# CORPORATE SOCIAL RESPONSIBILITY AND CIRRUS VODKA

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#### **ABSTRACT**

Ida Farinholt: Corporate Social Responsibility & Cirrus Vodka (Under the direction of Dr. Lois Boynton)

Corporate social responsibility is becoming a standard business practice. In any industry, companies aim to stand out and CSR is a tool companies use to do just that through positive influence on society as a whole. The purpose of this project is to analyze potential consumer purchase intentions when an alcohol company incorporates CSR.

First, a survey was completed by 353 participants 21 years or older to assess the thoughts and opinions of consumers when purchasing products or services that are socially responsible, specifically in the alcohol industry. Second, a content analysis was conducted with seven alcohol companies to understand the presence of CSR initiatives on corporate websites and social media. All findings were analyzed to suggest recommendations for Cirrus Vodka located in Richmond, Virginia.

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#### **CHAPTER 1: INTRODUCTION**

Contemporary business goals are expanding beyond earning profit. Industries, companies and individuals are standing out through focusing on their impact. The Hollywood red carpet has been a stage for sustainable, social and political statements. In the fashion industry, brands like Gucci, Saint Laurent and Balenciaga focused on sustainable fashion at the Oscars in 2020 (Togoh, 2020). Paul Polman, Unilever's former CEO, established a bold strategy to double the company's sales while reducing its environmental impact. Polman has been a leader in positive external engagement and defined Unilever's contributions saying, "We are finding out quite rapidly that to be successful long term we have to ask: what do we actually give to society to make it better?" (Browne & Nuttall, 2013, p. 4). In 2014, Bombas socks built a dual mission of giving away as many socks as possible to homeless shelters and creating the best socks in the history of footwear. Their initial goal of giving away 1 million socks by 2025 was accomplished in just two and a half years in November 2016. Randy Goldberg, one of the founders, advises businesses, "No matter what happens in your business, don't sacrifice the impact you're making - it has to stay the primary driver" (Utley, 2017, para. 11).

Bacardi, the alcoholic beverage company, stands out in the alcohol industry through various corporate social responsibility initiatives. Recently, Bacardi launched "Shake Your Future" in Spain, which is a bartender-training program helping provide young people with opportunities for employment, while continuing to position the brand as a leader in the cocktail industry. Additionally, Bacardi employees participated

in a "Back to the Bar" day to understand the new taste trends through conversing with bartenders and customers (Bacardi Limited, 2020). Sustainability is increasingly at the forefront of bartenders' minds. Around 45 percent expressed interest in zero-waste ingredients and 88 percent considered sustainability when designing a new cocktail (Bacardi 2020 Cocktail Trends Report, 2020). Internal and external stakeholders have placed increased weight on an organization's corporate social responsibility.

Brands that show their purpose goes beyond profits, like the ones mentioned above, outperform brands with no or partial commitment to purpose. More specifically, the Kantar Purpose 2020 study revealed that brands over 12 years that are perceived to have a positive impact grow 175 percent. In comparison, brands with a medium positive impact grow 86 percent and brands with low positive impact only grow 70 percent. (Kantar Consulting, 2019). Today, entering any industry is highly competitive; however, a focus on impact could be a way to the top. Businesses refusing to adapt to the expectations of a socially responsible world are left behind. While companies have thrived from valuing impact, others have shattered from neglecting it. "The success of a business depends on its relationships with the external world—regulators, potential customers and staff, activists, and legislatures" (Browne & Nuttal, 2013, p.4).

For this thesis project, I will propose a corporate social responsibility campaign for Cirrus Vodka, a distillery in Richmond, Virginia. Reviewing previous research and conducting my own research through surveys and content analysis will allow me to

propose strong CSR initiatives. The survey and content analysis will help Cirrus Vodka understand:

- how their target market views corporate social responsibility;
- what similar organizations are or are not doing with CSR;
- which CSR initiatives have the potential to be successful;
- when CSR initiatives fail and why.

The literature review will introduce CSR and the widespread popularity of CSR plans in organizations. Next, the paper will dive specifically into CSR as a marketing tool in the alcohol industry. Specifically for Cirrus Vodka, investing in CSR initiatives may help the company reach its goal to be Virginia's preferred vodka. Finally, the literature review will touch on how stigmatized industries overcome challenges when implementing corporate social responsibility initiatives. The objectives of the study are (1) to understand how CSR has the potential to encourage vodka drinkers to ask for a specific brand like Cirrus Vodka and, (2) to enhance the position of Cirrus Vodka through investing in a positive impact.

#### **CHAPTER 2: LITERATURE REVIEW**

The following section introduces the term corporate social responsibility. Scholarly definitions, historical events and the organizational CSR trends are all discussed. The literature review specifically reports on the alcohol industry's relationship with CSR. Following the assessment of literature on CSR, Cirrus Vodka is introduced as the research subject.

#### **Defining Corporate Social Responsibility**

In recent years, the organizational term corporate social responsibility (CSR) has become increasingly important to many organizations, however, social responsibility was addressed as a concern for organizations as early as the 1930s and 1940s (Carroll, 2012). In 1946, a Fortune magazine poll released that 93.5 percent of respondents agreed corporations' responsibilities extended beyond pure profit (Carroll, 1999). In academia, scholars defined CSR's position within organizations in a variety of ways. On one end of the spectrum, scholars have defined CSR as a business's obligation to society. McGuire (1963) defined social responsibility in his book *Business and Society* as, "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations" (p. 144). Later on, Frederick (2006) summed his opinion on the matter as, "The fundamental idea embedded in 'corporate social responsibility' is that business corporations have an obligation to work for social betterment" (p. 37). Furthermore, Bridwell and Morrison (2011) defined CSR as an

organization's obligation "to promote social progress due to its dependence on society" (p. 144). More recently, scholars define CSR in the context of an organization's profitability:

"The managers are using it as a tool to strategize, comply with regulations and maintain standards, build corporate reputation and get more customer loyalty which all culminates in increasing profitability and overall attainment of organizational objectives." (Hamidu, Haron, & Amran, 2015, p. 83).

On the other hand, Milton Friedman (1970), a Nobel Prize-winning economist, believed CSR to be an unrealistic expectation that should remain outside the responsibilities of a business. He believed the main goal of a business is to maximize the financial return to its owners. The definition of CSR has evolved over the decades and will undoubtedly continue to as organizations react to inevitable changes. Despite the naysayers, there is significant evidence that most successful and progressive United States and global companies are adopting CSR initiatives.

## The History of CSR

In addition to scholars defining the term, organizations have incorporated their own versions of what CSR entails. Successful organizations consistently respond to the needs and desires of their employees, consumers, and changing industry and government regulations (L'Etant, 1994), which has, historically, been a reactive approach.

Forty years ago, Carroll (1979) observed that, "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (p. 500). A moment in time is just one example of how local communities and regulators establish standards through pressuring organizations to progress forward.

Today, prospective employees determine career paths based on an organization's corporate social responsibility. A study conducted by the Stanford Graduate School of Business revealed that 90 percent of MBAs from business schools in North American and Europe prioritize working for an organization committed to being socially responsible (Montgomery & Ramus, 2003). Today, organizations are moving beyond simply complying with legal and ethical guidelines to incorporate a proactive approach to CSR. This proactive approach is more beneficial for not only the company, but also their surrounding communities.

Becker-Olsen (2006) found that proactive organizations received favorable attitudes towards the company and increased purchase intentions of consumers. Later research confirmed these findings and even suggested firms publicly release proactive CSR goals (Groza, Pronschinske, & Walker, 2011). It is evident that over the years companies began to understand the benefits of CSR and have increasingly emphasized CSR in their organizations. A late 1990s analysis of *Fortune* 500 companies found that 90 percent had Web pages and that 82 percent of those sites addressed at least one corporate social responsibility issue (Esrock & Leichty, 1998). Recently, Advertising Analytics' research showed that more advocacy and corporate social responsibility ads

played during the first two games of the 2019 World Series games than any other type of ad (Fischer, 2019). Organizations are actively implementing CSR, evident in their websites, advertising, business plans, social media and more.

Evidence clearly suggests that CSR is an important factor for consumers and employees. From the previous research, it is safe to say that the external audiences, prospective employees, and potential consumers all support organizations that develop a genuine socially responsible brand. The following section will dive deeper into the specific demographic known as millennials, who are one of the driving forces behind the emphasis of corporate social responsibility.

#### **The Conscious Consumer**

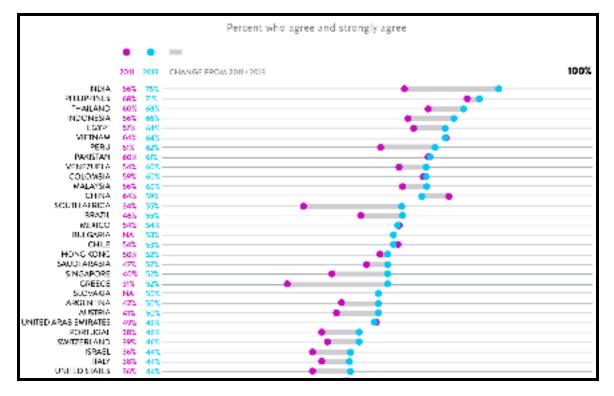
As a hot topic and target for many companies, the millennial shopper has built a new era of conscious consumers. Pew Research Center has studied the millennial generation for a decade. According to Pew, a millennial is anyone born between 1981 and 1996, which would mean a millennial is around 24 to 39 in 2020. More than one-in-three American labor force participants are millennials, making them the largest generation in the U.S. labor force (Fry, 2018). As consumers, millennials represent more than \$1 trillion in purchasing power and are hyper-aware of CSR initiatives in the organizations they interact with (The Nielsen Company, 2017a). Forbes' survey of 1,628 millennials and 906 Gen Xers revealed that, unlike Boomers and Gen Xers, 60 percent of millennials value products that meet their emotional

needs and personality (Woo, 2018). Fifty percent of millennials say that they would even take a pay cut for employment that matches their values (Deloitte, 2019).

Corporate social responsibility not only influences opinions, but also affects where consumers invest their money. The Nielsen Company (2013) found that younger consumers were more likely to show how they care about CSR with their wallets. Additionally, while more than half the time Boomers go to the store knowing which alcohol brands they plan to purchase, Millennials are more open to influence as less than a quarter go to the store with a plan. The study results reveal the opportunity to influence consumers at the time of purchase (The Nielsen Company, 2017b).

Globally, the United States is in the middle of the pack in terms of willingness to spend more on products from socially-responsible companies. The U.S. grew from 36 percent in 2011 to 44 percent in 2013 of people surveyed who agree or strongly agree that they are willing to spend more money on products from socially-responsible companies. India's consumers had one of the biggest changes in percentages from 56 percent in 2011 to 75 percent in 2013 to take over Philippines' spot as the country with the highest percentage of participants who agree or strongly agree that they are willing to spend more on socially responsible companies (The Nielsen Company, 2013). A section of the report is displayed in Figure #1. Millennials may be a driving force; however, all organizations regardless of their target market have an opportunity to engage consumers through CSR initiatives.

Figure #1: Growing willingness to spend more from socially responsible companies



## (The Nielsen Company, 2013)

In 2018, Clutch reported that environmentally friendly business initiatives that fall under the CSR category now take far more precedence among consumers as a more-important attribute at 71 percent, as compared to price at 44 percent. CSR as a whole is ranked as a more-important business attribute than price at 68 percent (Cox, 2019). MediaCom reported that almost half of their 2,000 United Kingdom respondents are willing to pay more for a brand that supports a cause important to them.

Furthermore, 60 percent of the 18 to 24 year survey respondents would pay more for a product or service if the cause was important to them (Krichefski, 2017). Additionally, the data indicate that organizations seeking a competitive advantage should consider implementing CSR practices. Many organizations may already be aware of the positive

outcomes from CSR initiatives, but question how to effectively participate in corporate advocacy.

The following sections will cover recommendations of how CSR can be effectively implemented in the alcohol industry. An important consideration when researching the alcohol industry is the potential challenges or reputations of companies whose products may be considered "bad" or "unhealthy" when abused. However, stigmatized industries like oil, tobacco, soda, and alcohol have all engaged in CSR practices. Again, sitting out of corporate social responsibility is not an option.

### The Alcohol Industry and CSR

Consumers are consciously picking and choosing brands that align with their own values. While there is no question of whether to incorporate CSR or not, organizations may be stumped with how to effectively implement it. Nic Covey in the Nielsen Company's 2013 report, states his theory in the following: "The answer isn't necessarily traditional cause-marketing campaign--generally responsibility, sustainable innovation and purpose messaging might also engage these consumers" (p. 11).

Again, the question is not when to start, but rather where and how to start. For all organizations, it's critical to understand the customer. In the United States, the alcohol industry's target market is legally enforced to be consumers 21 and older. Luckily for the alcohol industry, the Nielsen Company's research in 2013 showed that the age groups 21 to 24 and 25 to 29 (with those 24 and older being millennials) had the

highest percentage of respondents who agreed or strongly agreed they were willing to reward companies that give back to society by paying more for their goods and services. In terms of CSR, knowing what to specifically advocate for and how the audience may respond is extremely important, especially for the alcohol industry (APCO, 2018).

Companies have used cause-related marketing (CRM) to successfully voice their participation in CSR (Lerro, Raimondo, Stanco, Nazzaro, & Marotta, 2019). According to the authors, "CRM identifies campaigns in which companies engage in social and ethical initiatives donating a portion of their income to a specific cause in response to consumer purchase....Since CRM is a tool to give voice to company involvement in corporate social responsibility, it further strengthens the CSR benefits highlights" (p.2).

Since CRM's introduction in 1981 by American Express, the marketing tool has improved corporate performance while helping worthy causes. Previous studies found that CRM can benefit brand equity and the company's relationships with both internal and external stakeholders (Barnes & Fitzgibbons, 1992). Additionally, companies that have engaged in unethical behavior have seen a positive influence on consumer's perceptions of corporation reputation after utilizing CRM. Creyer and Ross (1996) found that a hypothetical company was able to minimize a bad reputation and increase consumers' willingness to pay for their products through CRM campaigns. In addition to CRM being an important method to communicate CSR practices and influence

consumers, the assumed brand fit also plays a significant role in consumer responses to CSR.

The perceived fit of the corporate social responsibility activities and an organization's products or services is an important factor in the overall effectiveness (Du, Bhattacharya, & Sen, 2010, p.12). Organizations whose business practices are considered healthy may have an easier time finding a positive response from consumers due to the perception of a CSR campaign aligning with the brand. In other words, credible brands are more likely to avoid skepticism. Control advertisements with no cause related marketing (CRM) have resulted in more positive attitudes and purchase intentions than CRM advertisements supporting an off-brand or unimportant cause (Webb & Mohr, 1998). In other words, organizations that stay in their lane typically yield better results. Eighty-nine percent surveyed agreed that companies should support social issues that are consistent with their business focus and expertise (APCO, 2018). Since stigmatized industries like alcoholic beverage producers may have negative associations, utilizing CSR to neutralize these associations should be somehow connected to their products and services (Oh, Bae, & Kim, 2016). While many corporations incorporate CSR for the right reasons, stigmatized industries are under a microscope and may be scrutinized for using CSR to increase the frequency of unhealthy habits or to control the messaging.

Consumers' skepticism extends to evaluating the perceived fairness of a campaign. For example, if a consumer perceives the donation-to-profit ratio to be fair, then the consumer is more likely to have a positive reaction than when it is perceived

to be unfair (Webb & Mohr, 1998). Beginning around October 2019 and continuing into 2020, Australia experienced wildfires wiping out nearly 18 million acres of land and endangering precious wildlife and Australians. Many corporations around the globe reacted quickly with informational messages of how to help and others showed support through donations (Yeung, 2020). Faithful the Brand, an Australian clothing brand, pledged to donate 100% of all online sales from January 1-7, 2020 to the New South Wales Rural Fire Service, and Wires, a wildlife rescue service assisting displaced animals (Faithful the Brand, 2020). While this niche clothing brand received praise for its generosity, Amazon and its CEO, Jeff Bezos, were criticized after donating \$1 million in Australian dollars. Twitter users criticized Jeff Bezos for the size of the donation in relation to his personal wealth (Holmes, 2020). Instead of seemingly throwing money at a cause, Amazon may have received a better public response by focusing on delivering aid through Amazon packages. So, while CSR initiatives are popular for businesses, the genuine motives and level of generosity can affect the public's perceptions.

When purchasing from industries like the alcohol industry, consumers may feel guilt or shame for their indulgences. Strahilevitz and Myers (1998) found that CRM had a more positive response when promoting luxuries versus necessities. These scholars suggest that the charitable acts offset feelings of guilt or negativity when indulging in luxuries. As a result, CSR in the alcohol industry may have a positive impact on purchasing decisions. Additionally, consumers prefer to purchase socially responsible products that clearly explain the cause of the donation in a tangible and emotionally

engaging way. The desire for clear communication may also stem from the consumer skepticism toward the brand's motivations. Therefore, the methods companies choose to describe the CSR initiatives can also influence the perception of the corporate credibility along with the actual initiatives themselves (Baghi, 2010; Barone, 2000; Mohr, 1998). The same characteristics that make CSR a valuable tool can also open companies to criticism. One way to counter skepticism is to not just say it, but also to do it.

Based on its survey, APCO (2018) concluded, "With advocacy, actions really do speak louder than words" (p. 15). Respondents to APCO's survey revealed the biggest liking was for companies that took an actual, active approach to doing something positive rather than just throwing words or cash at a problem. For example, in 2014, Bacardi launched a campaign called "Good Spirited: Building a Sustainable Future" to highlight the ways Bacardi reduces its environmental impact. The campaign listed specific and measurable goals set to be achieved by 2017 like cutting water use by 55 percent. The company even utilized an online calculator to educate employees on their own environmental impact. By 2015, Bacardi already increased its water efficiency by 46.5 percent, which translated to \$2 million saved. As a result, Bacardi landed on Forbes 2014 and 2015 lists of "The World's Most Reputable Companies," and increased the average rate of page visits to their platform focused on sustainable initiatives (PRSA, 2016).

Today, there are many media channels that brands use to reach their target customers. CSR activities are seen on official websites, annual reports, press releases,

radio and television advertisements, social media, billboards, bus wraps, etc. (Wang & Lee, 2018). Scholars have researched the effect of advertising CSR on traditional mediums versus social media (Imran, Jimenez-Zarco, & Bicho, 2015). Specifically, research analyzes the impact of consumers' perceptions and loyalty depending on the medium used. While the study found that consumers still view traditional advertising channels as the most trustworthy, social media may be utilized for the low cost and interactions with consumers. On that note, content on social media that is perceived as non-interactive is not as effective because social media is recognized as an interactive channel for social and not commercial communication (Dehghani & Tumer, 2015). Digital communication has allowed the public access to almost all activities of a business, to rally against an organization in an instant, and to launch successful campaigns with little or no cost (Browne & Nuttall, 2013). Not all industries and companies are the same, so it is critical to take the time to research the best way to implement specialized CSR initiatives.

Although alcohol companies are constrained by the skepticism behind the motivations to implement CSR, there are circumstances when the alcohol companies have produced successful initiatives. The co-founder of Altos Tequila, Dre Masso, describes how sustainability has gone further than the plastic straw ban in the alcohol industry, "What is super impressive is that sustainability now feels less of a theme and more a true element of modern craft cocktail making" (Nothlev, 2017, para. 1). Cirrus Vodka has an opportunity to work with the local bartenders and the community as a whole by investing in their corporate social responsibility. Like all companies, Cirrus

Vodka needs to incorporate CSR in a way that is positively perceived and mutually beneficial.

### **CHAPTER 3: ABOUT CIRRUS VODKA**

Cirrus Vodka is a gluten-free, potato-based vodka that produces its flavor through triple filtration and stainless steel stills. Located in Richmond, Virginia, Cirrus Vodka prides itself on being solely owned, and producing and bottling locally (ABC Virginia, 2019). Contrary to popular belief, most vodkas are made from grains like wheat, rve, corn or a combination of the three. Cirrus Vodka consciously chose to stand out in the industry by investing in a smoother taste by using potatoes as opposed to the popular grains (Cirrus Vodka, 2019). Using a CSR initiative that aligns with its brand, Cirrus Vodka hopes to capture the attention of the Richmond market interested in investing in quality, local products. The ultimate goal is to increase market share in Virginia and become a leading vodka brand. Undoubtedly, there are various factors that make up the preferred consumer choice in this industry like taste, price, convenience, and popularity. However, a genuine effort to give back to the community through CSR practices will be good not only for Cirrus Vodka's brand, but also for the Richmond community. In today's climate, companies who emphasize giving back and investing in the future of their community have a significant impact on consumers' purchasing decisions. Understanding the scrutiny that alcohol corporations can potentially receive from utilizing CSR initiatives simply means that the campaign needs to be genuine and align with Cirrus Vodka's brand.

#### The Situation Analysis

The situation analysis will help position Cirrus Vodka in the broader context of the location, the craft beverage and more specifically the craft spirit market.

#### The Richmond and Virginia Market

As mentioned before, Cirrus Vodka is headquartered in Richmond, Virginia. The Richmond metropolitan area population is around 1.3 million. The city of Richmond had the second highest millennial growth in the U.S. from 2010 to 2015 (Time.com, 2017) and the overall population growth is predicted to grow 6 percent from 2018 to 2030 (The Greater Richmond Partnership, 2020). Richmond has received various awards like one of the top 25 places to live in the USA by U.S. News & World Report (Thorsby, 2017), "the new craft beer mecca of the American South" (Bloomberg, 2018), and the world's top beer destination (Vinepair.com, 2018). While the population growth and popularity of Richmond continues to rise, the craft beverage scene has also established itself in Richmond.

Virginia is home to more than 500 craft beverage makers (Greater Richmond Partnership, 2018). In fact, the first beer in a can in the U.S. was sold in Richmond, Virginia, by Gottfried Krueger Brewing Co. in 1935 (History.com, 2009). Today, designated websites educate locals and tourists about Richmond's rich beer culture like RVAcraftbeer.com and VirginiaCraftBrewers.org. Richmond even has a beer trail with a map that customers can get stamped for each visit and earn a hat after visiting five different locations (Richmondbeertrail.com, 2017). Virginia has seen a 468% growth

in breweries and cideries since 2012, and the beer industry has contributed more than \$9.34 billion annually to Virginia's economy (Bryan, 2018). Jennifer Hendren, vice president of marketing for Richmond Region Tourism, sums up the importance of craft beverages in Richmond saying, "Research tells us that craft beer is an increasingly powerful trip motivator, particularly among Millennial and GenX travelers" (Bryan, 2018, para. 7). Richmond seems to be a top destination for craft beverage drinkers, which establishes a competitive opportunity to attract new drinkers. Beyond Richmond, the craft market has grown as consumers actively choose brands that align with their lifestyle.

# The Craft Market

Figure #2: Market Comparison of Craft Vodka

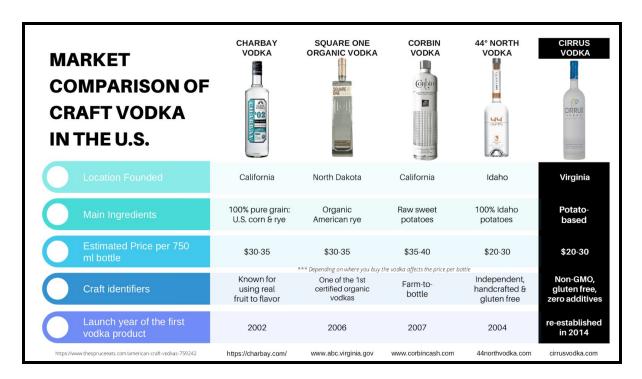


Figure #2 shows Cirrus Vodka compared to other popular craft vodkas in the U.S. The craft consumer is a term developed to describe contemporary society. While there is no standard definition of a craft consumer, common themes associated with craft beverages are the annual production quantity, independent ownership and production techniques (Ali, 2018). Consumers are becoming more conscious of the meanings attached to products and purchase products with an intention to create or maintain a certain identity or lifestyle (Campbell, 2005). The appeal of craft beer and spirits may derive from the strong sense of a brand, the exclusivity rooted in a local area, higher quality ingredients and an elevated focus on taste (Ali, 2018). Rooted in their community, craft breweries have shown to prioritize a positive impact.

Out of the 70 breweries studied by Ness, 43 of them mentioned an effort to give back to the community. Their efforts varied from promoting health, climate and community through discounts on beers for customers who bike to the location, monetary donations to local environmental and social organizations and beer and paraphernalia donations to company and sports events (Ness, 2018). Budweiser, a large beer producer, released advertisements reminding consumers of their microbrewery roots, which is a clear response to the rising interest in craft beverages (Murray & O'Neill, 2012). Large spirit producers are also using the attraction of craft spirits in their advertising campaigns. Jameson's "Taste, That's Why" campaign highlights that taste is at the center of its product and Absolut's "The Vodka with nothing to hide" campaign appeals to the craft consumer's desire for authentic, straightforward products (Ali, 2018).

With these foundations established, the next step is to identify Cirrus Vodka's strengths, weaknesses, opportunities, and threats. The following SWOT analysis provides insights into what CSR initiatives may resonate most effectively with its customers.

# SWOT Analysis

Figure #3: Cirrus Vodka SWOT Analysis



Figure #3 shows a SWOT analysis of Cirrus Vodka. Below, the strengths, weaknesses, threats, and opportunities are explained in more detail.

### Strengths

Cirrus Vodka invests in local, sustainable ingredients to stand out and create a smooth and high quality vodka that people will enjoy. As mentioned before, the Richmond population is predicted to continue to grow and the craft market has always had a strong presence in Richmond's culture and food and beverage scene (The Greater Richmond Partnership, 20200). An exploratory research paper conducted in 2018 found that only three of the 70 breweries mentioned their efforts to create an inclusive environment (Ness, 2018). Conversely, Cirrus highlights gender equality and diversity on their homepage, "NHS Distributors of Richmond is a female, minority-owned affiliate of Cirrus Vodka and the Parched Group, LLC." The mention of actively choosing to work with a female, minority-owned organization can be a valuable identifier for consumers.

#### Weaknesses

Cirrus Vodka invested in potatoes for the smooth taste; however, consumers may lack awareness surrounding the ingredients in the vodka they drink. Additionally, Cirrus Vodka lacks significant financial resources to invest in large corporate social responsibility efforts that larger corporations may dominate. Cirrus Vodka is a small distillery with the sole product of Vodka. Therefore, the company does not have a diversified portfolio to fall back on. Finally, unlike many of its competitors, Cirrus doesn't have an established brand status.

#### **Opportunities**

Cirrus Vodka rebranded and redesigned its logo and vodka bottles in the fall of 2019. The release of the new product design created interactions over social media. Building off the previous rebranding, a CSR campaign can continue to raise awareness of the brand's commitment to a quality vodka and having a positive community impact. While there are many established craft breweries in Richmond and the state of Virginia, the craft distillery market is smaller with a greater opportunity to grow and ultimately dominate.

#### **Threats**

The alcohol industry is highly regulated in the United States. In comparison to the beer industry, distilleries experience higher taxes, distribution regulations, and limitations on sampling and other promotional programs (Lombardo, 2018). The main barrier for growth for new alcohol brands to compete for market share is the regulations against alcoholic beverage producers selling their products directly to the public or even directly to retailers. The alcohol producers have to go through a wholesale distributor, which can be time consuming and costly. The states of Mississippi, Rhode Island, Texas and Virginia ban the sale of liquor in grocery stores. Cirrus Vodka is located in one of the few remaining states with the ban of grocery sales (Lombardo, 2018).

While future profit will most likely remain steady for established distilleries, less established brands or new craft distilleries might experience hard times with a range of competitors entering the market (Lombardo, 2018). Finally, a potential increase in the price of potatoes or ingredients crucial in the distillery process can pose a threat to price and profit.

### Target Market

Cirrus Vodka would love to target as many vodka drinkers as possible; however, their main drinkers are believed to have disposable income, value quality and be around 25 years of age or older, which includes the lucrative millennial market. In terms of price, Cirrus Vodka's goal is to position its product below Grey Goose and slightly above Tito's. To help Cirrus Vodka understand its actual drinkers, a survey was conducted with demographic questions. Additionally, a content analysis was conducted to determine how other alcoholic beverage companies present and discuss their CSR efforts.

# **CHAPTER 4: RESEARCH QUESTIONS & METHODS**

## **Research Questions**

Based on the literature review, the following research questions were formulated.

R1: What influence does a company's CSR efforts have on consumers' decisions about which vodka brand to purchase?

R2: From before the purchase until after the purchase what are the important product features and external influences that persuade consumers to buy a particular brand and type of alcohol?

R3: How are vodka companies communicating their CSR initiatives on corporate websites and social media?

The following section describes the survey and content analysis methods employed to gather data to answer these questions.

### **Research Methods**

The research was a multi-method study. To answer the research questions, an online survey and content analysis were conducted. The Institutional Review Board at the University of North Carolina at Chapel Hill approved all procedures used in this research.

### Survey

In order to understand the target market for Cirrus Vodka, as well as the extended market outside of Virginia, a short survey was released online through Qualtrics. The purpose of the survey was to understand consumer purchasing decisions when alcohol and social responsibility intersect. More specifically, the survey's goal was to capture how alcohol companies giving back to the local community affects consumer purchasing decisions. As mentioned in previous sections, consumers are increasingly conscious about where they allocate money. If not CSR, then do other factors like price, convenience, or popularity have a stronger impact on consumers when purchasing alcohol? The survey was open for two weeks from March 19, 2020 to April 2, 2020.

The survey was created to take around 10–12 minutes for participants to complete, engage the participants with interesting questions, and produce significant data that Cirrus Vodka will use to enhance its market position. Given the legal drinking age in the U.S., the survey targeted participants 21 and older. In order to enforce the age restriction, the survey began asking the participants to identify their

age and anyone younger than 21 was jumped to the end of the survey. The survey's first section was dedicated to identifying the influential factors when buying alcohol, preferences in alcohol and brands, frequency of purchases, etc. The next section asked questions about the participants' understanding of corporate social responsibility. Bringing it all together, the survey asked questions involving the alcohol industry and CSR. Participants were asked if a company's commitment to corporate social responsibility has had an impact on the respondents' own buying behavior.

To avoid limiting participants' answers to the ones listed, the survey incorporated options for participants to type in answers. For example, if the respondents' preferred vodka wasn't listed, they would utilize the free space to type it. Additionally, open-ended questions were mixed in like asking for participants to share which philanthropic organizations they support or follow. Finally, a few questions involving demographics like age, gender, ethnicity, and income closed out the survey to understand the background of the participants (See Appendix I).

### **Participants**

The goal was to garner responses from people living in Richmond or the wider Virginia area since this is where Cirrus Vodka makes and markets its products. The researcher utilized her social media outlets like Facebook, Instagram, and LinkedIn to attract participants and did her best to recruit a diverse pool of participants, while also working towards a goal of 200-plus responses. Eight individuals under the age of 21 opened the survey and were subsequently excluded. A total of 378 individuals 21 or

older started the survey, with 353 completing it. Not all questions were relevant to all respondents, and some respondents declined to answer some questions. All of the demographic data collected about the respondents are reported in the findings section.

#### Analysis

The survey analyzed the frequency of the data collected. Additionally, cross tabulations were used to examine relationships within the data that might not be obvious at first glance. The results help answer the study's research questions, posed above.

## **Content Analysis**

The content analysis was conducted to study the strategies vodka companies are utilizing on their websites and social media to promote their CSR efforts. The main reason for the content analysis is to identify trends that Cirrus Vodka can incorporate in its own CSR plan. In order to stay competitive in any industry, it is crucial to understand where the competition and how Cirrus Vodka can stand out.

The vodka brands were chosen from the top responses to the survey question that asked which vodka had the participants purchased previously. Tito's, Svedka, Absolut, Grey Goose, and New Amsterdam were the top-five most-popular vodkas. In addition to these five vodkas, the content analysis also included Smirnoff, which was

the most-written-in vodka brand in the "Other, please specify" choice, with eight responses. Cirrus Vodka, being the subject vodka, was included as well.

The analysis was split into two parts. Firstly, the analysis questioned whether or not each company mentions CSR on their corporate website. If yes, the analysis went further into the specific categories of CSR the company mentioned, such as sustainability, diversity, education, and animal rights. Although the survey revealed only about 25% of the respondents follow alcohol brands on social media, the second section of the content analysis covered the company's presence on Instagram and Twitter with a stronger focus on Instagram. Finally, as COVID-19 has affected the global economy and lives around the world, the content analysis ends with questioning if the company mentions COVID-19 or the Coronavirus on their corporate website or social media. And, if so, the content analysis identified if the companies mention COVID-19 in relation to CSR.

## **Analysis**

Following the website and social media content coding, the data were analyzed for patterns in CSR categories. The interactions over social media helped analyze the public's positive or negative responses to the company's CSR efforts. Finally, the data may identify gaps or trends that Cirrus Vodka may be able to fill or take advantage of.

# **CHAPTER 5: FINDINGS**

This chapter presents findings from the survey and content analysis.

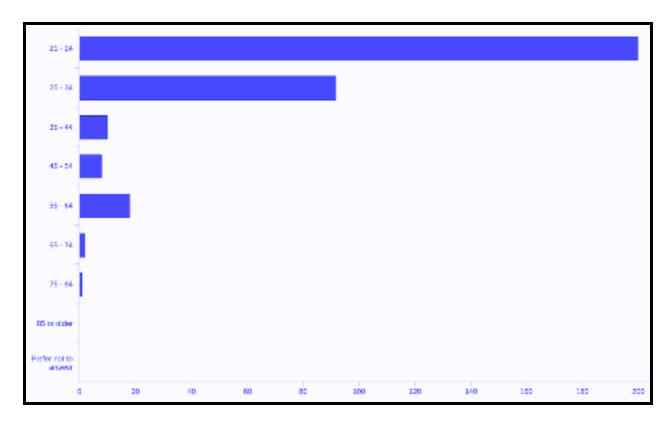
### **Survey Participant Demographics**

A total of 378 individuals began the survey, and the number of participants that answered each question varied throughout the entire survey. The data presented represents information garnered from the completed questions in the survey. An overview of the demographics is important to look at before diving into the other findings from the survey.

The majority of respondents were female (n=244), with 84 males, and one respondent selecting "Other - please specify."

Of the 330 people completing this question, a vast majority (88.49%) were under the age of 35. Of that majority, about 60.61% were ages 21–24, and about 27.88% were ages 25–34 (See Figure #4).

Figure #4: Which range includes your age? (n=330)



Respondents living in Virginia comprised 26.67% of those who answered this question, with the majority - 73.03% - living outside of Virginia. Of the Virginians who responded, 90.91% said they live in Richmond or within a 25-mile radius of the city (See Figure #5 and #6).

Figure #5: Where do you currently live? (n=330)

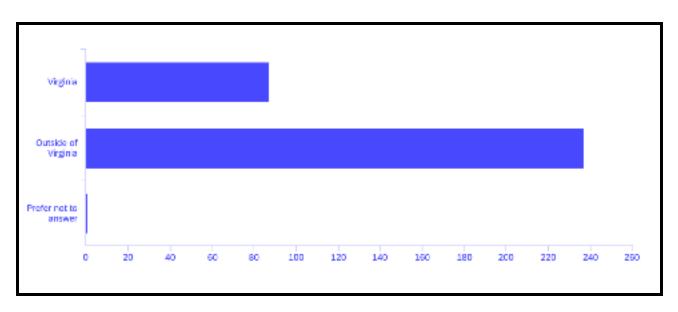
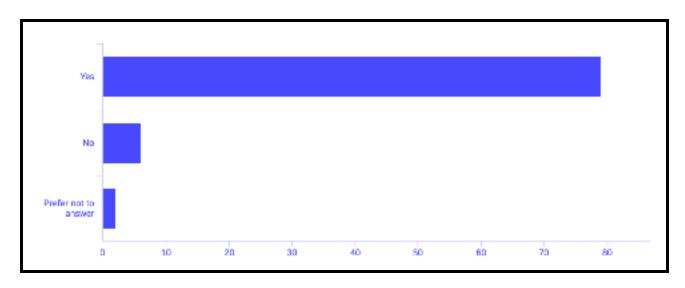
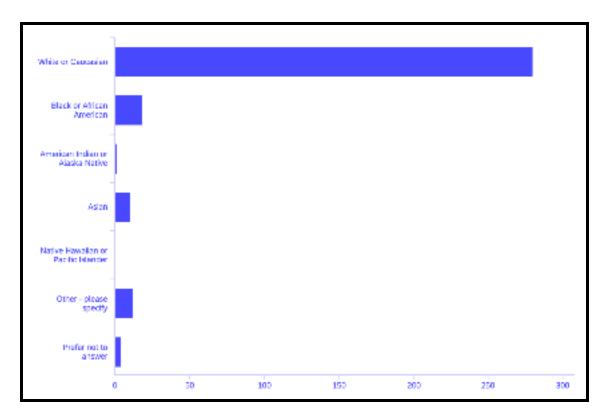


Figure #6: Do you live in the Richmond, Virginia area? (n=88)



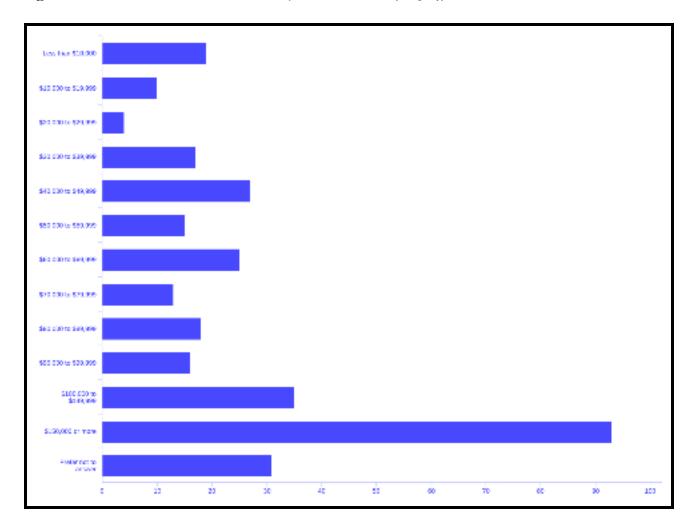
Most respondents were females (74.16%), which is above the average for the general population. Caucasians represented 86.32% of the respondents, with 5.47% Black or African American, 3.04% Asian, and about 3% mixed race (See Figure #7).

Figure #7: What is your ethnicity? (n=329)



The majority of respondents reported a household income greater than \$150,000 (28.44%), with an additional 11.01% indicating household income of \$100,000-\$149,999 (See Figure #8).

Figure #8: Household income in 2019 before taxes (n=327)



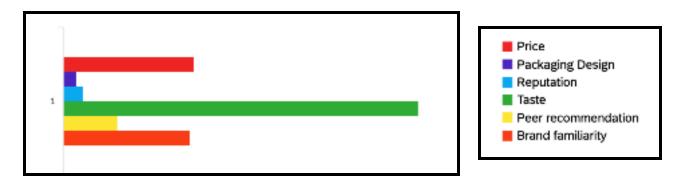
Clearly the survey was dominated by 21-to-24 year olds, females, Caucasians, residents outside of Virginia, and those with a household income of \$150,000 or more. The researcher took into account the background of the survey participants while analyzing the findings. While the researcher would have loved a more-diverse pool of respondents, the strength in the number of respondents still provided great insights.

## Alcohol purchasing behaviors and preferences

The goal of the first section of the survey was to capture the participants' purchase behaviors and alcohol preferences.

By far the number-one factor when buying alcohol for all ages and genders in this sample was taste (51.84%) with price (18.70%) and brand familiarity (17.28%) coming in second and third. As age increases, price is not as big of a factor. More than half of the 55-to-74-year-olds ranked price second to last on factors of influence when purchasing alcohol, with brand familiarity deemed more important to older generations. The 21-to-24-year-olds ranked price second to taste as the most-important factor. Finally, package design was consistently the least-important factor when purchasing alcohol with 183 participants ranking it last, although six people voted it their top factor (See Figure #9).

Figure #9: What influencers affect purchases of beer, wine, or liquor?



## How respondents learn about alcohol brands

Word of mouth was the most-popular way that respondents find out about alcohol brands (38.32%). Shopping in stores came in second (27.19%), followed by 17.43% through social media (See Figure #10). Additionally, social media was popular for

respondents under 35 years of age. However, only three respondents older than 34 responded that they found out about alcohol brands over social media. While the top-three answers are word of mouth, shopping in stores, and social media, eighteen respondents wrote in answers in the other option. Twelve of the eighteen said they find out about alcohol brands typically in a bar or restaurant, whether that is a recommendation from the bartender, the menu, or tastings.

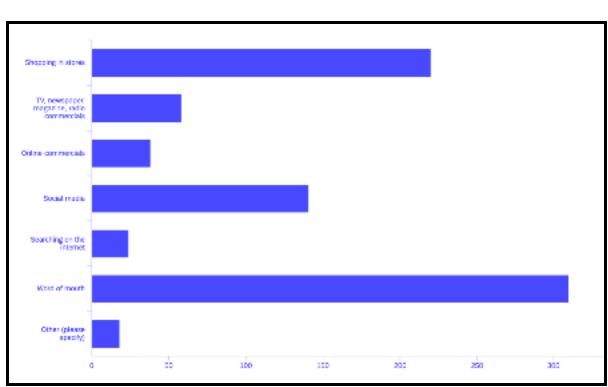
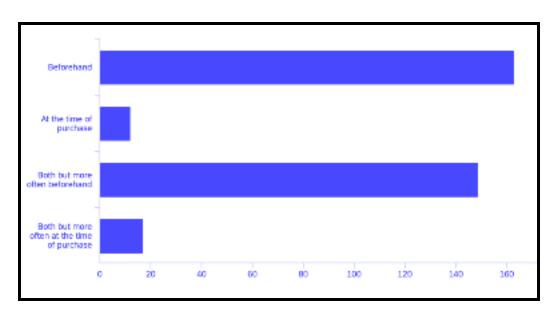


Figure #10: How do you learn about alcohol brands?

Today, all kinds of businesses utilize social media to promote products and services. Social media ranked third in ways people find out about alcohol brands. However, only 87 people said they follow alcohol brands on social media, while 266 said they do not. Additionally, 70 of the 87 people were under the age of 35.

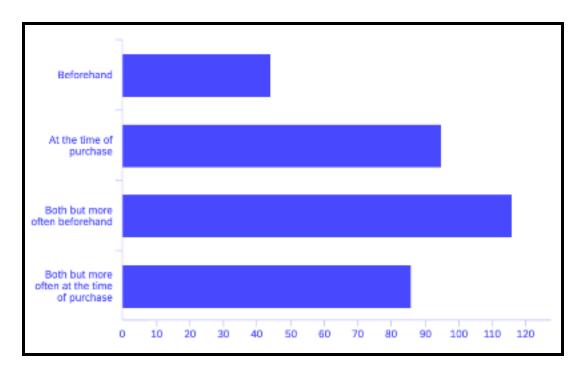
The survey continues by asking respondents to reflect on their alcohol purchase behaviors. Almost half of the survey respondents (47.54%) answered that they decide which type of alcohol (beer, wine, liquor) they intend to purchase beforehand. Another 44.06% said they sometimes make a decision at the time of purchase, but more often than not they decide beforehand (See Figure #11). When the table below is filtered for age, only one out of the thirty-six respondents older than 34 answered "Both, but more often at the time of purchase" and none of these respondents answered "At the time of purchase."

Figure #11: When purchasing alcohol, do you typically make a decision about which type of alcohol to buy beforehand or at the time of purchase? (n=345)



Results showed that participants are less certain about which <u>brand of alcohol</u> they will purchase beforehand. Around 188 participants (34.20%) answered that they may decide beforehand and at the time of purchase but more often beforehand. However, 96 people (27.83%) answered that they decide at the time of purchase (See Figure #12).

Figure #12: When purchasing alcohol, do you typically make a decision about which brand of alcohol to buy beforehand or at the time of purchase? (n=345)



The survey then begins to narrow to questions specifically for liquor and vodka drinkers. Not surprisingly, respondents typically buy liquor most often in advance of a special occasion (42.70%), when they run out of alcohol (29.59%) and last minute Friday night (22.85%). When the respondents buy vodka, Tito's is the most-popular brand pick (26.17%), with Absolut (15.88%) and Svedka (15.77%) coming in second and third (See Figure #13). Cirrus Vodka, the subject of this study, is the preference for only 5.03% of the respondents. This is not particularly surprising, however, since it is a Virginia-based product and the majority of the survey respondents do not live in Virginia.

When filtering the data for the preferences of participants 35 and older, 14 people chose Tito's, 15 people chose Grey Goose, and 15 chose Absolut. The participants

ages 21 to 24 chose Tito's most often with 139 respondents and Svedka came in second with 109 respondents. Other participants utilized the option to write in their preferred vodka with nine responding Smirnoff; four, Deep Eddy; four, Ketel One; and three, Aristocrat.

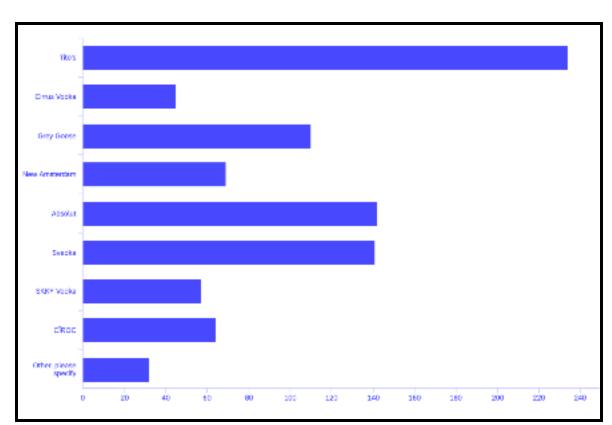


Figure #13: Vodka brand preference

The final section of the survey attempts to capture the extent of knowledge, opinions, and influence of companies utilizing corporate social responsibility. The questions were created with the intent of revealing if purchasing decisions are affected by a company's emphasis on community goals beyond profit.

Before releasing the survey, the researcher anticipated participants to have little to no knowledge of CSR. However, the survey revealed that 42.86% of the survey

participants answered that they have a broad understanding of CSR, and 19.35% said they have an extensive knowledge of CSR. However, 37.79% said they were not familiar or only slightly familiar with CSR. The survey then specifically asks which areas of CSR participants believe are most important.

Figure #14: Importance of CSR activities

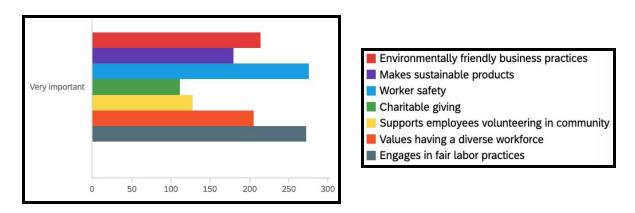


Figure #14 shows that most participants answered that it is very important for companies to prioritize engaging in fair labor practices (82.69%) and worker safety (83.83%). Coming in third, 217 participants (64.58%) answered that environmentally friendly business practices are very important. The category with the most votes for not important was charitable giving with thirty-two (9.55%) participants and supporting employees volunteering with twenty-six (7.76%) participants.

Although social media was ranked third for ways participants usually find out about alcohol brands, social media was the most-popular way that the participants typically learn about a company's CSR initiative (27.47%). Word of mouth (21.85%), corporate website (18.10%), and traditional news and media (14.86%) came in second, third and fourth. However, four out of the five people who wrote in the "other" section said they do not seek out CSR information at all.

One of the more interesting findings was more than half of the participants could recall a time when they purchased any type of product because of a company's commitment to acting socially responsible. While 188 (55.95%) did say they remembered a time in the last year, 148 (44.05%) said they did not. The respondents who answered yes were then asked to list the product or service they purchased. The most-common responses had to do with clothing. More than 23 people responded that they purchased clothing that supported a cause or was sustainable in the last year. Other not-surprising responses were sixteen participants wrote Patagonia and seven wrote Toms. Six people responded that they did not remember.

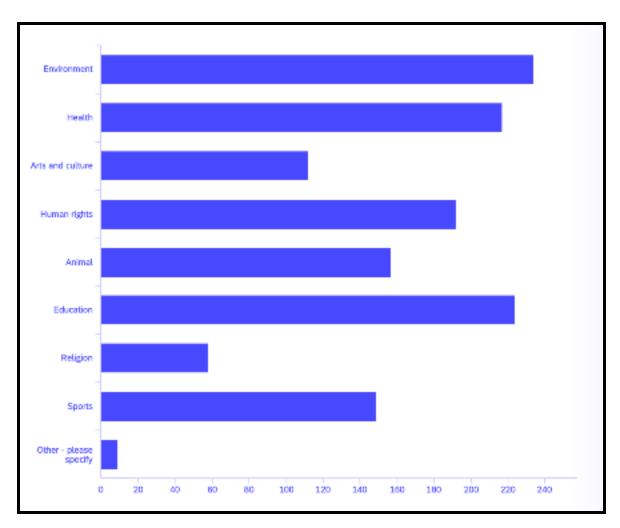
The survey focus on alcohol brands potentially could have led people to think of sustainable or community-focused alcohol brands because a lot of responses mentioned beer, wine, or liquor companies. A few of the alcohol companies mentioned were Cisco beer supporting shark research, a women owned and operated Tequila company in Mexico, Sweetwater beer donating a percentage to cleaning rivers around Virginia, and a few people listed Tito's for its commitment to animal shelters. One person even reflected on their purchase stating the following, "I purchased a wine from a winery called Proud Pour because it talked about the winery's dedication to sustainable practices on the bottle. It caught my eye at the grocery store because it had a cute flower attached to every bottle."

In an effort to monetize the participants' interest in social responsibility, the survey asked how much more people were willing to pay for one beverage, knowing that a portion would support a cause close to their heart. Majority of responses

(46.53%) were \$1 to \$5, with 24.77% saying they would pay \$6 to \$10, and 16.92% saying they would pay \$11 to \$15.

Next, the participants were asked about philanthropic organizations they support. They could select as many of the eight categories that applied. The most-popular category was environmental organizations, followed by education, and health charities (see Figure #15).

Figure #15: Types of philanthropic organization that participants support



The survey did not factor in that some participants do not support philanthropic organizations, because the following question made it clear that most people (71.00%) do not have one that is most important to them. The 29.00% of participants who identified a philanthropic organization most important to them, mentioned a variety of charities. One Love was mentioned the most with three responses, while others mentioned environmental or animal rights organizations. However, there wasn't a clear pattern in the responses.

The next section lays out the results of the content analysis of top brands' websites and social media accounts.

# **Content Analysis Findings**

The goal of the content analysis was to understand how the media communication from alcohol companies may build their reputations as being responsible and caring firms. The alcohol companies were chosen based on the top five that survey participants identified as the most-popular vodkas: Tito's, Svedka, Absolut, Grey Goose, and New Amsterdam. Smirnoff was added as one of the most popular write-in brands, and Cirrus Vodka was included as it is the subject of this study. The process was broken down into sections. First, the study questioned whether the companies incorporated CSR on their corporate website and whether there was a CSR category that the company focused on. The CSR categories chosen by companies tend to identify with the communities they identify with or where they are

headquartered. Second, the content analysis analyzed social media messaging for mentions of CSR.

The content analysis revealed a lot about the lack of consistency in reporting CSR across alcohol brands' corporate websites. Of the seven brand websites analyzed, none of the websites has a CSR section. However, not all brands identified their commitments with the term CSR. For example, Tito's corporate website has a section called "Love, Tito's," which is clearly a creative way of reporting the company's corporate social responsibility commitment. The "Love, Tito's" page includes links to four efforts:

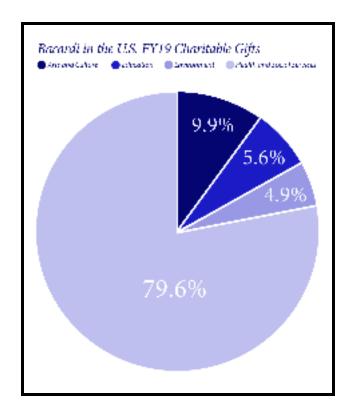
- Vodka for Dog People
- Love Stories
- Disaster Relief Stories, and
- Donations.

Tito's, the most-preferred vodka in the survey with 234 participants saying they have previously bought it, also has the strongest CSR presence on their corporate website. Additionally, three participants identified Tito's as a product they purchased in the last year that was socially responsible. Tito's strong commitment to CSR campaigns could be the reason for three participants answering Tito's. In contrast to Tito's, the majority of the vodka brands analyzed had more information about their CSR commitments on the parent company's websites.

Bacardi, Grey Goose's parent company, has made the annual global list of the most reputable companies in the world seven consecutive times (Bacardi Limited,

2019). The company shared a chart of charitable donations from 2019 in addition to encouraging all employees one day a year to give back to an organization that means the most to them (Figure #16).

Figure #16: Bacardi's Charitable Giving



Constellation Brands, Svedka's parent company, has a CSR goal of making a positive and meaningful impact in their communities. In 2018, the company launched a campaign called Focus on Female Founders, which committed \$100 million over the next 10 years to female-founded or female-led start-ups in the beverage alcohol space (Constellation Brands, 2019).

E. & J. Gallo Winery, New Amsterdam's parent company, has a section called "Responsibility" on its website highlighting CSR initiatives like sustainability and diversity. E. & J. Gallo Winery has employee resource groups for supporting female

professional development, supporting recruitment, retention and professional development of African American employees, creating an open and safe work environment for employees to be their authentic selves, etc. (E & J Gallo Winery, 2020).

Absolut has a section called "Absolut Rainbow" dedicated to the history of Absolut's support of diversity and the LGBTQ community. And, the company recently started a new campaign, #SexResponsibility, which is meant to raise awareness around responsible alcohol use and consensual healthy sex (Singer, 2020).

Diageo, Smirnoff's parent company, was named one of the most-sustainable companies across 61 industries and the only global alcohol beverage company featured in the Dow Jones World Sustainability Index 2019. Working to transform recycling, investing \$180 million in a climate-resilient future for Africa, and clean water and fresh opportunities for women entrepreneurs are some of Diageo's community contributions (Diageo, 2019).

These websites address the importance of being old enough to enjoy their products; some require visitors to include their date of birth. Additionally, at the bottom of its homepage, Grey Goose states, "Sip Responsibly" and includes links to the International Alliance for Responsible Drinking's page, Responsible Drinking (ResponsibleDrinking.org), and the Foundation for Advancing Alcohol Responsibility website (Responsibility.org). Similarly, Smirnoff's "Drink Responsibility" link also goes to the Foundation for Advancing Alcohol Responsibility website, and Constellation Brands, Svedka's parent company, is also a member of FAAR. Furthermore, Smirnoff recently launched 'Getaway Cars' to raise awareness of its responsible drinking

campaign to consumers in London. The goal of the campaign was to sponsor responsible drinking messages on public transportation like cabs and buses to encourage safe travel after drinking (Diageo, 2020).

The three common categories across alcohol parent companies were sustainability, diversity, and responsible drinking. The categories and some specific charities that the vodka companies and their parent company support are shown below in Figure #17.

Figure #17: The alcohol company and CSR categories

Bacardi: GREY GOOSE	Fifth Generation: <b>TITO'S</b>	Constellation Brands: SVEDKA	Pernod Ricard: <b>ABSOLUT</b>	E. & J. Gallo Winery: NEW AMSTERDAM	Diageo: SMIRNOFF	Parched Group: CIRRUS
<ul> <li>Arts and culture</li> <li>Education</li> <li>Environment</li> <li>Health and social serices</li> </ul>	<ul> <li>Animals</li> <li>Disaster relief</li> <li>Thousands of nonprofits</li> </ul>	LGBTQ     Sustainability     Community     volunteer	<ul> <li>LGBTQ</li> <li>Sustainability</li> <li>Diversity</li> <li>Leadership development</li> </ul>	Environmental sustainability     Diversity & Inclusion	<ul> <li>Diversity</li> <li>Environment</li> <li>Leader in responsible drinking</li> </ul>	<ul> <li>Numerous nonprofits:</li> <li>The Holli Fund</li> <li>Sportable</li> <li>One Love</li> <li>Breast Cancer</li> </ul>

While the survey revealed that only 24.65% of participants follow alcohol brands on social media, 220 participants answered that they typically learn about a company's social responsibility efforts on social media. The corporate website was the third-most-popular way for participants to learn about CSR. In addition to studying corporate websites the content analysis analyzed the Instagram and Twitter accounts of the alcohol companies.

Grey Goose has, by far, the most Instagram followers with 337,000. Smirnoff has the second-largest following with 203,000, and Tito's came in third with 153,000 followers. Grey Goose also has the most Twitter followers with 90,800. Absolut has the

second-largest following with 88,900, which is more than its Instagram followers. Tito's came in third with 61,700 Twitter followers (See Figure #18).

Figure #18: Social media followers for top vodka brands

INSTAGRAM 337.000 153,000 52,200 80,500 15,000 203,000 7,918  TWITTER 90,800 61,700 7,351 88,900 5,834 11,800 300		GREY GOOSE	TITO'S	SVEDKA	ABSOLUT	NEW AMSTERDAM	SMIRNOFF	CIRRUS
TWITTER 90,800 61,700 7,351 88,900 5,834 11,800 300	INSTAGRAM	337,000	153,000	52,200	80,500	15,000	203,000	7,918
	TWITTER	90,800	61,700	7,351	88,900	5,834	11,800	300

While there is no information on CSR-related activities on Cirrus Vodka's website, there is on its social media. Cirrus covers more about local companies than all of the Instagram pages in the content analysis, possibly due to the stronger connection to small businesses and craft beverages. On Instagram, Cirrus Vodka has a highlight called "community" where the partnerships with other local companies and individual profiles that tag the @cirrusvodka Instagram handle are posted for reference. Cirrus Vodka has not updated its Twitter profile since August 10A 2018.

As mentioned before, Tito's has a campaign called "Vodka for Dog People," which is dedicated to rescuing, protecting, and bettering the lives of pets. Tito's Instagram page is filled with posts of dogs with the vodka and the hashtag #VodkaForDogPeople. Tito's Twitter page mainly reposts the same content from its Instagram page with some reposts from Twitter users who tag Tito's in their tweets.

Svedka's Instagram is dominated by vibrant imagery for its campaign called "Bring Your Own Spirit," which highlights people who live with authenticity, diversity,

and individuality (O'Brien, 2018). Similarly to Cirrus, Svedka has not updated its Twitter profile since August 28, 2015.

Absolut's Instagram profile has CSR posts related to global events and not to one specific community. Absolut highlights a Los Angeles trash pickup day called #AbsolutPlanet, gay pride events in multiple cities, and giving Tuesday when Absolut had a goal to raise enough money for 100,000 winter coats called #partywithapurpose. It also has several posts celebrating world holidays like World Kindness Day and Day of Action Against Sexual Assault. Absolut's Twitter profile does not simply repost their Instagrams. Its tweets ask for more engagement from followers with competitions, cocktail recipes, polls, etc. However, the CSR themes covered are the same as its Instagram page.

New Amsterdam's Instagram profile is dominated by its partnership with the NHL. The majority of New Amsterdam's posts feature ice hockey images with the hashtag #FindYourWins. New Amsterdam's Twitter profile is similarly dominated by posts about ice hockey and reposts of sports commentary from accounts like Barstool Sports.

Since Smirnoff partnered with the Bachelor, a popular reality TV show, most of its Instagram and Twitter posts play off of that partnership. Additionally, Smirnoff supports diversity, which is shown through its Instagram and Twitter posts around LGBTQ issues. Smirnoff posted an Instagram pledging a donation of \$1.5 million dollars by 2021 to the Human Rights Campaign, which advocates for equality.

## COVID-19 & Social Media

Given the reality of the global pandemic in Spring 2020 caused by COVID-19, many companies have taken a hit, especially in the restaurant and hospitality industries. It has also affected the alcohol makers who sell liquor to this sector.

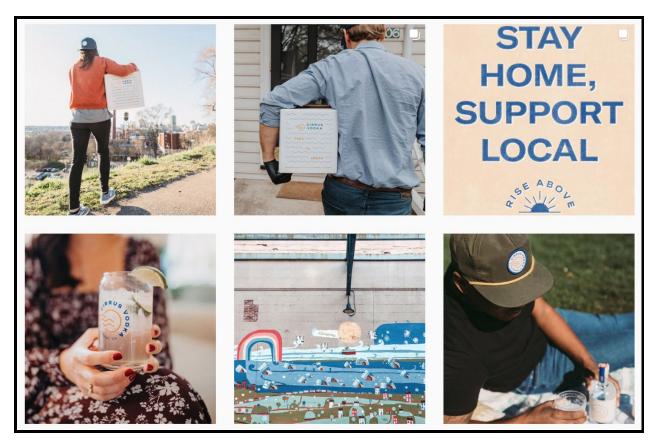
During the pandemic, many vodka companies have participated in creative ways to give back and continue business. Many vodka companies have continued business thanks to state law changes in alcohol delivery. Ralph Northam, the governor of Virginia, lifted laws permitting any restaurant or bar with a valid liquor license to do takeout and delivery (Brailer, 2020).

Some alcohol companies have strategically addressed COVID-19 on their corporate websites with announcements of producing hand sanitizers. Firstly, Tito's and Grey Goose both have pop-ups on their websites about COVID-19 with similar messaging like "COVID-19: See how we're helping." While Absolut, Cirrus, New Amsterdam, Tito's, and Grey Goose all mention on their homepage how to get vodka delivered or where to find cocktails to-go, they do not directly mention any of their CSR initiatives related to COVID-19. Svedka does not mention COVID-19 on its website.

Social media has been a strong resource for vodka companies to communicate updates and initiatives during COVID-19. The survey results revealed that a lot of respondents have purchased t-shirts or clothing to benefit campaigns in the past like the Australian wildfire relief. Most recently, Cirrus released a t-shirt with the Holli Fund to support those in the food service community experiencing an economic crisis

such as injury, illness, death of an immediate family member, loss of wages or hours due to coronavirus restrictions, or other emergencies (Bonfire.com, 2020). Cirrus' last five Instagram posts address vodka delivery, staying home, supporting local businesses, and its t-shirts for the Holli Fund. The captions use hashtags like #drinklocal, #riseabove, #quarantinecocktails, #supportlocal, #virtualhappyhour, #spreadlovenotgerms, etc. (See Figure #19).

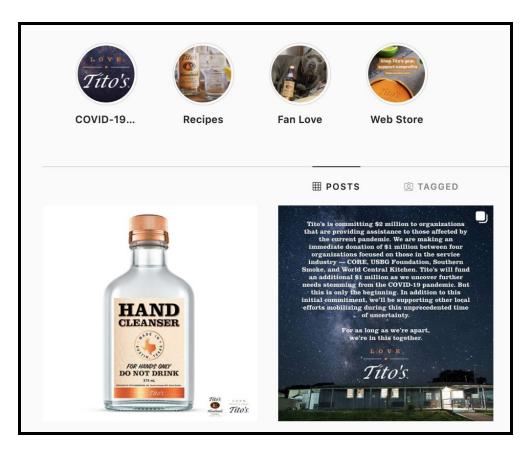
Figure 19: Cirrus Vodka's Instagram Feed



New Amsterdam and Svedka do not have any Instagram posts addressing COVID-19. In contrast, Smirnoff's Instagram addresses COVID-19. The most-recent post encourages people to stay home, and the other post announces a donation of \$1 million to the USBG Bartender Emergency Assistance Fund. On Twitter, Smirnoff has

been using the hashtag #HangOutFromHome to encourage people to stay entertained at home. Similarly, Grey Goose has nothing around CSR initiatives until COVID-19. Four of the five most-recent Instagram posts share information about their commitment to increase the supply of hand sanitizer and pledging \$3 million in aid and support to the bar and restaurant industry during COVID-19. Tito's goes the furthest on its Instagram page with a highlight called, "COVID-19 Help" (See Figure 20).

Figure #20: Tito's Instagram page & COVID-19



In conclusion, none of the alcohol corporate websites have CSR reports. Instead the CSR reports are usually published by their parent companies. Svedka and New Amsterdam have the least number of Instagram followers and neither one addresses

COVID-19 and any commitment to the community. Overall, all seven of the alcohol brands more often than not show commitment to CSR without mentioning the term and besides Tito's, the alcohol companies utilized social media more than their websites to share CSR initiatives.

#### **CHAPTER 6: RECOMMENDATIONS**

While Cirrus Vodka's engagement is proactive and impactful in the Richmond area, it is important to continue brainstorming initiatives for the future. I have proposed a few recommendations below.

#### Idea #1: Strava Vodka

Campaign overview

Cirrus Vodka can create a campaign around Strava, a fitness application that allows users to track and share their runs, walks, cycling, and more to a feed. In other words, Strava is the Instagram account for active lifestyles. When working out users start recording a workout and when the workout is complete, it is shared with followers with a map of the route and any pictures the user wishes to share. In the summer of 2019 the account had 42 million users and was adding roughly a million new ones every month (Lindsey, 2019). Businesses that typically promote on Strava are Power Bar, Peloton, Red Bull, and Oakley. However, Strava extends further to allow users to create clubs. For example, East Bay Beer Runners is a Facebook club of 2,137 members who enjoy balancing fitness with the enjoyment of craft beer. The group also has a Strava page with 793 members. Richmond, Virginia has a fun running group of their own called "One For The Road (OFTR) RVA." The Strava page has 66 members and their Facebook page has 1,097 members (business.strava.com, 2020).

The current reality of social distancing is forcing individuals to be more active on their own and share virtually rather than working out in groups. For example, people are using Instagram Live and Zoom to do their usual pilates, yoga, and barre workouts. Strava captures the goals of balancing as a socially responsible business and increasing loyal consumers saying, "You can be an interruptive ad for them on another platform, or their source of motivation on Strava" (business.strava.com).

Organizations on Strava have created activity challenges for users to win a virtual trophy that will be displayed on their profile and some gear giveaways. For example, Smartwool Ultra is giving away a \$25 dollar gift card on purchases of \$50 or higher to everyone who runs a total of 100 miles in April.

As mentioned earlier, Tito's connects with their consumers over the emotional relationships and love people have for their pets. Tito's tells a heartwarming story about the brand's early connection with dogs, its CSR initiatives mostly revolve around dogs and animal rescue organizations, and its social media page is filled with adorable dog pictures. Cirrus has the opportunity to make this kind of emotional connection with runners, walkers, bikers, and the larger group of active lifestylers. Strava is the opportunity for people to share their runs, bikes, walks, etc. and cheer others on. Cirrus can connect on a deeper level with the large population of fitness-focused Richmonders by creating more opportunities to connect. After establishing connections with the active lifestyles in Richmonders, another niche, passionate market worth targeting could be the gluten-free audience. Vodka is an alcoholic beverage option for gluten-free drinkers. Cirrus could continue on the trend of marketing around personal connections with healthy lifestyles and interact with

gluten-free consumers in Facebook gluten-free groups and through Instagram influencers recognized as gluten-free.

Cirrus Vodka is purchased mostly at bars and restaurants, secondly from ABC stores, and then finally from the distillery. Cirrus is frequently consumed at bars and restaurants, making it a top priority to build relationships with these establishments. For example, Cirrus Vodka could challenge followers to run to their favorite local restaurant or bar and enjoy their favorite cocktail with Cirrus Vodka. When individuals complete the challenge and share a picture over Instagram, Cirrus Vodka will post to its story, and the individual will be entered to win a free branded hat or t-shirt.

# Strategy

Create a challenge for Strava users to join. Cirrus Vodka challenges you to stay active and support local, small businesses! Run to a restaurant or bar and enjoy your favorite cocktail with Cirrus Vodka. Snap a sweaty selfie with your drink of choice and tag us on Instagram: @cirrusvodka. When you complete the challenge and share a picture over Instagram, Cirrus Vodka will post it to our story, and you will be entered to win a free hat or t-shirt.

#### Key CSR Message

Cirrus Vodka's Strava Vodka initiative will encourage Richmonders to stay active and support local, small businesses. The primary messaging will be around health, wellness, and supporting local businesses.

Potential social media hashtags: #StravaVodka, #CirrusForGood, #Run2Drink,
 #CirruslyGood, #StayActiveStayLocal

## Marketing Goals

- To engage established fitness groups and increase word-of-mouth marketing for Cirrus Vodka.
- To identify and partner with active Richmond or Virginia influencers with a relatively large following.
- To build stronger relationships with local bars and restaurants.

## Measuring Results

- Increase Instagram followers by 40% from around 7,000 to 10,000 over three months.
- Utilize influencers to increase the reach of Cirrus' Instagram profile by 10%.
- Identify potential partnerships with five new bars or restaurants in Richmond or the state of Virginia.

#### Idea #2: Social Media for Good

## Campaign overview

Social media like Instagram and TikTok have become popular entertainment while people are forced to stay inside during the Coronavirus pandemic. TikTok was the most-popular non-gaming app in the world in February 2020. Although the app is

dominated by teenage girls and young women in their twenties, it is approaching 2 billion installs, and coronavirus may have something to do with it (Wood, 2020). Instagram Live has a popular form of entertainment from Cardi B and Senator Bernie Sanders going live together to yoga studios leading live meditation or yoga practice. TikTok is known for the dance challenges; however, the feed is filled with endless beauty routines, fitness workouts, funny voice-overs, recipes, and more.

TikTok's rise in popularity provides many opportunities for brands to grow followers; however, Cirrus Vodka's target market may not be included in the 500 million active users worldwide (The Influencer Marketing Factory, 2020). While TikTok is worth taking the time to understand if the platform enhances Cirrus Vodka's marketing presence, Cirrus may discover Facebook includes more of its primary target market. If time and resources allow, TikTok may be worth exploring and utilizing to produce creative content and engaging video challenges.

Cirrus Vodka does not have a large budget for advertising campaigns or large CSR initiatives like producing hand sanitizer. Therefore, utilizing free social media platforms is important. Around 25 percent of the survey respondents said they follow alcohol brands on social media accounts and of the 25 percent around 68 percent were 21 to 34 years old. So, Cirrus definitely has the opportunity to connect with the target demographic of 21 to 24 years old. Targeting older demographics on social media may be more challenging. However, if Cirrus tapped into the hundreds of millions of people watching TikTok videos, it will increase the number of people who have heard of the brand and help build that awareness. Cirrus could use Instagram Live on a

smaller scale by hosting live chats with Richmond influencers, leaders, bartenders and small businesses that Cirrus Vodka partners with or has a relationship with.

As mentioned in the content analysis section, Cirrus Vodka has a twitter account; however, has not used it since August 10, 2018. Even if Cirrus believes Twitter is not the social media that its target market is interacting with, it doesn't hurt to have a presence. Of the vodka companies that utilized their Twitter, most of them have simply reposted the content from Instagram to Twitter. An easy tool for companies to manage the timing, interactions, tracking of performance, and posting simultaneously across platforms is the social media management system called Hootsuite. With Cirrus' small team, Hootsuite could be an opportunity to grow awareness and sales. Overall, Cirrus Vodka should aim to have a presence across various social media platforms. However, if Cirrus' time and resources are limited, then the focus initially should be prioritized to engaging content on Instagram and Facebook.

#### *Strategy*

- Create TikTok videos focused on sustainability, the environment, local businesses, and healthy recipes. Cirrus could encourage recycling and getting creative by painting or adding flowers to an empty Cirrus bottle.
- 2. Host Instagram Live events with small business owners. The topics of discussion could be positive CSR news in the bar and restaurant scene in Richmond, why it is important to support local businesses, an active lifestyle influencer hosting a happy hour workout, etc.

#### Key CSR Message

Cirrus Vodka's social media initiative will encourage users to interact with and participate in sustainability challenges, CSR news, and building community connections.

TikTok hashtags: #TikTokforGood, #CirrusAboutTikTok, #SustainableTikToking
Instagram Live hashtags: #LiveCirrusly #LiveWithCirrus #CirrusNews

## Marketing Goals

- To generate positive comments and likes on Cirrus Vodka's social media pages.
- To spread awareness of sustainable initiatives in Richmond.
- To encourage a life of moderation with fun workouts and cocktail recipes.

## Measuring Results

- Increase average interactions (likes and comments) on Cirrus Vodka's posts to 20% more from the previous month.
- Host at least two Instagram Live events with 100-plus viewers.

# **Idea #3: Cocktail in Time**

Sierra Nevada Brewing made an IPA called Resilience during the California wildfires. The brewery donated 100% of sales to Camp Fire relief. Sierra Nevada went

further to encourage other breweries to release their own version of Resilience. As a result, 1,400 craft breweries joined them in brewing a Resilience IPA (Sierra Nevada Brewing Co., 2018). Cirrus Vodka could replicate Sierra Nevada's product release with a cocktail recipe and potentially call it, "Distant Disco." According to the United States Patent and Trademark Office and their Trademark Electronic Search System, "Distant Disco" is not currently trademarked (USPTO, 2020). Similar to Sierra Nevada, the cocktail recipe could benefit families in Richmond affected by COVID-19 and encourage other distilleries in Richmond to release a "Distant Disco" drink of their own.

## Strategy

Create a cocktail recipe to sell with a portion of the proceeds benefiting families affected by COVID-19. Give the cocktail mix for free to local Richmond families with nurses and doctors working everyday to help people affected by the Coronavirus.

## Key CSR Message

Cirrus Vodka's initiative will focus on showing appreciation to individuals working on the frontlines of COVID-19. Additionally, Cirrus will show commitment to families and small businesses negatively influenced by the virus.

#### Marketing Goals

• To show appreciation for individuals risking their lives for others who have

been affected by the coronavirus, while everyone else is staying home.

• To raise awareness of tangible ways to give back to Richmond families affected

by the negative consequences of Coronavirus.

• To increase individuals' association of Cirrus Vodka's brand image and giving

back to the local community.

• To encourage other vodka companies to join in and create a CSR cocktail recipe

of their own.

Hashtags: #DistantDisco, #CocktailforChange, #CocktailNTime

Measuring Results

• Give 30 bottles of the Distant Disco cocktail mix to nurses and doctors around

Richmond.

• Raise \$500 to donate to an organization dedicated to helping families affected

during COVID-19.

• Line up three bars, restaurants, distilleries, wineries, etc., in Richmond

participate in the cocktail for change.

In times of uncertainty like the current pandemic in Spring of 2020, it is

important for Cirrus Vodka to be an active, positive community member.

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## **CHAPTER 7: CONCLUSION**

Cirrus Vodka's plan is to continue to expand, becoming Richmond's preferred vodka and eventually Virginia's while maintaining craft beverage qualities like taste. To accomplish this, Cirrus Vodka has begun prioritizing partnerships and collaborations with local companies around Richmond and developing CSR initiatives that align with their brand. The purpose of the project was to 1) research the history and unique product identifiers of the craft beverage industry; 2) understand the current customer relationships with alcohol, specifically vodka and a company's CSR; and 3) highlight recommendations with plans to grow awareness of Cirrus Vodka, in part, by showcasing its commitment to CSR.

While the survey and content analysis yielded meaningful insights, there were limitations. As mentioned previously, the survey respondents lacked diversity; it was dominated by younger, Caucasian women, most of whom live outside of the Richmond area. In future research, a survey should aim to be representative of the subject's target market like age, gender, income, etc. Additionally, the content analysis was conducted at a time of a world health crisis which could lead to more companies participating in corporate social responsibility messaging. However, the timing of the content analysis produced interesting insight as to the ways companies respond to public anxiety and a slow down in all business.

While this study provided good insight, future research could go further with interviews of local bartenders and waiters. The survey respondents said that bartenders and waiters influence their beverage decisions, and they are one of the

ways to find out about new beer, wine, and liquor. Therefore, asking bartenders and waiters about trends they have observed while working and their own preferences would provide helpful insight.

The survey and content analysis also provided meaningful information that turned into ideas for future content and campaigns. The fact that many respondents answered that they have purchased clothing or tangible items that are sustainable or benefit a cause show potential success in this method of CSR. Additionally, only 13 survey participants answered that they are not willing to pay more for a beverage that supports a cause close to their heart, while 154 (46.53%) people said they would pay between \$1 and \$5. So, Cirrus implementing a cause behind a beverage could benefit their own image positively as well as help raise awareness and donations for a worthy philanthropic organization.

The majority of the respondents said they do not follow alcohol companies on social media. Therefore, using established groups in Richmond on the Strava App and influencers could lead to a higher following. Additionally, during a time of uncertainty, brands are forced to rely on their digital presence like TikTok and Instagram Live. For the survey question about asking about the importance of companies participating in environmentally friendly practices, 217 out of 336 (64.58%) respondents voted "very important." Therefore, implementing short environment–focused video campaigns over TikTok would potentially identify with a large population.

COVID-19 is an unexpected, widespread pandemic that businesses could not have prepared for. Moving forward, Cirrus should continue to raise awareness of

industries, companies, and individuals affected by the Coronavirus to help build up the spirit of Richmond as effectively and safely as possible. The success of small businesses with an unpredictable future depends on their ability to act quickly with ongoing marketing strategies to maintain and build customer loyalty. This is an opportunity for the Cirrus Vodka team to create meaningful relationships with its target consumer base, through constant social outreach and CSR strategies that will ultimately drive loyalty and sales.

# **APPENDIX I: SURVEY QUESTIONS**

## Survey Questions

1. Are you 21 years or older?

Thank you for sharing your perspectives in the following survey. The purpose is to learn about your purchase intentions when buying alcohol. The survey is completely voluntary and your answers will remain confidential.

- 2. Rank the factors in order of influence when buying beer, wine, or liquor (1 being most influential and 6 being least influential). Click and drag to move factors.
- 3. How do you typically find out about alcohol brands? (Please select all that apply).
- 4. Do you follow any alcohol brands on social media? (Instagram, Twitter, Facebook, etc.)?
- 5. Which alcohol brands do you follow?
- 6. When purchasing alcohol do you typically make a decision about which type of alcohol (beer, wine, liquor) you plan to buy beforehand or at the time of purchase?
- 7. When purchasing alcohol do you typically make a decision about which brand you plan to buy beforehand or at the time of purchase?
- 8. How often do you purchase the same brand of liquor (vodka, whiskey, rum, etc.)?
- 9. Do you drink vodka?
- 10. In which of the following scenarios do you typically purchase a handle of vodka?

11. When you buy vodka, which of the following have you bought? Check all that apply.

Now, the survey will ask you about the importance of a company's reputation when purchasing products or services.

- 12. How familiar are you with the term corporate social responsibility (CSR)?

  Corporate social responsibility is an all encompassing term for organizational efforts like sustainable practices, charitable giving, volunteering, and commitment to diversity and workplace safety.
  - 13. How important is it for companies to participate in each of the following?
  - 14. How do you typically learn about a company's social responsibility efforts?
  - 15. In the last year, can you recall a time when you purchased any type of product because you support the company's commitment to being socially responsible?
  - 16. What was the product or service you purchased?
  - 17. How much more would you pay for one beverage (alcoholic or nonalcoholic) that supports a cause close to your heart?
  - 18. What types of philanthropic organizations do you support? Check all that apply.
  - 19. Is there a specific philanthropic organization most important to you?
  - 20. Which philanthropic organization is most important to you?

# The end of the survey consists of a few demographic questions.

- 21. Which range includes your age?
- 22. Where do you currently live?

- 23. Do you live in the Richmond, Virginia, area? That is, within Richmond or within a 25-mile radius of Richmond.
- 24. What is your gender?
- 25. What is your ethnicity?
- 26. Information about income is very important to understand. Would you please give your best guess? Please indicate the answer that includes your entire household income in (previous year) before taxes.

#### APPENDIX II: CONTENT ANALYSIS CODING GUIDE

#### • Section 1:

- Does the company have a corporate website?
- Does the corporate website have a CSR section?
- Does the corporate website have a CSR report?
  - If not, does the website have anything related to CSR?
- What are the categories does the corporate website mention?

#### • Section 2:

- Does the company have Instagram?
  - If yes, how many followers?
- Does the company have Twitter?
  - If yes, how many followers?
- How many likes and comments does the most-recent post involving CSR have on Instagram?
- How many likes and comments does the most-recent post involving CSR have on Twitter?
- Finally, on the corporate website or social media, does the company mention COVID-19?

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