employees, customers, community, environment, and the description of CSR application in annual reports improve the stakeholders' perception of the company.

Consumer loyalty towards a brand is a basic marketing construct, and it has been an area of investigation for academia and practitioners. The focus on loyalty has been increasing particularly due to the inability of consumers to differentiate brands

in certain product categories (Schultz DE, Block MP, Viswanathan V. Brand preference being challenged. J Brand Manage. 2014; 21(5):408–428.)

A commitment to buy/purchase a good or service continuously from a particular firm in the future is known as brand loyalty (Ha et al, 2011. Customer loyalty is their interest in the brand (Aker 1996). Corporate Social Responsibility is a tool for organizations that may be utilized to build loyalty. (Dapi and Phiri,2015; Akbari et al,2021)

#### 6.0 Data Analysis and Interpretation

The data for the study was collected from the NCR, Andhra, and Telangana regions. Initially, we describe the demographic profile of the respondents. In all, there are 88 respondents, among whom 64 (72.73%) are male and 24 (27.27%) are female. The respondent's age group considered for the study is 18 years and above. All the respondents are literate with education status ranging from 12th class to Ph.D. When the occupation of the respondents is considered we observe that 46 respondents (52.27%) were in private service while 22 (25%) of the sample were in Government service. The rest of the respondents are equally distributed across different professions such as Business, MNC, Homemaker, and Retired. The responses from all these sample units are analyzed in this section.

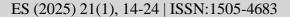
In the automobile market, there are buyers of different categories. There may be first-time purchasers to those who may already have the automobile but are interested in upgrading to the latest models. To know the category of consumers in the sample the question was asked to respondents for specifying their frequency of purchase of automobile. The data collected is presented in Table No.1.

Table No.1: Frequency of Buying New Automobile

Sr. No	Frequency	Frequency	Percentage
1	Every 2-3 years	0	0.00
2	Every 4-5 years	10	11.36
3	Every 6-7 years	37	42.05
4	I rarely buy new automobiles	41	46.59
	Total	88	100

Source: Field Survey

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SSN: 1505-4683

From the table it is observed that none of the consumers prefer to change their automobile in 2 to 3 years. 10 respondents constituting 11.36% of the sample said that they change their automobiles every 4 to 5 eras. 42.05% of the sample consumers prefer to change their automobiles in 6 to 7 years. Whereas

46.59% of the respondents said they rarely go for new automobiles.

The analysis shows that though most of the customers do prefer to go for new automobiles, but once they purchase, they prefer to keep it for a minimum 6 to 7 years.

Table No.2: CSR Activities and Purchase of Automobiles

Sr. No	Scale	Frequency	Percentage	
1	Extremely Unlikely	11	12.50	
2	Unlikely	6	6.82	
3	Neutral	18	20.45	
4	Somewhat likely	37	42.05	
5	Very likely	16	18.18	
	Total	88	100	

Source: Field Survey

As the study intends to focus on the awareness and influence of CSR on automobile purchases, the question was asked to the respondents about the extent to which they are influenced by the CSR orientation of the company. The data obtained is presented in Table No.2. From the table it is observed that 37 respondents constituting nearly 42% of the sample said that they are somewhat influenced in their automobile purchase decision, by CSR activities of the company. 16 respondents constituting 18.18% said the very likely to be

influenced by the CSR activities. When these to percentages are added it clear that nearly 61% of the respondents are observed to be influenced in their purchases by the CSR activities. Unlikely and extremely unlikely category are relatively less.

The above result shows that though the customers who are totally influenced in their automobile purchases due to CSR is less, but the when somewhat likely category is added it increases to nearly 61%.

Table No.3: Awareness about CSR Initiatives of Industry

Sr. No	Components	Frequency	Percentage
1	Environmental sustainability	39	44.32
2	Charitable donations	16	18.18
3	Ethical sourcing of materials	10	11.36
4	Employee welfare programs	9	10.23
5	Community development projects	14	15.91
	Total	88	100

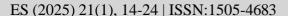
Source: Field Survey

Under the CSR initiative an organisation can take up number of initiatives dealing with Environment, Charity, Welfare programs, Community Development projects etc. In order to know the awareness in the automobile consumers the question was asked about the scope of CSR activities. The responses obtained are presented in Table no.3.

From the table, it is observed that 39 respondents constituting 44.32% of the sample said that CSR

activities of the deal with environment sustainability. Less that 20% respondents knew about industry under CSR spends on Community Development, Employee welfare and others. The analysis clearly indicates that the customers are aware about the CSR initiatives for environment, and are not much aware about the other dimensions of CSR on which the automobile sector is spending.

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Tabe No. 4: Factors considered in automobile purchase

Sr. No	Factors	Frequency	Percentage	
1	Price/Performance	52	59.09	
2	Design/Aesthetics	8	9.09	
3	Brand reputation	19	21.59	
4	Fuel Efficiency	5	5.68	
5	CSR initiatives	4	4.55	
	Total	88	100	

Source: Field Survey

An automobile consumer considers several factors before deciding to purchase a particular brand. These factors are the Price of the product, Design, Brand reputation, Fuel efficiency, and CSR initiatives. To know which factors dominate the most customer buying behavior in the automobile market, the question was asked to the respondents. The data obtained for this aspect is presented in Table No.4. The table reveals that 52 respondents constituting 59% of the sample said that price is the most important influencing factor, in their automobile purchase decision. The second most

important factor is the brand reputation of the automobile. 19 respondents constituting 21.59% of the sample said they considered this aspect in their automobile purchases. Design and fuel efficiency are being considered by relatively a smaller number of automobile consumers. CSR initiatives were being considered by less than 5% of the customers. The analysis shows that the traditionally considered factors such as price continue to be considered by present-day automobile consumers too. CSR initiatives are considered by only a smaller percentage.

Table No.5: Actively research a brand's CSR activities

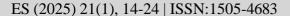
Sr. No	Scale	Frequency	Percentage
1	Never	24	27.27
2	Not a big deal	2	2.27
3	Rarely	31	35.23
4	Sometimes	26	29.55
5	Often	5	5.68
	Total	88	100

Source: Field Survey

When a consumer is aware of CSR he will consider it while purchasing the automobile. To know whether the consumer actively researches a brand's CSR activities the question was to the respondents. The data obtained is presented in Table No.5. The table shows that 31 respondents constituting 35.23% of the respondents said they rarely focussed on a brand's CSR activities. The respondents who answered never were 24 constituting 27.27% of the

total sample. This indicates that nearly 63% of the respondents are considering CSR activities while making their purchases of automobiles. The consumers who consider this aspect sometimes are observed to be only 29.55% of the sample. In other words, most of automobile consumers do actively research a brand's CSR before making their purchase.

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SSN: 1505-4683

Table No.6: Awareness about CSR Initiatives

Sr. No	Awareness Frequency		Percentage	
1	Not aware at all	20	22.73	
2	Somewhat aware	21	23.86	
3	Not very much aware	24	27.27	
4	Slightly aware	18	20.45	
5	Extremely Aware	5	5.68	
	Total	88	100	

Source: Field Survey

Though a consumer may not purchase an automobile he may have some idea about the CSR initiatives as they as widely publicized by the industries. To know whether the consumer is aware of such initiatives the question was asked to the sample respondents. The data obtained is presented in Table No.6. The data show that almost 49% of the respondents are not all aware of such CSR initiatives of the automobile

companies. Slightly aware and fully aware constitute 26% of the sample. The above analysis reveals that only a minor percentage of consumers (26%) are aware of CSR initiatives. The automobile companies should be trying new ways to communicate the message of CSR activities.

Do you think CSR initiatives contribute to enhancing the reputation of automobile companies?

**Table No.7: Enhancing Reputation of Automobile Companies** 

Sr. No	Scale	Frequency	Percentage
1	Strongly Disagree	15	17.05
2	Disagree 6 6.82		6.82
3	Neither Agree nor disagree	8	9.09
4	Agree	25	28.41
5	Strongly Agree	34	38.64
	Total	88	100

Source: Field Survey

The consumers may have opinion about the impact of CSR spending on a company's reputation. To know the consumer's opinion about CSR expenditure and its influence on company's reputation the question was asked to the respondents. This data is presented in Table No.7.

The table shows that 34 respondents constituting 38.64% of the sample said that they strongly agree

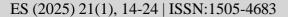
with the statement that CSR initiatives enhance the reputation of the automobile companies. 25 respondents constituting 28.41% of the sample said they agreed with the statement. The percentage of respondents who did not agree with this statement was less than 25%. The result clearly shows that though the consumers may not be fully aware of the CSR initiatives, most of them (65%) think that CSR initiatives enhance the reputation of the companies.

**Table No.8: Increase in CSR Communications** 

Sr. No	Scale	Frequency	Percentage
1	Strongly Disagree	1	1.14
2	Disagree	3	3.41
3	Neither Agree nor Disagree	7	7.95
4	Agree	43	48.86
5	Strongly Agree	34	38.64
	Total	88	100

Source: Field Survey

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SSN: 1505-4683

In this question we attempt to seek the opinion of the consumers on whether the companies should increase their communication efforts about their CSR activities. The data obtained is given in Table No.8. The table shows that 43 respondents constituting 48.86% of the sample and 34 respondents constituting 38.64% of the respondents agree and strongly agree respectively regarding the statement. They believe that companies should promote their CSR activities by increasing their

communication through various channels. The percentage of respondents who do not recommend an increase in spending on communication is less than 10%

In other words, the analysis reveals that most of the respondents are in favor of not only continuing the existing CSR activities of the automobile companies but also are in favour of spending more on communicating about this activity.

Table No.9: CSR Initiatives Influencing Perception of Automobile Brand

Sr. No	Perceptions	Frequency	Percentage	
1	Not at all	12	13.64	
2	Slightly	9	10.23	
3	Neutral	19	21.59	
4	Moderately	15	17.05	
5	Extremely	33	37.50	
	Total	88	100	

Source: Field Survey

The CSR initiatives of the industries are expected to create a positive image about the company and its products. In other words, the CSR expenditure contributes to the brand building of the company. In order to see whether this is true for the automobile sector also the question was to the respondents. Th data obtained is presented in Table No.9.

The table shows that 33% of the customers constituting 37.50% of the sample said the CSR

initiatives does influence in creating a positive brand perception about the automobile industry. 15 respondents constituting 17.05% of the sample mentioned it influences moderately in brand building. That is nearly 54.50% of the customers believe that CSR initiatives does create a positive brand image for the automobile companies. The percentage of respondents who said that it does not influence the brand image are observed to be only 13.64%.

Table No.10: CSR Impact on Brand Loyalty

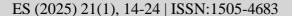
Sr. No	Scale	Frequency	Percentage	
1	Strongly Disagree	2	2.27	
2	Disagree	5	5.68	
3	Neither Agree not Disagree	9	10.23	
4	Agree	25	28.41	
5	Strongly Agree	47	53.41	
	Total	88	100	

Source: Field Survey

A positive perception due a CSR initiative could lead to creating a loyal set of customers for the product. In order to see whether the CSR activities are having an impact on brand loyalty the question was asked to the respondents. The data for this is tabulated in Table No.10.

The table shows that 47 respondents constituting 53.41% of the sample strongly agreed with the statement that CSR initiatives help to improve the brand loyalty of the automobile company. The respondents who agree with this statement are 28.41%. This shows that more that 80% of the

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respondents are of the opinion that CSR initiatives has a positive impact on brand loyalty.

Table No.11: Opinion about Impactful CSR

Sr. No	Automobile Brand	Frequency	Percentage
1	Toyota/Honda	9	10.23
2	Tata motors	52	59.09
3	Hyundai	7	7.95
4	Maruti Suzuki	17	19.32
5	Mahindra	3	3.41
	Total	88	100

Source: Field Survey

Lastly, we wanted to know which automobile company is creating the most impactful CSR. The responses obtained from the customers are presented in Table No.11. The data in the table shows that 52 respondents constituting 59.09% of the sample said Tata Motors was having the most impactful CSR. The second most impactful CSR was of Maruti Suzuki. 17 respondents constituting 19.32% of the sample had given their opinion in this regard. Toyota, Hyundai, and Mahindra are not able to have impactful CSR.

The study reveals that Tata Motors leads in creating impactful CSR while the other known brands such

as Mahindra, Toyota, and Hyundai are not able to create a significant impact through CSR initiatives.

#### **6.1 Hypothesis Testing**

Initially, we attempt to examine whether there is awareness about CSR among consumers. For this purpose, we test the following null hypothesis against the stated alternative hypothesis. To test the significance of the variable under study the t-test is used and the results are presented in the following table.

**H<sub>0</sub>:** Awareness about CSR among consumers is not significantly high.

**H<sub>1</sub>:** Awareness about CSR among consumers is significantly high.

	One-Sample Test						
	Test Value = 3.5						
	t df Sig. (2-tailed) Mean Difference 95% Confidence Interval of the						
	Difference						
					Lower	Upper	
AWR	996	87	.322	125	37	.12	

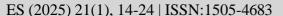
The results in the table show that the computed t-statistic is 0.99. Since this is less than the critical value of 1.96 at a 5% level of significance we do not reject the null hypothesis and conclude that the awareness about CSR among consumers is not significantly high. This clearly shows information about the CSR activities of the automobile companies not reaching the consumers.

Now we attempt to examine the relationship between awareness about CSR and its impact on purchase decisions of the consumer in the automobile market. For this purpose, we formulate the following hypothesis.

**H<sub>0</sub>:** Awareness about CSR and its impact on purchase decisions, reputation is not significantly different.

**H<sub>1</sub>:** Awareness about CSR and its impact on purchase decisions, reputation is significantly different.

#### https://economic-sciences.com





SSN: 1505-4683

Paired Samples Test											
Paired Differences					t	df	Sig. (2-				
		Mean	Std.	Std. Error	95% Confidence Interval				tailed)		
			Deviation	Mean	of the Difference						
					Lower	Upper					
Pair 1	AWR -	.307	1.650	.176	043	.656	1.745	87	.085		
	PRCH										
Pair 2	AWR -	1.045	1.553	.166	.716	1.374	6.315	87	.000		
	REPT	1.043	1.333	.100	./10	1.3/4	0.313	67	.000		

The computed t-values are 1.74 and 6.31. As the first computed t-value is less than the critical

value 1.96 at 5% level of significance we do not reject the null hypothesis and conclude opinion about CSR with respect to awareness and impact on automobile purchases is not significantly different. While in case of awareness about CSR and its impact on reputation of the company the calculated value is greater than the critical value at 5% level of significance. In other words the consumers believe

that the CSR activities do positively influence the reputation of the automobile companies.

**Ho:** Awareness about CSR and its impact on brand Loyal as well as brand image is not significantly different.

**H<sub>1</sub>:** Awareness about CSR and its impact on brand Loyal as well as brand image is significantly different.

Paired Samples Test										
	Paired Differences						t	df	Sig. (2-	
Mea		Mean	Std.	Std. Error	95% Confidence Interval				tailed)	
			Deviation	Mean	of the Difference					
					Lower	Upper				
Pair 1	AWR - BL	1.591	1.637	.175	1.244	1.938	9.114	87	.000	
Pair 2	AWR - BI	.830	1.919	.205	.423	1.236	4.055	87	.000	

In the above shown table we examine the relationship between awareness about CSR and it's influence on brand loyalty as well as brand image. The results in the table show that the calculated tvalue for brand loyalty and brand image is 9.11 and 4.05 respectively. As the calculated value is higher than the critical value 1.96 at 5% level of significance, we reject the null hypothesis and conclude that awareness about CSR and its impact on brand Loyal as well as brand image is significantly different. In simple words, though the consumers are not much aware of the individual automobile companies CSR initiatives they believe that expenditure on CSR does have a role in positively influencing the brand image and brand loyalty.

#### 7.0 Findings

- I. The customers do prefer to go for new automobiles, but once they purchase, they prefer to keep it for minimum 6 to 7 years.
- II. In the study it is observed that the customers who are totally influenced in their automobile purchases due to CSR is less, but the when somewhat likely category is added it increases to nearly 61%.
- III. The analysis indicates that the customers are aware about the CSR initiatives for environment, but are not much aware about the other dimensions of CSR on which the automobile sector is spending.

#### https://economic-sciences.com

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ISSN: 1505-4683

- IV. It is found that traditionally considered factors such as price continue to as the dominant influencing factor by the automobile consumers. CSR initiatives are considered by only a smaller percentage (4.5%).
- V. Most (62%) of the automobile consumers do actively research on a brand's CSR before making their purchase.
- VI. Only a minor percentage of the consumers (26%) are aware about CSR initiatives being taken by the automobile companies.
- VII. Though the consumers may not be fully aware about the CSR initiatives, most of them (65%) are of the opinion that CSR initiatives enhance the reputation of the companies.
- VIII. Most of the respondents (86%) are in favour of not only continuing the existing CSR activities of the automobile companies but also are in favour of spending more on communicating about this activity.
  - IX. It is observed that nearly 54.50% of the customers believe that CSR initiatives does create a positive brand image for the automobile companies.
  - X. The study also shows that more than 80% of the respondents are of the opinion that CSR initiatives has a positive impact on brand loyalty.
- XI. The study reveals that Tata Motors leads in creating the impactful CSR, while the other known brand such as Mahindra, Toyota and Hyundai are not able to create a significant impact through CSR initiatives.
- XII. The results of hypothesis testing shows that the awareness about CSR among the consumers is not significantly high.
- XIII. It is found that information about the CSR activities of the automobile companies not reaching the consumers.
- XIV. The consumers believe that the CSR activities do positively influence the reputation of the automobile companies.
- XV. Lastly, is observed that the consumers are not much aware of the individual automobile companies CSR initiatives they believe that expenditure on CSR does have a role in positively influencing brand image and brand loyalty.

#### 8.0 Conclusion

The basic purpose of the study was to examine the awareness of consumers about the CSR initiatives of automobile companies. The study also attempted to analyze the impact of awareness of CSR on brand image and brand loyalty. The results of the study clearly show that though the automobile companies spend on CSR activities the awareness of the consumers about these initiatives is very low. The consumers know the concept of CSR but the individual company initiatives are not reaching them. Therefore, based on the study it can be suggested that the automobile companies should continue their activities of CSR as it creates a good brand image and builds brand loyalty, they should also focus on the measures to see that the information about these activities reaches the consumers.

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