

The Impact of CSR on Brand Loyalty in Crisis Contexts: A Case Study of Hongxing Erke from the Perspective of Consumer Trust

Xinyan Zhang

Marketing&Management Department, Hong Kong Polytechnic University, Hong Kong,, 999077, China

ABSTRACT

This study takes the social responsibility behavior of Hongxing Erke who still donates to the disaster area despite financial distress as the research object, and explores the influence mechanism of corporate social responsibility (CSR) on brand loyalty in crisis situations. Based on the concept of "home-country isomorphism" based on Oliver's brand loyalty model, social identity theory and institutional theory, a multi-level theoretical analysis framework of "cognition-emotion-behavior" is constructed. The results show that: (1) At the cognitive level, the altruistic behavior of "loss donation" of enterprises breaks the original brand cognitive framework of consumers, and triggers rapid brand image reconstruction through moral significance; (2) At the emotional level, the empathy effect (e.g., "distressed enterprise") and social identity ("domestic product" label) work together to form a strong emotional connection; (3) At the behavioral level, short-term "wild consumption" is transformed into continuous brand loyalty, and its deep mechanism lies in the moral reciprocal logic shaped by collectivist culture. In particular, the study reveals the key moderating role of the cultural concept of "home-country isomorphism", which sublimates consumption behavior into the moral practice of social solidarity.

KEYWORDS

Corporate Social Responsibility (CSR); Brand loyalty; Consumer trust; Crisis management; Social identity; Home-state isomorphism

1 Introduction

In recent years, frequent global pandemics and natural disasters (such as earthquakes, floods, hurricanes, etc.) have brought unprecedented challenges to business operations and brand management. These crises have not only had a profound impact on socio-economics and public safety, but also seriously affected consumer trust and brand loyalty to enterprises. In the face of these crises, Corporate Social Responsibility (CSR) has become a key strategy for enterprises to respond to crises and repair their brand image. For example, many companies have won wide recognition and praise during the pandemic by donating medical supplies, supporting community reconstruction and conducting other social responsibility activities. Research shows that consumers often have high expectations for corporate social responsibility, especially in the areas of legal and ethical philanthropy (Golob et al., 2008). This also shows that consumers' brand expectations have shifted from single product value to broader social value recognition. However, existing research focuses more on the long-term impact of CSR on corporate reputation in a stable environment, and there is still a lack of in-depth discussion on how CSR triggers timely brand loyalty through consumer psychological mechanisms (such as trust and emotion) in crisis.

This theoretical gap is particularly prominent in practice. For example, Hongxing Erke is a Chinese sportswear company founded in June 2000 and integrates research and development, production, sales and marketing (ERKE, 2025). During the 2021 Henan flood, Hongxing Erke still donated 50 million supplies despite an annual loss of 220 million yuan. This move triggered a "wild consumption" image on Chinese social media, that is, sales in brand live broadcast rooms surged 52 times in a single day. This extreme case reveals a difficult contradiction to explain traditional rational consumer theory: Why can a brand on the verge of marginalization achieve a "quantum leap" growth between trust and loyalty through CSR behavior? This study uses Hongxing Erke's case to analyze, from the perspective of consumer trust and brand loyalty, to explore how unconventional CSR breaks through the critical point of consumer trust and how emotion-driven brand loyalty continues.

2 Literature review

Shammari et al. (2022) shows that corporate social responsibility (CSR) is significantly positively correlated with company performance, and this impact is more prominent among enterprises with strong R&D and operational capabilities, highlighting that CSR is not only a reflection of enterprises' performance of moral responsibilities, but also an important strategic tool to promote economic interests. Wei et al. (2020) further pointed out that irresponsible behavior of an enterprise will harm its financial performance, and actively fulfilling social responsibilities can directly promote the improvement of economic performance by improving brand image, enhancing customer loyalty and improving employee satisfaction. However, existing research focuses more on the direct impact of CSR on corporate financial

performance, and the mediating role of consumer psychological mechanisms still lacks in-depth discussion.

Lee et al. (2013) research shows that the effects of CSR may be differentiated due to changes in economic cycles and business environments, that is, the same CSR initiatives have different effects on consumer perception and corporate performance during economic boom and recession periods. Therefore, the role of CSR is particularly important in crisis situations. It is worth noting that Porter and Kramer (2006) emphasized that CSR not only reflects the moral responsibility of the company, but also becomes a key strategic tool for crisis response and reputation restoration. The latest research by Chopra and Sharma (2024) further confirmed that integrating CSR strategies with crisis management can effectively demonstrate the company's commitment to ethical practice, social responsibility and sustainable development, thereby significantly improving the organization's crisis mitigation and management effectiveness. Together, these findings reveal that CSR can significantly enhance organizations' crisis resilience and resilience by strengthening public trust. However, existing research focuses more on the CSR effect in a stable market environment, and there is still a lack of in-depth discussion on how CSR affects brand reputation in crisis situations.

Brand loyalty is considered a key driver of consumer behavior, which affects their willingness to pay more for the preferred brand (Jia, 2025). According to Dr. Oliver's framework, loyalty can be divided into two groups, the first group is attitude loyalty and the second group is behavior loyalty. Attitude loyalty is related to people's perceptions of brands and companies and feelings, while behavior loyalty reflects what people actually do to a brand, which usually includes people's repeated purchases (Medium, 2020). This theoretical framework shows that the impact of CSR on brand loyalty requires shaping consumers' positive attitude towards the brand through line to encourage consumers to develop actual behavior. However, consumption in crisis situations may show "irrational loyalty". Irrational loyalty means that the client will not consider using alternative brands, and the way brands establish irrational loyalty among clients is through emotional links (Wood, 2019). This shows that when a company establishes an emotional link with consumers, consumers may experience some irrational loyalty such as wild consumption. However, existing research focuses more on long-term impacts and fails to explain the possible short-term explosive loyalty in the crisis.

In summary, most of the existing research on the association between CSR and brand loyalty is based on the Western market, ignoring the Chinese cultural background. The national sentiment and collectivist culture in the Chinese market may strengthen loyalty. In addition, existing research lacks research on the mechanism of "accelerated trust formation" in crisis situations, and the role of social media in trust communication has been fully explored. Therefore, this study will focus on the intermediary model of "CSR-Consumer Trust-Brand Loyalty in Crisis Situation", and combines the Chinese situation to explore the role of emotional trust in crisis.

3 Methodology

3.1 Research problem and the solution path

This study adopts a qualitative case study method, and takes the performance of Hongxing Erke during the 2021 Henan flood as the research object. The research revolves around three core questions:

- (1) How does corporate CSR behavior affect the formation of consumer trust?
- (2) How does consumer trust translate into brand loyalty?
- (3) What are the particularities of this transformation mechanism in the Chinese context?

Without solving these problems, this study adopts the two-stage research path of "case in-depth description-mechanism identification", and analyzes the role chain from CSR to brand loyalty through the case system of Hongxing Erke.

3.2 Research implementation process

3.2.1 Case description

By collecting multiple evidence such as corporate announcements, social media discussions, and sales data, the whole process of the Hongxing Erke donation event in July 2021 is completely restored, and the key time nodes are captured:

In 2020, Hongxing Erke lost 220 million yuan (US\$33.7 million).

On July 22, 2021, Weibo announced the donation of 50 million yuan (US\$7.68 million) worth of supplies to victims affected by the Henan disaster.

At midnight on July 22, 2021, the topic about Erke generated millions of views on major social media platforms.

On July 23, 2021, Hongxing Erke sold more than 67 million yuan (US\$10.3 million) worth of goods through live streaming on various platforms.

On July 25, 2021, Hongxing Erke said that demand has surged, and the company is experiencing a severe inventory shortage.

(Ma, 2021)

3.2.2 Mechanism identification

This study provides an in-depth analysis of the case of Hongxing Erke by tracking the correspondence between the popularity of online discussions and offline sales data. Firstly, the transformation process of consumer cognition from "marginal sports brand" to "national conscience enterprise" is tracked, and the impact of "donation at a loss" behavior is analyzed. Secondly, the study also examines the characteristics of consumer trust construction on social media, including netizens' behavior of voluntarily verifying the authenticity of donations, and emotional expressions such as "distressed enterprises" and "support for domestic products". Finally, the evolution of consumer behavior from short-term "wild consumption" to subsequent repeated purchases is recorded.

3.3 Specific operation methods

This study uses a hybrid research method of multidimensional data fusion to conduct empirical analysis, and builds a complete research framework through systematic data acquisition and diversified analysis technology. At the data acquisition level, a trinity data acquisition system has been studied and established:

- (1) Official data sources of the company, including the donation announcement text, press conference video materials and the complete content of Chairman Wu Rongzhao's personal Weibo;
- (2) Social media big data, collect hot comment text data and user interaction behavior data under Weibo topic #Hongxingerke donations#;
- (3) Third-party market monitoring data to obtain quantitative indicators such as enterprise sales growth rate and market share changes during the event window period.

This study adopts theoretical analysis methods to construct a systematic explanatory framework through the integration of multidisciplinary theoretical perspectives. Based on consumer behavior theory, the study is focused on using Oliver to establish an analysis path from three dimensions of cognition, emotion and intention, and examine the influence mechanism of corporate social responsibility behavior on consumer brand attitudes. At the level of social psychology, social identity theory is introduced to analyze the role of group belonging and identity shaping on consumer decision-making. Social Identity Theory was proposed by Henri Tjfel and explains how individuals define themselves based on their group membership (Mcload, 2023). At the same time, combined with the concept of "isomorphism" in institutional theory, this study explore the special impact of China's traditional concept of "parent-country isomorphism" on consumption behavior from the perspective of cultural values.

During the specific analysis process, this study adopts a theoretical integration method to organically integrate the above theoretical perspectives to build a multi-level analysis framework. At the micro level, focus on the psychological cognitive process of individual consumers, examine social group interaction mechanisms at the meso level, and analyze the normative role of cultural value systems at the macro level. Through this multi-level integration, a systematic theoretical explanation of consumption phenomena can be achieved. Research focuses on the complementarity between theories and the synergistic effects of explanatory power, and avoids the limitations of a single theoretical perspective. In the process of theoretical application, pay special attention to the adaptation effect of China's special cultural context on classical theories to ensure the local applicability of theoretical explanations.

4 Discussion and conclusion

4.1 Key findings

This study reveals that the Hongxing Erke donation event triggered a unique consumer response pattern, the core characteristics of which are the rapidity of cognitive reconstruction, the intensity of emotional mobilization, and the persistence of behavioral loyalty. From a theoretical point of view, this phenomenon not only confirms but also expands the classical theoretical framework.

Firstly, based on the three-stage analysis framework of Oliver's brand loyalty theory, the completed analysis path is established from the three dimensions of cognition, emotion and intention. In the cognitive dimension, this paper focuses on how the social responsibility behavior of "loss donation" of enterprises breaks the original brand cognitive framework of consumers. The study finds that this altruistic behavior, which seems to be contrary to economic rationality, has a significant cognitive dissonance effect, prompting consumers to re-evaluate brand value, and finally forming a new perception of "national conscience enterprise". In the emotional dimension, the analysis revealed the empathic response mechanism triggered by donation behavior, and consumers established a strong emotional connection through emotional expressions such as "distressed enterprises". In the dimension of intentional action, the behavioral transformation process from short-term "wild consumption" to continuous brand loyalty was traced, and it was found that moral emotion plays a key role in behavioral persistence.

At the level of affective response, this study deeply analyzes the influence of group psychological mechanism on consumption decisions by integrating social identity theory. The study finds that in the context of major social crises,

consumers have achieved dual identity construction through their support for "domestic brands". On the one hand, it gains the social identity of "patriot", and on the other hand, it strengthens the self-concept of "responsible consumer". The satisfaction of this sense of belonging to the group significantly enhances the emotional value and symbolic meaning of consumer behavior, explaining why simple buying behavior can evolve into a social movement.

In terms of the persistence of behavioral loyalty, this study constructs an explanatory model of cultural regulation by introducing the concept of "home-state isomorphism" in institutional theory. The analysis shows that the traditional Chinese concept of "home-country isomorphism" plays a special role in the context of corporate social responsibility. Corporate donation behavior is interpreted as the traditional virtue practice of "achieving the goal and helping the world", while the support behavior of consumers is regarded as the responsibility of "the rise and fall of the world, the husband is responsible". This model of cultural cognition creates a mechanism of moral reciprocity, which enables CSR behavior to generate stronger and more sustained market responses in the context of collectivist cultures.

This study not only reveals the formation mechanism of Hongxing Erke phenomenon, but more importantly, constructs an integrated theoretical framework to explain the consumer response of corporate social responsibility. The framework includes both psychological processes at the individual level (cognitive-emotional-intentional) and social interactions at the group level (identity), as well as value norms at the cultural level (home-state isomorphism), providing a systematic theoretical tool for understanding similar market phenomena. The study found that these three levels of mechanisms do not operate independently, but rather reinforce each other. Cultural values shape the specific content of social identity, which in turn regulates the direction of individual psychological processes, and the change of attitudes and behaviors of a large number of individuals ultimately strengthens group consensus and cultural practice. This multi-layered and dynamic theoretical perspective effectively explains the characteristics of consumer behavior observed in the Hongxing Erke incident and its persistence.

4.2 Research limitations and future directions

Although this study systematically analyzes the case of Hongxing Erke through few theories, there are still the following limitations:

(1) As a single case study, although in-depth process tracking and multi-source data cross-validation are used, the universality of the research conclusions still needs to be further tested by multi-case comparison or large-sample quantitative research.

(2) The research focuses on positive public opinion dissemination and market response, but the analysis of negative public opinion and management strategies such as "fraudulent donations" in the event is insufficient, and it fails to fully present the dynamic complexity of crisis CSR.

Based on the findings and limitations of the current research, breakthroughs can be made in the following directions in the future:

(1) Explore the differences in public responses to corporate CSR behaviors in different socio-cultural contexts (e.g., collectivist vs. individualistic societies) to test the contextual boundaries of research conclusions.

(2) Conduct an in-depth analysis of how controversial public opinion in CSR incidents affects brand trust repair, and explore the best response strategies for enterprises.

References

- [1] Al-Shammari, M. A., Banerjee, S. N., & Rasheed, A. A. (2021, October 13). *Corporate Social Responsibility and firm performance: A theory of dual responsibility*. Management Decision.
- [2] By, McLeod, S., on, U., & S, O. (2023, October 5). *Social Identity Theory in Psychology (tajfel & turner, 1979)*. Simply Psychology. <https://www.simplypsychology.org/social-identity-theory.html>.
- [3] Damaschi, G., Aboueldahab, A., & D'Addario, M. (2025, February 11). *Decomposing brand loyalty: An examination of loyalty subcomponents, product price range, consumer personality, and willingness to pay*. MDPI.
- [4] *Erke at a glance*. ERKE. (n.d.). <https://en.erke.com/erke-at-a-clace.html>.
- [5] Feng, J. (2023, November 11). *Flood-relief donation lifts struggling Chinese brand out of financial funk*. The China Project. <https://thechinaproject.com/2021/07/27/flood-relief-donation-lifts-struggling-chinese-brand-out-of-financial-funk/>.
- [6] Golob, U., Lah, M., & Jančič, Z. (2008). Value orientations and consumer expectations of corporate social responsibility. *Journal of Marketing Communications*, 14(2), 83–96.
- [7] *Journal of Information Systems Engineering and management*. Journal of Information Systems Engineering and Management. (2024, December 16). <https://www.jisem-journal.com/>.
- [8] Lee, S., Singal, M., & Kan Lee, S., Singal, M., & Kang, K.H. (2013). The corporate social responsibility-financial performance link in the U.S. restaurant industry: Do economic conditions matter? *International Journal of Hospitality Management*, 32, 2-10.
- [9] Wei, A.-P., Peng, C.-L., Huang, H.-C., & Yeh, S.-P. (2020). Effects of corporate social responsibility on firm performance: Does customer satisfaction matter? *Sustainability*, 12(18), 7545.
- [10] Wood, T. (2019, March 8). *How the world's best brands create Irrational Loyalty*. Medium. <https://medium.com/book-bites/how-the-worlds-best-brands-create-irrational-loyalty-a6d281431e78>.