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The impact of perceived corporate social responsibility on consumer behavior

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Abstract

The use of corporate social responsibility (CSR) initiatives to influence consumers and differentiate product offerings has become quite common. This research builds on the growing body of marketing literature through two investigations that manipulate consumers' perceptions of fit, motivation, and timing of corporate social initiatives embedded within promotions. We find that low-fit initiatives negatively impact consumer beliefs, attitudes, and intentions no matter what the firm's motivation, and that high-fit initiatives that are profit-motivated have the same impact. Furthermore, consumers consider the timing (proactive versus reactive) of the social initiative as an informational cue, and only the high-fit, proactive initiatives led to an improvement in consumer beliefs, attitudes, and intentions.

Keywords: Perceived corporate social responsibility; Consumer belief; Marketing

1. Introduction

Based on the assumption that consumers will reward firms for their support of social programs, many organizations have adopted social causes (Levy, 1999). However, it is unlikely that consumers will blindly accept these social initiatives as sincere actions and thus may or may not reward the firm. Prior research confirms this notion (Barone et al., 2000; Brown and Dacin, 1997; Creyer and Ross, 1997; Ellen et al., 2000; Sen and Bhattacharya, 2001). In fact, research suggests consumers will punish firms that are perceived as insincere in their social involvement (Sen and Bhattacharya, 2001; Simmons and Becker-Olsen, 2004). Therefore, we propose that potential positive associations stemming from a social initiative depend on the consumer's evaluation of that initiative in relation to the firm, rather than simply the act itself. Through two studies we investigate the role of perceived fit (e.g., similarity between corporate mission and social initiative), perceived corporate motive (other-centered versus profit-centered), and timing of an announcement (reactive versus proactive) on consumers' responses to corporate social initiatives.

This research makes several contributions. First, in the initial study, we replicate the findings of previous scholarship on sponsorship (Simmons and Becker-Olsen, 2004; Speed and Thompson, 2000) and social marketing (Sen and Bhattacharya, 2001), which show that low-fit alignments with intrinsically positive initiatives can lead to negative assessments of firms by consumers. Second, we build on previous social marketing literature by explicitly evaluating additional firm/program conditions that may influence consumers' responses towards firms and their products, such as perceived motivation of the firm. Third, in the second study, we show that high-fit initiatives, which are perceived as reactive rather than proactive, can also negatively impact consumer behavior. Finally, in both studies, we evaluate not only global assessments of the

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firm (e.g., overall attitude), but also specific beliefs such as corporate ability and corporate credibility.

2. Theoretical foundation

There have been numerous studies on corporate social responsibility (CSR), corporate ethics, and social sponsorship that suggest a link between social initiatives and improved financial performance (McGuire et al., 1988; Pava and Krause, 1996; Stanwick and Stanwick, 1998), as well as studies that demonstrate the link between social initiatives and positive affective, cognitive, and behavioral responses by consumers (Brown and Dacin, 1997; Creyer and Ross, 1997; Ellen et al., 2000; Folkes and Kamins, 1999; Murray and Vogel, 1997; Sen and Bhattacharya, 2001). Specifically, previous research has looked at the relationship between social initiatives and price (Creyer and Ross, 1997), perceived quality (Folkes and Kamins, 1999), corporate attitudes (Brown and Dacin, 1997), and purchase intentions (Murray and Vogel, 1997). The section now turns to a discussion of the key variables of fit and motivation.

2.1. Fit

Fit is defined in a social marketing context as the perceived link between a cause and the firm's product line, brand image, position, and/or target market (Varadarajan and Menon, 1988). Fit is important because it influences: (1) how much thought people give to a relationship (e.g., increased elaboration about the firm, the social initiative, and/or the relationship itself when perceived inconsistencies with prior expectations and information exist; Forehand and Grier, 2003; Meyers-Levy and Tybout, 1994; Meyers-Levy et al., 1994); (2) the specific types of thoughts generated (e.g., low fit generates negative thoughts and low fit itself is considered negative) (Forehand and Grier, 2003); and (3) evaluations of the two objects (Johar and Pham, 1999; Sen and Bhattacharya, 2001; Speed and Thompson, 2000).

Findings in much of the sponsorship, branding, and endorsement literatures are consistent with associative network theory. Specifically, high levels of perceived relatedness enhance consumer attitudes towards firms/brands because they view the actions of firms as appropriate (Aaker, 1990; Keller and Aaker, 1993; John et al., 1998; Mandler, 1982; Simonin and Ruth, 1998; Speed and Thompson, 2000; Till and Busler, 2000). Thus, a good fit between prior expectations, knowledge, associations, actions, and competencies of a firm and a given social initiative (e.g., Home Depot and Habitat for Humanity) can be more easily integrated into the consumer's existing cognitive structure, strengthening the connection between the firm and the social initiative (Fiske and Taylor, 1991; Wojciske et al., 1993). Such high-fit initiatives are a function of perceived consistency with prior expectations and actions between firms and causes, reinforcing the firm's market position (cf. Keller, 1993; Erdem and Swait, 1998a,b; Park et al., 1986). Clear positive market positions are important because they help consumers understand how firms fit into the competitive landscape, provide a point of differentiation, reduce uncertainty about firms and their products, and increase purchase intentions (Brown and Dacin, 1997).

Alternatively, a low-fit initiative is likely to be perceived as inconsistent with prior expectations and actions, making it more difficult to integrate new knowledge into existing memory structures. Research has shown that consumers who elaborate an incongruity have diminished attitudes toward the firm and its initiatives (Forehand and Grier, 2003; Menon and Kahn, 2003). Furthermore, the lack of congruity is likely to reduce the clarity of the firm's market position and call into question the firm's motives. For example, the lack of consistency between prior expectations and new information has been shown to trigger skepticism and lead to negative attitudes (Boush et al., 1994; Folkes, 1999; Ford et al., 1990). Given this discussion, Hypothesis 1 is:

H1. Low fit between firms and social initiatives relative to high fit will result in a greater number of thoughts (H1a), thoughts that are less favorable (H1b), thoughts that are more focused on firm motive (H1c), more negative attitudes toward the firm (H1d), beliefs about the firm as less credible (H1e), and lower likelihood of purchase intention (H1f).

2.2. Motivation

Consistent with the earlier discussion, perceived corporate motivation is likely to influence consumers' attitudes toward firms and their social initiatives. Although the act of supporting a social initiative may seem to be a public serving action, consumers' perceptions of the underlying motivations for the act may drive their evaluations of the firm and impact beliefs, attitudes, and intentions. Consider Nike, who in conjunction with the London Department of Education, is tackling issues of racism and school bullying through a community-based, after-school sports program. Together they have publicly stated that the program will have positive benefits for young people, the community, and ultimately the firm; although Nike claims it is not intended to sell more sportswear (Mason, 2001). Clearly this program has a high degree of fit, but another relevant factor is consumers' perceptions of Nike's motivation. If consumers question a firm's motivation, they may elicit more persuasion knowledge (Friestad and Wright, 1994, 1995), which results in greater cognitive elaboration in the evaluation of these motivations.

Attribution theory (Jones and Davis, 1965; Kelley, 1967, 1972) and the persuasion knowledge model provide a basis for the argument that consumers will attempt to understand firms' motives embedded within marketing communications. Thus when presented with evidence of a firm's social