

Consumer Responses to CSR Communications: The Role of Company Rightful Initiatives versus Benevolent Motives

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The Consumer CSR Imperative

- To be in good standing with the public, companies need to be **socially** and **environmentally responsible**, and be able to **successfully communicate** these **good works**.

The Business Case for CSR

Putting Their Money Where Their Mouths Are

Americans are willing to reward or punish based on company values and actions



87% would purchase a product because that company stood up for or advocated for an issue that they care about



76% would refuse to purchase a company's product or services upon learning that it supported an issue contrary to their beliefs

Source: 2017 CONE Communications CSR Study

The Business Case for CSR

Corporate initiatives that address **social and environmental impacts beyond any legal or regulatory requirement** are often premised on a **business case** that sees **consumers** as **key drivers**.

However

Company **CSR** efforts **often fail** to **create** the expected **positive impact** on **consumers**.

Why?

Little is **known** about **how** **consumers** **form** **perceptions** of the **responsibility** commitments of the **companies** they buy from.

Successful CSR Communications

Rightful Initiatives or Benevolent Motives:

What Matters the Most to Consumers?

Concrete versus Abstract Representations

- Any action can be construed at **varying levels of abstraction**, from **low levels**, specifying *how it is performed* to **high levels**, specifying *why it is performed* (Vallacher & Wegner 1985, 1987).
- A **concrete** mindset considers activities' **process**. An **abstract** mindset considers activities' **purpose** (Freitas, Gollwitzer and Trope 2004).

Concrete versus Abstract Representations

- Low-level, **how**, construals are related to **feasibility** and are rich in **detail**. High-level, **why**, construals capture the **desirability** related, core, **central aspects** of items and events (Trope & Liberman, 2003; Trope, Liberman, & Wakslak 2007).

Concrete versus Abstract Communications

- **Concrete** language, relative to abstract language, moves closer to **specific, objective, immediate physical details**. To move away from these details, the speaker must make judgments about the **broader meaning** or **implications** of the situation, the **broader goals** (Wakslak, Smith, & Han, 2014).

Concrete versus Abstract CSR Communications

CSR communications often include:

- **Concrete messages** – specifying *how* the company is acting for social and environmental good; and/or
- **Abstract messages** – indicating *why* the company cares about social and environmental wellbeing.

Concrete versus Abstract CSR Communications

- Adopting the right approach in CSR messages is key for that consumers reward the company's CSR efforts.
- However, it is not clear whether a **concrete** (*how*) or an **abstract** (*why*) CSR message has the most positive impact on consumers.

Concrete – *How The Company Takes Care*

- Most often consumers accept that companies engage in socially responsible commitments to further the company's bottom line and focus on the next step; these **CSR initiatives need to be cause enhancing**, rather than taking advantage of the cause (Ellen, Webb, & Mohr, 2006; Yoon, Gürhan-Canli, & Schwarz, 2006).
- **The amount of help that the social or environmental cause receives** will have a **greater impact** on **consumer** responses to CSR campaigns than **attributions** about **CSR initiatives** (Webb & Mohr, 1998).

Concrete – *How The Company Takes Care*

- **Consumers** accept general environmental claims when they are backed up with additional explanations and **would like companies to provide more specific information on their environmental impact** (Roche, Manget, & Münnich, 2009).
- In the corporate philanthropy context, **concrete information** results in more **positive consumer company evaluations** (Connors, Anderson-MacDonald, & Thomson, 2017).

Abstract – *Why* The Company Takes Care

- Consumers with relatively **low levels of concern** for the **environment** will **respond more positively** to **ambiguous** than to **detailed sustainability labels**. Specific labels will make them feel less hopeful about the issue (Walker-Naylor & Trudel, 2012).
- Company **CSR** commitments can **benefit consumer perceptions** of product performance, specially when driven by company **benevolence** (Chernev & Blair, 2015).

Abstract – *Why* The Company Takes Care

- Consumers **question** the **sincerity** of the **motives** behind **CSR communications** (Menon & Kahn, 2003).
- **Unfavorable attributions** towards companies' **CSR activities** remain critical **impediments** in companies' attempts to **maximize business benefits from** their **CSR activities** (Du, Bhattacharya, & Sen, 2010).

Consumer Skepticism

- **Skepticism** refers to a person's tendency to **doubt, disbelieve,** and **question** the **truthfulness** of various forms of **communication** (Forehand & Grier, 2003; Skarmeas & Leonidou, 2013).
- There is a **growing number** of **companies** engaging in so-called **greenwashing** — asserting false or misleading green marketing claims — and drawing the attention of the media and watchdog organizations (Delmas & Burbano, 2011).



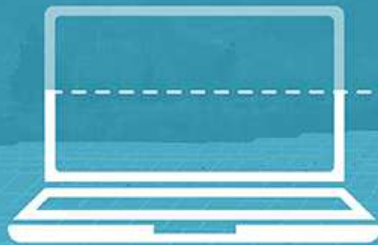
Consumer Skepticism

- Therefore, **consumers are increasingly skeptical** about CSR communications and **doubt the extent to which companies live up to their declared CSR standards** (Kwong & Balaji, 2016; Skarmeas & Leonidou, 2013), and commonly believe that corporations are hypocritical (Wagner, Lutz, & Weitz, 2009).
- Surveys suggest **consumers will not believe companies are acting responsibly without concrete proof** (Cone Communications, 2015).

Consumer Skepticism

Looking Under the Hood

Hot air won't get you anywhere – Americans are willing to find out for themselves if your efforts are authentic



65% of Americans say when a company takes a stand on a social or environmental issue, they will do research to see if it is being authentic



76% of Millennials will do research – more than 10 percentage points more than the average

Source: 2017 CONE Communications CSR Study

Industry Reputation

- **Particular suspicion** is cast upon **companies** whose **products** and/or **services** are **controversial** (Cai, Jo, & Pan, 2012; Du & Viera, 2012).
- **Suspicion** triggers more complex and sophisticated attributional reasoning, including the generation of **multiple, plausible hypotheses** about the **motives** that drive a person's behavior (Yoon, Gürhan-Canli, & Schwarz, 2006).

Hypotheses

- H1: **Concrete (*how* framed)** CSR messages elicit **more positive** consumer responses than abstract (*why* framed) messages.
- H2: **Skepticism mediates** the positive effect of concrete (*how* framed) CSR messages on consumer responses.
- H3: **Industry reputation moderates** the positive relationship between CSR message concreteness and consumer responses.

Design & Procedure

- Scenario Based Design
- US Participants. 50 participants per cell
- Online study (Qualtrics) via Amazon's Mechanical Turk
- Between-subjects (respondents randomly assigned to conditions)
- Scenario:
 - How vs. Why manipulation (Vallacher & Wegner 1989; Freitas, Gollwitzer and Trope 2004)
 - Fictitious company (avoid brand effects)
 - CSR efforts related to the company's core business & completely unrelated to any other CSR dimension

Main Measures

Dependent Variables:

- **Company Responsibility** (Kwon, Engils, & Mann, 2016)

How responsible is [Company X] towards its customers/(the environment), as compared to other [Industry] companies? (1= much less responsible; 7= much more responsible)

- **Attitudes towards the Company** (adapted from Robinson, Irmak & Jayachandran, 2012)

How much less/more do you like [Company X], as compared to other [Industry] companies? (1= much less; 7= much more)

What is your overall impression of [Company X], as compared to other [Industry] companies? (1= much more negative; 7= much more positive)

Main Measures

- **Willingness to Choose** (adapted from Robinson, Irmak & Jayachandran, 2012)
How likely would you be to choose [Company X] over other [Industry] companies?
(1= very unlikely; 7= very likely)
- **Impact on CSR Dimension** (adapted from Du, Bhattacharya & Sen, 2011)
How is [Company X]'s impact on its customers' wellbeing/(the environment)?
(1= very negative; 7= very positive)

Mediator:

- **Skepticism** (adapted from Shu & Carlson, 2014)
[Company X] is as customer/(environmentally) friendly as the company says to be.
(1= strongly disagree; 7= strongly agree - *reverse coded*)
[Company X]'s customer wellbeing/(environmental protection) claims are just a ploy to get me like the company. (1= strongly disagree; 7= strongly agree)

Overview of Experimental Studies 1–3

	Industry Reputation	CSR Dimension- Industry Association
Study 1 Test H1 & H2	Relatively negative (Gambling)	Close (Customers)
Study 2 Test H1 & H2	Relatively negative (Gambling)	Distant (Environment)
Study 3 Test H3	Positive (Toy)	Close (Customers)
		Distant (Environment)

Study 1 – Gambling Company & Customers' Wellbeing

Imagine you are browsing through your local newspaper and you notice this story about a casino:

Imperial Casino is committed to ensure its customers' wellbeing. **How** does Imperial Casino take care of its customers? As its chief executive officer states:

- Imperial Casino spends 75% of its advertising budget to communicate about good gambling habits with specific tips on how to safely play and have fun.
- Imperial Casino has a confidential 24-hour hotline with 12 specialized psychologists assisting people with signs of gambling-related problems. The company also provides tools to ensure customers stay fully in control of their gambling, such as deposit and loss limit.

104 words

Imagine you are browsing through your local newspaper and you notice this story about a casino:

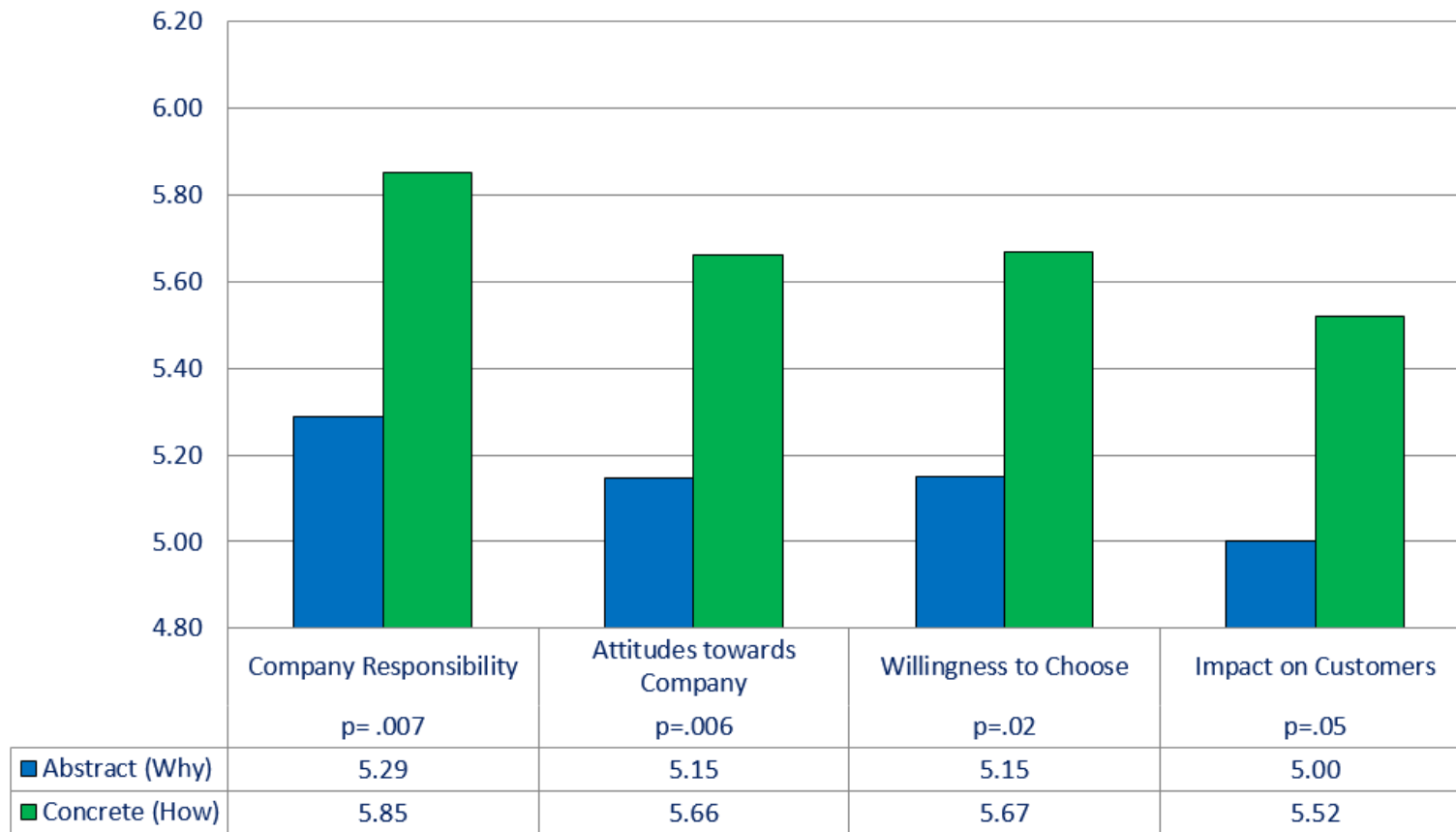
Imperial Casino is committed to ensure its customers' wellbeing. **Why** does Imperial Casino take care of its customers? As its chief executive officer states:

- Imperial Casino is all about an enjoyable leisure activity for its customers and it believes that gambling needs to be safe and fun.
- Imperial Casino's vision is for responsible gambling and it takes great pride in it. The company values and respects its customers and believes it has a responsibility in safe gambling and in preventing the development of gambling related problems.

102 words

Study 1 Results: Main Effect

Customers' Wellbeing Message



Study 1 Results: Mediation

Bootstrap (Preacher & Hayes 2008)	Company Responsibility				Attitudes towards Company				Willingness to Choose				Impact on Customers			
	b	SE	t	p	b	SE	t	p	b	SE	t	p	b	SE	t	p
Total Effect	.56	.20	2.7	.007	.52	.20	2.8	.006	.53	.22	2.4	.020	.52	.26	1.9	.052
X – M (a path)	-.72	.24	-2.9	.004	-.72	.24	-2.9	.004	-.72	.24	-2.9	.004	-.72	.24	-2.9	.004
M – Y (b path)	-.35	.07	-4.5	.000	-.31	.07	-4.4	.000	-.31	.22	2.4	.001	-.59	.10	-6.2	.000
Direct Effect	.30	.20	1.6	.116	.29	.17	1.7	.100	.30	.22	1.4	.175	.10	.23	.42	.678
95% (Bca) Confidence Interval (5000 trials)	CI = [.0774, .5270]				CI = [.0821, .4530]				CI = [.0661, .4922]				CI = [.1481, .8041]			

Indirect-Only Mediation

Study 1 Discussion

Hypothesis 1: Supported

- **CSR message concreteness positively impacts consumer responses in companies within industries with relatively negative reputation (Gambling).**
 - In **CSR dimensions closely associated** to the industry (Customers).

Hypothesis 2: Supported

- This effect is due to **concrete CSR messages reducing skepticism,** which in turn **decreases the positivity of consumer responses.**

Study 2 – Gambling Company & Environmental Protection

Imagine you are browsing through your local newspaper and you notice this story about a casino:

Imperial Casino is committed to ensure environmental protection. **How** does Imperial Casino take care of the environment? As its CEO states:

- Imperial Casino has agreements with utility providers so that, within its buildings, 75% of the energy used comes from wind turbines and solar panels.
- Imperial Casino has developed a waste minimization program whereby 90% of its restaurants' waste is either composted or recycled. Further, the company reduces water consumption by using reclaimed water in 100% of its cooling systems and water-conserving toilets.

99 words

Imagine you are browsing through your local newspaper and you notice this story about a casino:

Imperial Casino is committed to ensure environmental protection. **Why** does Imperial Casino take care of the environment? As its CEO states:

- Protecting the planet for present and future generations is a high priority for Imperial Casino and it believes that gambling facilities need to be ecofriendly.
- Imperial Casino's vision is for environmental sustainability and it takes great pride in it. The company values and respects the environment and believes it has a responsibility to protect natural resources and prevent damage to the planet.

99 words

Study 2 Results: Main Effect

Environmental Protection Message



Study 2 Results: Mediation

Bootstrap (Preacher & Hayes 2008)	Impact on Environment			
	b	SE	t	p
Total Effect	.73	.21	3.5	.001
X – M (a path)	-.98	.28	-3.5	.001
M – Y (b path)	-.51	.06	-8.8	.000
Direct Effect	.24	.16	1.4	.153
95% (Bca) Confidence Interval (5000 trials)	CI = [.2495, .8432]			

Indirect-Only Mediation

Study 2 Discussion

Hypothesis 1: Partially Supported

- **CSR message concreteness can positively impact consumer responses in companies within industries with relatively negative reputation (Gambling):**
 - In **CSR dimensions distantly associated** to the industry (Environment).
 - DV: Impact on CSR Dimension.

Hypothesis 2: Supported

- This effect is due to **concrete CSR messages reducing skepticism**, which in turn **decreases the positivity of consumer responses**.

Study 3 – Toy Company & Customers' Wellbeing

Imagine you are browsing through your local newspaper and you notice this story about a toy company:

Playtime Toys is committed to ensure its customers' wellbeing. **How** does Playtime Toys take care of its customers? As its CEO states:

- Playtime Toys devotes 75% of its research and development budget to its Learning through Play program on the links between enjoyment and children's learning.
- Playtime Toys has a hotline with 12 education experts to help parents build their children's learning skills through play. The company also offers to parents a free online 4-module course on "Learning to Think in a Playful Environment."

101 words

Imagine you are browsing through your local newspaper and you notice this story about a toy company:

Playtime Toys is committed to ensure its customers' wellbeing. **Why** does Playtime Toys take care of its customers? As its CEO states:

- Playtime Toys is all about children learning and having fun and it believes that toys should provide high educational value and enjoyment.
- Playtime Toys' vision is for learning and it takes great pride in that vision. The company values and respects childhood and believes it has a responsibility to help children build skills during this phase of life.

97 words

Study 3 – Toy Company & Environmental Protection

Imagine you are browsing through your local newspaper and you notice this story about a toy company:

Playtime Toys is committed to ensure environmental protection. **How** does Playtime Toys take care of the environment? As its CEO states:

- Playtime Toys has agreements with utility providers so that, within its production facilities, 75% of the energy used comes from wind turbines and solar panels.
- Playtime Toys has developed a waste minimization program whereby 90% of its production facilities' waste is either reused or recycled. Further, the company reduces its carbon footprint by using 100% recycled plastic in its toys.

98 words

Imagine you are browsing through your local newspaper and you notice this story about a toy company:

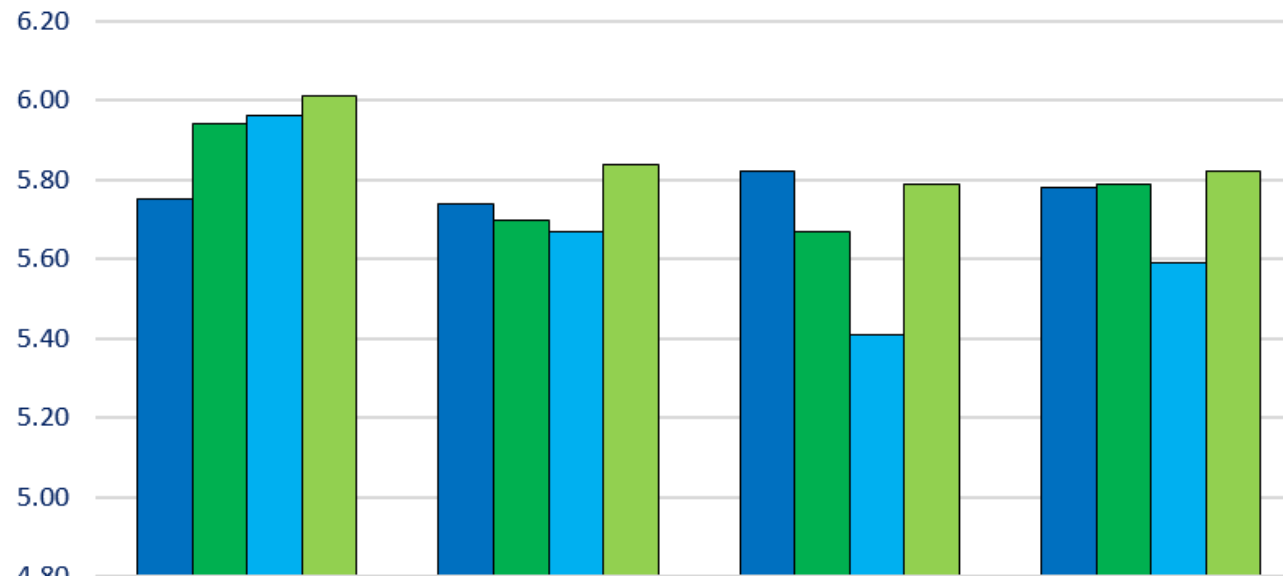
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- Playtime Toys' vision is for environmental sustainability and it takes great pride in it. The company values and respects the environment and believes it has a responsibility to protect natural resources and prevent damage to the planet.

99 words

Study 3 Results: No Main Effect

Customers' Wellbeing / Environmental Protection Message



	Company Responsibility	Attitudes towards Company	Willingness to Choose	Impact on CSR Dimension
■ Abstract (Why) Customers	5.75	5.74	5.82	5.78
■ Concrete (How) Customers	5.94	5.70	5.67	5.79
■ Abstract (Why) Environment	5.96	5.67	5.41	5.59
■ Concrete (How) Environment	6.01	5.84	5.79	5.82

All *p*'s >.10

Study 3 Discussion

Hypothesis 3: Supported

- **CSR message concreteness positive impact on consumer responses disappears in companies within positively viewed industries (Toy):**
 - **CSR dimensions closely (Customers) and distantly (Environment) associated with the industry.**

Experimental Studies			Key Findings		
	Industry	CSR - Industry	What?	Why?	When?
Study 1	Bad	Close	Concrete Better than Abstract CSR Communications	Due to Skepticism	Bad Industry & Close CSR Dimension
Study 2	Bad	Distant	Concrete can be Better than Abstract CSR Communications (DV: Positive Impact)	Due to Skepticism	Bad Industry & Distant CSR Dimension (DV: Positive Impact)
Study 3	Good	Close	-----	-----	No Effect in Good Industries
		Distant			

Theoretical Contributions

- Advance a more **fine-grained** understanding on **message concreteness** and **CSR communications success**.
- Extends current **scant research** on **consumer responses across CSR dimensions**; as well as on **positively viewed industries**.
- **New insights** on consumer **skepticism** about **CSR**.
 - **Skepticism not** an **inherent** or **generalized** consumer characteristic, but triggered by **company context** and **CSR dimension characteristics**.

Managerial Implications

- If a **business case** is to be advanced for **CSR**, managers should **avoid** a ‘**one-size-fits-all**’ approach in **CSR communications**.
- Understanding the existing nuances in consumer **perceptions** of the **various CSR dimensions**.
- Close examination, not only of **company responsibility background** and **reputation**, but also of **industry perceptions**.
 - Attention to events causing “**The Reputation Commons Problem**”.
- **Not underestimate** the **impact** of **abstract CSR communications** if operating in a **positively viewed industry**.

Public Policy Implications

- Widespread consumer confusion regarding whether companies live up to their professed CSR standards. Particularly within **positively viewed industries**, consumers might be **rewarding companies** based on **vague CSR claims – “boastful talk”**.
- If inconsistent with reality, **difficult to determine** whether the **abstract CSR message** is **deceptive**.
 - Need for **greater trustworthiness in values-based CSR messages**. Opportunity for new company rating index by watchdog organizations? “Values Claims/Real CSR Efforts”.

Directions for Further Research

- **Replicate the results:** Industry & CSR-dimension related.
- Further explore the **specificities** of consumer perceptions of the **environmental CSR-dimension:**
 - Perceived as more psychologically abstract?
 - The role of individual environmental concern.
- Compare **concrete/abstract CSR messages** with **neutral** (no CSR related) company **information**.

THANK YOU

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