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# **Working Paper Mansholt Graduate School**

**Consumers' evaluations of socially responsible activities in retailing**

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# **Consumers' evaluations of socially responsible activities in retailing**

## **Abstract**

We approach Corporate Social Responsibility (CSR) as a process in which particular CSR activities impact on consumers' store evaluation and trust. We hypothesize that consumers classify CSR activities along two dimensions: (1) the beneficiary of the activity and (2) the intrinsic contribution of the retailer, implying that consumers are interested in *who* reaps the benefits of the activity and *how much* the retailer invests in the activity. This conceptualization is confirmed in two field studies with 823 and 486 consumers. These field studies also show that consumers who perceive more CSR have more trust in the store and that their overall evaluation of the store is higher. Furthermore, it is shown that even though CSR affects both outcomes, the effect on trust is stronger than the effect on store evaluation. Our research indicates that CSR is particularly suited to build trust. Economic activities, on the other hand, are better for obtaining a good store evaluation.

## INTRODUCTION

Corporate Social Responsibility (CSR) has become a strategic issue for retail companies, often involving huge amounts of money and considerable investment of resources and time. Although the idea that companies have social responsibilities has already long ago been advocated, e.g. in the area of macro-marketing (Zif 1980), there has recently been a strong rise in its popularity. The importance of corporate social responsibility (CSR) is enhanced among others by an increasing consumer demand for integrity of companies (Osborn 2001). As a result, companies that act in socially responsible ways are generally evaluated more positively by consumers than companies that do not (Brown & Dacin 1997). Many retail companies have consequently embraced CSR. For these companies, the question is not *if* they should be involved in socially responsible activities, but *how* they should be involved.

CSR activities can take different shapes, such as a used bookstore staffed entirely by disabled people (Rosen 1999), donations of money or products to communities or charitable institutions, careful selection of the products that are sold (e.g. the Body Shop), and consumerism programs. These activities often require huge contributions from retailers, both monetary and non-monetary. For example, the retailer Target attempts to express philanthropy by donating \$1 million weekly to the communities in which it operates, as well as by funding additional charities and organizations (Gallanis 2000).

Despite these high costs, little is known about consumers' evaluations of different CSR activities. Brown and Dacin (1997) quote a manager of a major US retail company saying: "We do all these good things... we build buildings, give money away... but we don't know if we get anything out of it". Although CSR activities probably tend to increase store evaluations in general, there is no evidence on whether each specific CSR activity has the same effect.

Different stakeholders in society may have different social expectations from retail companies and may attach different importance to different CSR activities, such as human resource policy and sustainability. Nevertheless, there is a tendency in society to use CSR as an overall concept encompassing diverse aspects of running a business. For effective company policies, however, specific elements of the total CSR concept will have to be investigated: which activities make a company socially responsible in the eyes of a public, say the consumers. In this study, the CSR concept is fine-tuned to CSR of a specific type of industry, *retailing*, and its perception by a specific type of public, *the consumer*. More specifically, it identifies which CSR activities of a retail company are distinguished by consumers and what are the underlying dimensions of CSR of a retail company. In addition, we investigate how these underlying CSR dimensions drive consumers' store evaluation and trust. In particular the differential effect of CSR versus other characteristics of the company (economic activities, related to assortment, price, and location) on store evaluation and trust is analyzed.

The remainder of this paper is organized as follows. The next section will explore the concept *corporate social responsibility*. Subsequently, two dimensions of CSR activities are derived. Next, we define hypotheses regarding the impact of the types of CSR activities on consumer trust and overall store evaluation. Study 1 (823 consumers) examines the concept of CSR from a consumer perspective, while Study 2, which deals with 486 consumers, illustrates our model of CSR. Finally, guidelines are given for managers on how to create consumer goodwill through CSR activities.

## **THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY**

In order to identify types of CSR activities and examine their impact, a clear definition of the CSR concept is needed. In a BSR White Paper, CSR is defined as "...operating a

business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business” (Business for Social Responsibility, [www.bsr.org](http://www.bsr.org)). This definition seems in harmony with the triple P concept of People, Planet and Profit, which is conceived by many people in business as the basis of CSR. A large number of diverse definitions of CSR have also been proposed in the literature. Table 1 provides an overview of recent definitions, which articulate diverse aspects of CSR.

As indicated in Table 1 under main process elements of CSR, Carroll's (1979) definition emphasizes *expectations* of society, the definition of Mohr, Webb and Harris (2001) is *attitude* oriented, others focus on *activities* (actions to further social good, seeking the well-being of stakeholders, respectively meeting public expectations), while the definitions of Sen and Bhattachaya (2001) and of Brown and Dacin (1997) are *outcome* oriented (status and character of company). These definitions stress different elements of CSR as a way of operating a business. Rather than choosing one of these definitions as a guideline for our investigation we approach CSR as a process, in which company attitudes, activities and outcomes are elements.

### *CSR as a process*

A process approach to CSR is helpful in understanding the differences and similarities between the definitions reviewed in Table 1. All definitions explicitly or implicitly recognize process elements, but they differ in emphasizing specific elements of the process.

Companies internalize the expectations of society with respect to socially responsible behavior, leading to an attitude towards CSR. This attitude can be enhanced by autonomous forces in the retail company itself. The CSR attitude is supposed to influence socially responsible activities, both reactive and proactive. The outcome of these CSR activities will

generate feedback: a positive outcome of socially responsible behavior of a company, such as a better store image, will reinforce a company's attitude with respect to CSR.



**Table 1 Defining Corporate Social Responsibility**

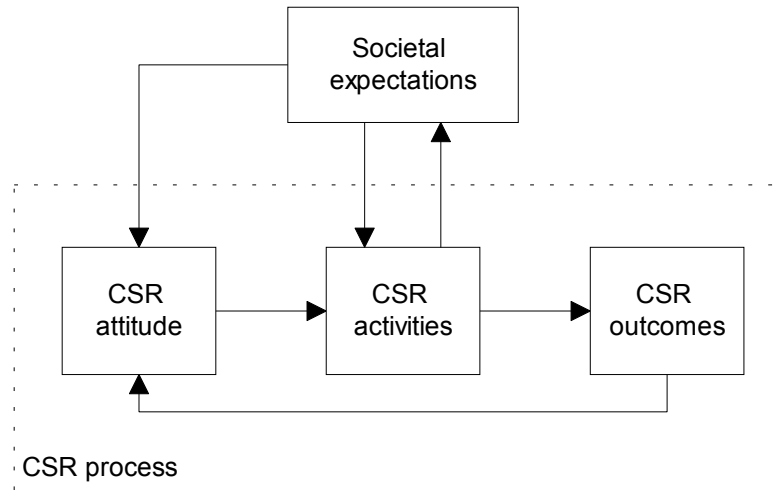
Reference	Definition	Root of CSR	Main process elements of CSR	Consequences in consumer domain
Brown & Dacin (1997)	The character of the company, usually with regard to important societal issues (p.70)	Pro-social behavior of the company	Attitudes and outcome	Company evaluation
Carroll (1979)	The economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time (p.500)	Expectations of society	Activities	Not explicitly mentioned
Handelman & Arnold (1999)	Marketing actions with a social dimension (p.33)	Necessary for legitimacy of the company	Activities	Consumers' support and legitimation
Husted & Allen (2000)	Meeting generally agreed public expectations of firm behavior (p.23)	Expectations of society	Activities	Not explicitly mentioned
Maignan (2001)	Company responsibilities: economic, legal, ethical, and philanthropic (following Carroll 1979)	Expectations of society	Attitudes and activities	Consumers' support
McWilliams & Siegel (2001)	Actions that appear to further some social good, beyond the interests of the firm and that which is required by the law (p.117)	Expectations of society	Activities	Consumer demand
Mohr, Webb & Harris (2001)	A company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society (p.47; following Petkus & Woodruff 1992)	Expectations of society	Attitudes	Purchase behavior
Murray & Vogel (1997)	[Seeking] the well-being and satisfaction of societal stakeholders without the proximate prospect of financial gain (p.141)	Pro-social behavior of corporate actors	Attitudes and activities	Attitude and behavior towards the company

**Table 1 continued**

Reference	Definition	Root of CSR	Main process elements of CSR	Consequences in consumer domain
Robertson & Nicholson (1996)	... concern both with remedying social problems a firm has caused and avoiding potential problems associated with the business's day-to-day operations (p.1096)	Outcomes in environment that are attributable to the company	Activities	Not explicitly mentioned
Robin & Reidenbach (1987)	The set of "generally accepted relationships, obligations and duties" that relate to the corporate impact on the welfare of society (p.45)	Expectations of society	Attitudes and values	Not explicitly mentioned
Sen & Bhattacharya (2001)	The company's status and activities with respect to, i.e. responsiveness to, its perceived social obligations (p.225; cf. Brown & Dacin 1997)	Expectations of society	Activities and outcome	Company evaluation and purchase intention

This framework of CSR is depicted by Figure 1.

**Figure 1 The CSR process**



The process approach to CSR accentuates the inherently dynamic character of CSR: social expectations influence CSR both by their impact on a company's attitude toward socially responsible behavior (internalization of social responsibility) and by triggering specific socially responsible activities of companies. In turn, expectations in society are influenced by the CSR activities that are performed by companies – what is extraordinary today may be ordinary tomorrow. As a result, the company's attitude and activities towards CSR are dynamic variables too.

### *CSR activities*

CSR activities may be connected with the economic activities of the store, i.e. activities which result from the company mission and aim at profit making. Most CSR studies in Table 1, with the exception of Carroll (1979), exclude purely economic activities from the CSR concept. Activities that are aimed solely at making a profit are not considered to be CSR activities. The difference between CSR and economic activities appears in many studies. For instance, Handelman and Arnold (1999) make a distinction between marketing

actions with a social dimension, and marketing actions with an economic dimension (i.e. so-called performative attributes, such as price and assortment), while Brown and Dacin (1997) discriminate between corporate social responsibility and corporate ability. Likewise, Folkes and Kamins (1999), Barone et al. (2000), and Sen and Bhattacharya (2001) distinguish ethical/social behavior from product attribute information.

Yet, the line between economic and social activities is thin. An attribute such as ‘assortment’ is closely related to, for instance, the supply of environmentally friendly products (which are part of the total assortment). It has been argued that CSR and ethics should be incorporated in corporate strategy, and that social and economic activities are not distinct (Hosmer 1994). Although the distinction between social and economic activities has been applied in several studies, information on the extent to which consumers perceive them as truly different activities is scarce. Only Maignan (2001) finds an empirical indication that consumers do not incorporate economic activities in their CSR perception.

We abstain from dichotomizing activities in economic and social activities. We propose that CSR activities can include aspects of the economic activities of a retailer (and vice versa) and suggest a continuum from economic activities having no CSR aspect at all to social activities being purely CSR oriented, with increasingly CSR-oriented economic activities in between. The activities then differ merely in the degree to which they have a socially responsible element, as opposed to an economic element.

### *Root of CSR*

In addition to the process elements of CSR, Table 1 also mentions the proposed root of CSR in the company. Most studies ascribe a central role to social expectations (Carroll 1979; Sen & Batthachaya 2001). This is explicit in Husted and Allen’s (2000) definition of CSR as “meeting generally agreed public expectations of firm behavior” (p.23). Besides societal expectations, pro-social behavior of companies or individuals within companies has

been mentioned as the root of CSR. People in the company feel responsible for societal aspects, and decide to take action. CSR activities are then based on the kindness of companies and people who act to help others (Murray & Vogel 1997).

### *Consequences of CSR*

Finally, Table 1 provides the consequences of CSR in the consumer domain, as they have been described in the studies. Proposed and established outcomes of CSR reflect the consumers' attitudes towards the store, their support, and their (purchase) behavior. In general, the CSR process is supposed to result in positive effects in the consumer domain. The next section will examine this in greater detail.

## **CSR: A CONSUMER PERSPECTIVE**

CSR is positioned in the literature as a broad concept, encompassing many facets of a retail company and its environment. This extensiveness necessitates a clear delineation of the research topic. Several scholars have tangled this by focusing on sub-areas. Examples are environmental concerns (Menon & Menon 1997), donations (Ellen, Mohr & Webb 2000), advertising with a social dimension (Drumwright 1996), and cause-related marketing (Barone et al. 2000; Varadarajan & Menon 1988).

Other studies, which examine the general concept of CSR rather than a sub-area, are often either descriptive (Robin & Reidenbach 1987), or focus on one specific aspect or consequence of CSR. For example, the overall impact of CSR activities on the financial performance of companies has been investigated (see Roman, Hayibor & Agle 1999 for an overview). The results of this relationship are not univocal; positive, negative, and neutral effects have all been reported (McWilliams & Siegel 2000; 2001; Roman et al. 1999). Although the financial effects of CSR activities have received considerable attention, often,

the direct objective of CSR is not to make an immediate profit. Rather, CSR activities aim to build store image and trust, which hopefully contributes to long-term profits.

We conceptualize CSR from the consumer's perspective and approach CSR as a process. Instead of focusing on a sub-area, we focus on an element of this total process: the CSR activities that a retailer can perform. These activities cover the whole range of CSR, and we examine their impact on store evaluation and trust.

Recently, the effects of CSR on consumers' attitudes and behaviors have started to receive attention (Brown & Dacin 1997; Ellen et al. 2000; Folkes & Kamins 1999; Handelman & Arnold 1999; Sen & Bhattacharya 2001). By focusing exclusively on consumers, these papers divert from the stakeholder perspective, in which many different groups besides consumers are deemed of importance, such as competitors, the financial community, government and regulatory agencies, and political activist groups. Stakeholder theory posits that all these groups and individuals impact the company (Freeman & Gilbert 1988; Murray & Vogel 1997). Notwithstanding the importance of all these groups, a retailer is, understandingly, interested in a more detailed focus on the key stakeholder of a CSR program. Often, this key stakeholder is the consumer. To a large extent, consumers and employees play a prominent role in the corporate social responsibility of companies (McWilliams & Siegel 2001; Robertson & Nicholson 1996), especially for service and retail companies (Jones 1999). An empirical investigation into the importance of stakeholders in the U.K. found that companies give most of their attention to consumers (Greenley & Foxall 1996). Therefore, we focus on consumers as the primary stakeholder, and examine their perceptions and evaluations of CSR activities.

Despite the importance of consumers as stakeholders, their perspective on CSR is not well understood. Maignan (2001, p.57) mentions that "past surveys have either focused on limited aspects of corporate social responsibility ... or have considered corporate social

responsibility in general without inquiring about consumers' understanding of this notion". We know relatively little of what *consumers* define as socially responsible corporate behaviors.

One of the few attempts at understanding CSR from a consumer perspective is the study by Maignan (2001). She examined if Carroll's (1979) distinction between economic, legal, ethical, and philanthropic responsibilities of a company could adequately reflect consumers' perceptions of CSR in several countries. The results showed that the economic responsibilities in particular did not relate well with the other types of responsibilities (mostly zero or negative correlations), and that economic responsibility was not or negatively correlated with overall social responsibility. Consequently, Maignan (2001) concludes that the applicability of Carroll's (1979) categorization of corporate social responsibilities to consumers is questionable, and that there is a need to further examine how consumers define socially responsible corporate activities.

### *Basic dimensions of CSR activities*

Since CSR encompasses a broad range of activities, it seems likely that the CSR activities will not all be the same. Underlying dimensions may exist by which different types of CSR activities can be distinguished. A consumer may not perceive the same level of CSR or may not be affected in the same way by, e.g., donations to charity as by attention to product safety. The central theme of this paper is that evaluations of CSR are dependent on the type of CSR activity that the retailer performs. Surprisingly, with the exception of Ellen et al. (2000), who distinguish different types of donations, CSR studies so far have not distinguished and examined different types of CSR activities. We hypothesize that CSR activities differ on two main dimensions: (1) the beneficiary of the activity and (2) the intrinsic contribution of the retailer. Consumers are interested in *who* reaps the benefits of the activity and *how much* the retailer invests in the activity.

Beneficiary of the activity. Barone et al. (2000) have stated that consumer perceptions of why a company would support a social cause may be a key determinant of consumer responsiveness to the activity. For some CSR activities, the retailer itself may be perceived as the main beneficiary. Companies have expressed concern about this, as they might be perceived as exploitative (Drumwright 1996). In fact, Mohr et al. (2001) found in interviews with 44 consumers, that close to one-third of the respondents viewed CSR as totally self-interested behavior on the part of the company. Mostly, however, respondents thought that there were mixed motives behind CSR, with both rewards sought for the company and rewards sought for others (such as the community, society, or the environment).

The degree to which a retail company is perceived to benefit may differ across CSR activities. This in turn will influence the perception of CSR by the consumer. For example, Ellen et al. (2000) found weak support for their hypothesis that consumers evaluate a donation less positively when the retailer who initiates the activity may be perceived as profiting from it. When the retailer is perceived to have a high relative benefit from the CSR activity, perceptions of CSR are likely to be lower. Conversely, when consumers perceive a retailer to be more intrinsically motivated to engage in socially responsible activities (i.e., when the retailer finds the activity itself motivating and does not extrinsically seek rewards), and most of the benefits are for society rather than the retailer itself, they will probably evaluate these activities higher. Therefore, we hypothesize:

- H1: The degree to which the benefits from CSR activities are perceived to go to the retailer rather than to society, is negatively related to the consumer perception of CSR.

Intrinsic contribution of the retailer. Some CSR activities are easy to perform for any retailer (e.g., money donations), while others require specific expertise and effort (e.g., the sales of environmentally friendly products). While the first type of activities are relatively



independent of the basic operations of the retailer, the latter are central to its mission and objectives. The ability to perform these latter activities depends on the retailer's day-to-day operations. A retail company is more likely to create value from such activities, than from activities that do not require this degree of intrinsic contribution (Husted & Allen 2000). Consumers may perceive changes in basic company operations, such as quality-control programs, as more valuable and reflective of a long-term commitment, than activities external to company operation, such as donations to charity. When an activity requires the rearrangement of basic operations, the perceptions of contribution are likely to be high.

From research on investments in consumer relationships, it has become clear that consumers respond to a company's investment of time, effort and other irrecoverable resources (De Wulf, Odekerken-Schröder & Iacobucci 2001). Perceived company investments affect relationship quality and ultimately behavioral loyalty. In a same manner, we expect consumers to respond positively to retail investments in CSR. CSR activities that require more contribution lead to a higher perception of CSR (Ellen et al. 2000), as consumers attribute this to true social responsibility on the part of the retailer. Therefore, we hypothesize:

- H2: The degree to which a retailer is perceived to contribute more (in terms of effort and expertise) to CSR activities, is positively related to consumer perception of CSR.

## **CONSEQUENCES OF CSR**

CSR activities can increase overall store evaluation. In addition, CSR can impact consumers' trust in the company (Hosmer 1994). Trust has been linked with such constructs as honesty and benevolence (Geyskens, Steenkamp & Kumar 1998), as well as reliability, integrity, and confidence (De Wulf et al. 2001; Garbarino & Johnson 1999;

Morgan & Hunt 1994), constructs closely related to CSR. Yet, the relationship between CSR and trust has not been examined empirically so far.

### *Effects on trust*

The word 'responsible' has been described in dictionaries as "being a free moral agent; morally accountable for one's actions; trustworthy" (Macdonald 1976) and "having an obligation to do something .... capable of being trusted" (Pearsall 1999). Although these dictionary definitions are not based on psychological studies, the intuitive notion behind them is that responsibility is linked with trust. A retailer with a high social responsibility is a retailer that can be trusted. Since 'responsible' also means 'trustworthy', a relation between consumers' CSR perceptions of a retail company and their trust in that company seems likely.

In channel literature, trust has been defined as "the extent to which a firm believes that its exchange partner is honest and/or benevolent" (Geyskens et al. 1998). The main elements of trust are reliability, integrity, and confidence (De Wulf et al. 2001; Morgan & Hunt 1994). Trust is an important element of relationship marketing, and an antecedent of relationship commitment (Morgan & Hunt 1994; Hosmer 1994). Consumers who develop trust in a store will show commitment to this store in the future.

By exhibiting activities that benefit society, a retailer indicates that it can also be trusted in other reciprocal relationships with individual consumers. The CSR activities act as a cue for a trustworthy retailer. As such, benevolent activities provide diagnostic evidence that the retail company can be trusted (Sirdeshmukh, Singh & Sabol 2002). CSR activities seem particularly capable of building trust, since these activities are benevolent by nature. Only few studies of CSR have included trust. Hosmer (1994) argues that companies who recognize and ethically resolve moral problems will be trusted by the stakeholders.

Yet, Hosmer asserts that there is very limited empirical support for this proposal. This paper will test the proposed relationship between CSR perceptions and trust.

Not only activities with a high degree of CSR can build trust. Operational competence, i.e. performance on activities with a large economic element, also influences trust (Sirdeshmukh, Singh & Sabol 2002). When a company provides positively evaluated products or services, trust in that company is higher (Garbarino & Johnson 1999). Overall, we hypothesize:

H3a: An increase in consumer perception of CSR leads to an increase in consumer trust in the store.

H3b: Better performance on activities with a large economic element leads to an increase in consumer trust in the store.

### *Effects on evaluation of the store*

Both activities with a relatively high CSR component and activities with a relatively high economic component are likely to influence the overall evaluation of the store. The positive effect of economic activities on overall store evaluation has been well-documented (see for instance Steenkamp & Wedel 1991). In addition, CSR activities are likely to increase consumer evaluation of the company (Brown & Dacin 1997).

H4a: An increase in consumer perception of CSR leads to an increase in consumer evaluation of the store.

H4b: Better performance on activities with a large economic element leads to an increase in to consumer evaluation of the store.

Although we expect both perceived CSR and economic activities to influence both trust and store evaluation, the strength of the effects may not be similar. Activities with a high level of CSR provide diagnostic information that the store can be trusted. These pro-social activities are associated with a good character of the company (Folkes & Kamins 1999), and provide people with a clear signal: a benevolent company is trustworthy.

Activities with a large economic element, on the other hand, are expected to have a stronger effect on store evaluation. When a retailer performs well on activities such as assortment, price, and location, it is evaluated better. Since these activities are also in the retailer's own best interest, the diagnostic value for trustworthiness is less high. Therefore, we hypothesize:

- H5: Perception of CSR has a stronger effect on consumers' trust in the store than on overall store evaluation, while performance on activities with a large economic element has a stronger effect on consumers' overall store evaluation than on trust in the store.

### **STUDY 1: WHAT IS CSR?**

The main objective of this study 1 is to identify the underlying dimensions that consumers use to classify CSR activities, and to compare these with the two dimensions we proposed: beneficiary of the activity and intrinsic contribution of the retailer.

Setup of the study. Participants of the study are members of the Copa-panel<sup>1</sup>, a consumer panel with 1500 members, representative of the Dutch population. Participants were asked to indicate the degree to which they consider several activities of a supermarket to be socially responsible. It was explained that it does not matter whether the participant appreciates the activity, nor whether (s)he considers it important, but only whether the activity is socially responsible. The list of activities contained 39 CSR items (see Table 2 for a description<sup>2</sup>), which were constructed based on literature research and in-depth interviews with retailers and suppliers. In these interviews, respondents were first asked to describe the CSR concept freely, and subsequently to mention concrete activities based on a list of retail policy aspects. Answers were given on a seven-point scale, with endpoints labeled "not a clear form of socially responsible behavior" to "a clear form of socially responsible behavior".

**Table 2 The CSR items of Study 1 (translated from Dutch)**

Item	Mean (s.d.)	n
1. The supermarket does <b>not</b> sell products with an unclear effect on public health (e.g., products with genetically modified soy)	5.36 (1.98)	818
2. The supermarket provides monetary contributions to the organization of local cultural activities (e.g. concerts, festivals)	3.70 (2.01)	820
3. The supermarket places products from developing countries clearly visible on the shelf	4.91 (1.90)	819
4. The supermarket stimulates energy-saving production processes	5.09 (1.90)	819
5. The supermarket deals with complaints in a correct manner	5.59 (1.63)	818
6. The supermarket offers regular employees opportunities for education	5.44 (1.59)	820
7. The supermarket sells animal-friendly products (e.g. free-range meat and eggs)	5.64 (1.48)	822
8. The supermarket provides monetary support to environmental groups	3.92 (1.93)	816
9. The supermarket sells ecological products (products grown without chemical pesticides and artificial fertilizer)	5.33 (1.67)	820
10. The supermarket provides information to customers about the degree to which specific products are harmful to the environment	4.56 (1.95)	818
11. The supermarket provides monetary support to emergency funds (e.g., in case of disasters)	3.97 (1.96)	819
12. The supermarket does <b>not</b> sell personal care products that have been developed through animal testing (cosmetics)	4.86 (1.90)	817
13. The supermarket provides correct and honest information in its advertisements	5.44 (1.57)	821
14. The supermarket advertises for animal-friendly foodstuffs (e.g. free-range products)	4.96 (1.69)	822
15. The supermarket sells products from Third World countries, to improve the standard of living of farmers and workmen in those countries	5.28 (1.78)	818
16. The supermarket publishes information on the safety of products in its own magazine, in flyers, or on the internet	5.05 (1.64)	822
17. The supermarket ensures minimal noise pollution from stocking the store	5.01 (1.70)	820
18. The supermarket provides clear information concerning the ingredients of products on the product labels	5.70 (1.40)	821
19. The supermarket provides an extensive system of deposits (possibility to hand in bottles/crates, pots, and meat plates)	5.77 (1.36)	823
20. The supermarket pays employees more than the minimum wage	4.67 (1.81)	813
21. The supermarket arranges daycare for the children of customers	3.71 (1.91)	816
22. The supermarket immediately provides money back when a product is not to the customer's liking	4.72 (1.89)	819

23. The supermarket immediately removes products with potentially harmful effects for the customer from the shelf, as soon as this is known	6.32 (1.31)	820
24. The supermarket pays attention to the working atmosphere of the supermarket	4.96 (1.62)	819
25. The supermarket makes arrangements with producers regarding the quality of products	5.00 (1.71)	817
26. The supermarket lets customers choose from different packaging materials (e.g. paper or plastic at the vegetable department)	5.11 (1.77)	822
27. The supermarket always has advertised products (with discount) in plenty of stock	4.66 (1.88)	821
28. The supermarket advertises for environmentally friendly products	5.09 (1.56)	819
29. The supermarket makes sure that the store is easily accessible for the disabled (e.g. presence of an elevator)	5.87 (1.59)	820
30. The supermarket makes sure that the machines in the store (e.g. the cutting machines for meat) are safe for the employees	5.65 (1.61)	820
31. The supermarket performs extensive product checks (on production system, product safety, product quality, and so on)	5.43 (1.58)	818
32. The supermarket employs members of minority groups	4.87 (1.69)	819
33. The supermarket uses loyalty cards to give special offers to certain customers	3.57 (2.00)	817
34. The supermarket has insight in the production chain, so knows exactly where each product comes from	4.76 (1.68)	817
35. The supermarket takes part in political boycotts (e.g. temporarily no sales of French wine, due to French nuclear tests)	3.83 (1.98)	818
36. The supermarket has low prices for biological products	4.76 (1.80)	821
37. The supermarket offers collection points (clothes, shoes) near or in the store	4.66 (1.96)	816
38. The supermarket does <b>not</b> sell any products produced through child labor	5.59 (1.82)	820
39. The supermarket arranges childcare for children of regular employees	4.39 (1.97)	812

A total of 873 questionnaires were returned. After excluding participants who returned unusable questionnaires (6 respondents provided the same answer for all 50 activities), and participants who left five or more items open (44 participants), a total of 823 usable questionnaires remained.

## *Results*

Table 2 provides the items of the CSR scale, and mean scores. Items 2 (monetary contributions to local cultural activities), 25 (daycare for children of customers), 42 (loyalty

cards to give special offers to certain customers), 44 (political boycotts), and 45 (attracts customers who resemble me) score significantly below the midpoint of the scale, indicating that these activities were not perceived by the participants as a form of CSR<sup>3</sup>. To obtain the underlying CSR dimensions, a principal component analysis was used with Varimax rotation, the results of which are shown in Table 3. Baumgartner and Steenkamp (1999) among other have shown that some consumers have a tendency to endorse the most extreme response categories, while others hardly vary their answers. To account for response styles, and hence response biases, the data were standardized for each participant before the analysis (Dillon, Frederick and Tangpanichdee 1985). We expected a classification of CSR activities along the lines of the basic dimensions discussed in the theory section. In support of our expectations, we find two dimensions of CSR. The first dimension is related to the beneficiary of the activity. On the one side of this dimension are activities that are aimed at third ‘parties’, such as the environment and developing countries. They will be referred to as the ‘*environmental concerns*’ activities. On the other side of the dimension are activities that benefit the retailer, and are more economic in nature, such as loyalty cards and attention to working atmosphere. They will be designated as the ‘*customer relations*’ activities. The second dimension ranges from arrangements for safety and quality (the ‘*integrated quality*’ activities), to diverse monetary donations (the ‘*donations*’ activities).

### *Discussion*

This study distinguishes two dimensions of CSR, resulting in four types of CSR activities. The types are in line with our proposed classification of CSR activities. Study 2 will examine in more detail if our interpretation of the dimensions is correct, by directly measuring perceived beneficiary and contribution level. In addition, Study 2 will examine

the impact of the four different types of activities on perceived CSR, trust, and store evaluation.

**Table 3 Results (rotated-component matrix) of Study 1<sup>a</sup>**

Item with short description	Dim 1	Dim 2
4. <i>stimulates energy-saving production processes</i>	<b>.632</b>	.171
15. <i>products from Third World countries</i>	<b>.625</b>	.225
33. <i>loyalty cards to give special offers to certain customers</i>	<b>-.595</b>	.054
9. <i>ecological products</i>	<b>.570</b>	.129
3. products from developing countries clearly visible on the shelf	<b>.559</b>	.243
10. information about harm for the environment	<b>.557</b>	.276
24. <i>attention to the working atmosphere of the supermarket</i>	<b>-.554</b>	-.184
38. does <b>not</b> sell products produced with child labor	<b>.542</b>	.098
1. does <b>not</b> sell products with unclear effect on public health	<b>.489</b>	.079
28. advertises for environmentally friendly products	<b>.479</b>	-.014
27. <i>advertised products in plenty of stock</i>	<b>-.466</b>	-.323
36. low prices for biological products	<b>.463</b>	.123
14. advertises for animal-friendly foodstuffs	<b>.459</b>	.074
22. money back when product is not to the customer's liking	<b>-.419</b>	-.021
29. store is easily accessible for the disabled	.371	-.199
26. different packaging materials	.342	-.019
16. information on product safety	.306	.094
8. <i>monetary support to environmental groups</i>	.293	<b>.615</b>
11. <i>monetary support to emergency funds</i>	.252	<b>.607</b>
25. <i>arrangements with producers regarding product quality</i>	-.021	<b>-.538</b>
30. <i>machines in the store are safe for the employees</i>	-.067	<b>-.504</b>
2. <i>monetary contributions to local cultural activities</i>	.122	<b>.476</b>
13. correct and honest information in advertisements	.091	<b>-.448</b>
31. <i>extensive product checks</i>	.194	<b>-.441</b>
34. insight in the production chain	.037	<b>-.407</b>
21. daycare for the children of customers	-.072	.400
37. collection points near or in the store	.094	.380
35. political boycotts	.228	.326
18. clear information about product ingredients	.030	-.349
23. directly removes products with potentially harmful effects	-.126	-.280
5. deals with complaints in a correct manner	-.253	-.273
39. childcare for children of regular employees	.151	.168
32. employs members of minority groups	-.008	.197
7. sells animal-friendly products	.257	.136
6. regular employees get opportunities for education	-.108	-.129
19. extensive system of deposits	.030	.045
17. minimal noise pollution from stocking the store	-.156	.009

<sup>a</sup> Italic items are used in the scenarios of Study 2.



## STUDY 2: THE IMPACT OF CSR

Study 2 tests our hypotheses concerning the conceptual model of CSR activities, in a large experiment. Each participant received a newspaper article with a description of a supermarket chain, and answered questions about the supermarket. In the newspaper article, activities with a large economic element (related to assortment, price, and location) and CSR activities were manipulated between subjects. Before conducting this experiment, two pretests were run, to determine the appropriateness of the manipulations and measures.

### *Pretests*

Through the pretests, we attempted to develop descriptions of the CSR activities, and obtain a first indication of whether the labeling of the two CSR dimensions is correct. Participants were undergraduate students from a Dutch university (57 for the first pretest and 42 for the second pretest). They each read four short descriptions of supermarkets involved in three CSR activities of the same type (as discovered in the factor analysis of Study 1) and answered questions on the beneficiary of the activity and the contribution of the supermarket. While items for the beneficiary scale were satisfactory in the first pretest (Cronbach's alpha of .71 and significant differences between all scenarios), we needed the second pretest to improve the items for the contribution scale.

Participants in the first pretest also answered questions regarding the diversity of the activities, to examine if the differences between the descriptions were only related to the type of activities and not to the range of activities<sup>4</sup>. After all, if one of the descriptions should imply a broader range of CSR activities than the other descriptions, it might by itself influence consumers' evaluations, thereby rendering it impossible for us to distinguish between the effects of the *type* of CSR activity and the *range* of CSR activities in which the retailer is active. Paired samples t-tests showed that the diversity of the CSR activities

differed significantly between all but one of the store pairs (at  $p < .05$ ). Diversity was highest for ‘environmental concerns’ (average of 4.31) and lowest for ‘customer relations’ (average of 3.17). Since these large and significant differences in diversity could influence our main results profoundly, we decided to include only one CSR activity for each supermarket description in the main study, to avoid this potential problem.

### *Main experiment*

Setup. The setup of the experiment is a 12 (CSR activity) x 2 (performance on activities with a large economic element) between-subjects design. The twelve CSR descriptions are taken from the first study, and come from the four types of CSR activities. This effectively reduces the design to a 4 (type of CSR activity) x 2 design. The stimuli are presented in the form of newspaper articles, in which three activities with a large economic element and one specific CSR activity are highlighted. Following Handelman and Arnold (1999), the size of the assortment, the competitiveness of prices, and the convenience of store location were used as economic activities. These provide consumers with tangible, economic benefits and, in addition, are key retailing attributes that have been shown to impact consumers’ store choice (Steenkamp & Wedel 1991). In the newspaper articles, all three were either high or low (see Appendix B for a description of the stimuli). Respondents were members of the Copa-panel.

Measures. Respondents answer several questions on seven-point scales, related to the beneficiary of the activity, contribution level, perception of CSR, trust, and store evaluation. Items are provided in Appendix A.

A total of 711 questionnaires were returned. Of these, 70 failed to provide the code of the newspaper article, so that no match could be made between questionnaire and stimulus. An additional 85 respondents had failed to notice the second page of the questionnaire, providing only partial answers, 29 respondents left more than 20 missing values, and 41

respondents did not vary their answers (provided the same score on a battery of questions). This left us with 486 usable questionnaires.

### *Results*

Before examining the conceptual model, an analysis of variance was needed to assure that the three activities of each type did not differ significantly from each other. Only one significant difference for one of the activities on one of the constructs was discovered: 'safety of machines' scored significantly lower on level of contribution than the other activities from the 'integrated quality' type. Since none of the other analyses showed any significant effects, the activities were summarized into the four types of activities discovered in the first study.<sup>5</sup>

Table 4 presents the results of an initial analysis of variance, comparing the four types of activities on the perception of main beneficiary and contribution level. Subsequent post-hoc analyses (using Tukey's b) reveal that activities in the shape of donations and customer relations are perceived as being significantly more beneficial for the retailer than activities involving integrated quality and environmental concerns (means of 5.08 and 5.13 versus 4.72 and 4.45, respectively). With respect to the perceived level of contribution, donations (mean = 3.20) score significantly lower than other activities, while actions of environmental concern score significantly higher (mean = 3.99).

**Table 4 Beneficiary and contribution level**

Type of activity	Supermarket main beneficiary rather than society	Level of contribution
Environmental concerns	4.45	3.99
Customer relations	5.13	3.64
Donations	5.08	3.20
Integrated quality	4.72	3.70
	$F = 14.1; p < .001$	$F = 14.5; p < .001$

An OLS regression analysis shows that both perceived beneficiary and contribution level influence consumer' perceptions of CSR ( $F = 240.0; p < .001$ ). Regression results are provided by Table 5. The degree to which the supermarket is seen as the main beneficiary, rather than society, is negatively related to CSR perception ( $t = -13.0; p < .001$ ), supporting hypothesis 1. In addition, in line with hypothesis 2, the perceived level of contribution that the supermarket makes to the CSR activity is positively related with CSR perception ( $t = 6.65; p < .001$ ).

**Table 5 Effects of beneficiary and contribution level on CSR perception**

	Coefficient	Standard error	t-value	p-value
Constant	5.78	.40	14.0	<.001
Supermarket main beneficiary (rather than society)	-.69	.05	-13.0	<.001
Level of contribution	.35	.05	6.6	<.001
$R^2 = .50$				

Subsequent mediation analyses show that the effect of the types of activities on CSR perception is completely mediated by beneficiary and contribution level. By themselves, dummies for the types of activities have a significant effect on CSR perception ( $F = 8.9; p < .001$ ). They also have a significant effect on beneficiary ( $F = 14.1; p < .001$ ) and contribution level ( $F = 14.5; p < .001$ ). Beneficiary and contribution level, by themselves,

have a significant effect on CSR perception ( $F = 240.0$ ;  $p < .001$ ). Adding the types of activities to this regression does not significantly improve the estimation ( $F_{change} = .7$ ;  $p = .566$ ).

To test hypotheses 3 through 5, multivariate regression analyses were used in the statistical package Stata. Table 6 provides the results. Model 1 is the hypothesized model, with effects of both CSR perception and the performance on activities with a large economic element (i.e. high versus low performance on assortment, price and location) on both trust in the store and overall store evaluation. All effects are in the expected direction and significant. A good performance on economic activities increases both trust ( $t = 10.4$ ;  $p < .001$ ) and store evaluation ( $t = 14.6$ ;  $p < .001$ ). In addition, more positive CSR perceptions increase trust in the store ( $t = 32.9$ ;  $p < .001$ ) and store evaluation ( $t = 26.1$ ;  $p < .001$ ), consistent with hypotheses 3 and 4.

Next, we used Stata 7 to test whether the strength of these effects differs. The effect of CSR perception significantly differs between the two equations ( $F_{1,483} = 5.38$ ;  $p = .021$ ), implying that the perception of CSR has a stronger effect on trust than on store evaluation. Furthermore, we find that the effect of the economic activities is significantly larger on store evaluation than on trust ( $F_{1,483} = 59.8$ ;  $p < .001$ ), consistent with hypothesis 5. Although both CSR perception and economic activities have significant effects on our dependent variables, this effect is not equal in strength. Perceptions of CSR are better for building trust than for increasing store evaluation, while the economic activities are better for obtaining a good store evaluation than for building trust.

**Table 6 The conceptual model of trust and store evaluation**

Dependent variable	Independent variables	Coeff.	Standard error	t-value	p-value		
1	Trust	Economic activities	.65	.06	10.4	<.001	
		Perception of CSR	.77	.02	32.9	<.001	
		Constant	.70	.09	7.8	<.001	
	$R^2 = .76, F = 747.0, p < .001$						
	Store evaluation	Economic activities	1.08	.07	14.6	<.001	
		Perception of CSR	.72	.03	26.1	<.001	
		Constant	.52	.11	4.9	<.001	
		$R^2 = .71, F = 597.7, p < .001$					
	2	Trust	Economic activities	1.20	.23	5.2	<.001
			Perception of CSR	.73	.03	26.3	<.001
Level of contribution			.17	.05	3.7	<.001	
(Economic activities * level of contribution) interaction effect			-.15	.06	-2.5	.012	
Constant			.27	.15	1.8	.070	
$R^2 = .76, F = 385.9, p < .001$							
Store evaluation		Economic activities	1.96	.27	7.2	<.001	
		Perception of CSR	.70	.03	21.3	<.001	
		Level of contribution	.16	.05	3.0	.003	
		(Economic activities * level of contribution) interaction effect	-.24	.07	-3.4	.001	
	Constant	.05	.17	.3	.758		
$R^2 = .72, F = 308.5, p < .001$							

As an additional test, we checked whether the perception of CSR completely mediates the effects of its proposed dimensions (beneficiary of the activity and contribution level). Direct effects for beneficiary level were not significant, but for contribution level we found both direct effects and interaction effects with the performance on economic activities in both equations. Model 2 in Table 6 shows these results. The perceived level of contribution has both an indirect effect through the perceived CSR, and a positive direct effect ( $t = 3.7$ ;  $p < .001$  for trust, and  $t = 3.0$ ;  $p = .003$  for store evaluation). The interaction effects with the economic activities are negative ( $t = -2.5$ ;  $p = .012$  for trust, and  $t = -3.4$ ;  $p = .001$  for store evaluation). The interpretation of these results will be discussed in the next section.

Although the size of the effect of CSR perception is still larger for trust than for store evaluation, the difference between both effects is no longer significant ( $F_{1,481} = 1.5; p = .225$ ). This is not surprising, since part of the effect of CSR now also flows through the direct effect of contribution level. The effects of the economic activities are still larger for store evaluation than for trust ( $F_{1,481} = 13.5; p < .001$ ).

### *Discussion*

Consumers' perception of CSR is highest when the perceived beneficiary of the activity is society rather than the retailer, and when the perceived level of contribution required from the retailer is high. In other words, consumers want retailers to act in the best interest of society, and put effort and expertise into these activities. Activities related to environmental concerns are best at obtaining this.

The hypotheses regarding our conceptual model have all been supported. The more CSR consumers perceive from a store, the more trust they will have in that store, and the higher their overall evaluation of that store will be. Even though CSR affects both variables, the effect on trust is stronger than the effect on store evaluation. CSR is particularly suited to build trust. Economic activities, on the other hand, are better for obtaining a good store evaluation.

Finally, we have found both positive direct effects of the contribution level on trust and store evaluation, and negative interaction effects of contribution level with economic activities. The contribution level indicates the amount of effort and expertise that the retailer is perceived to (have) put into the activity. This is related to the concept of trust. A multidimensional conceptualization of trust has been suggested, with notions of both competence and benevolence (Sirdeshmukh et al. 2002). The level of contribution matches the competence element of trust. In other words, when the contribution level is high, a retailer shows that it is competent enough to apply this type of effort and expertise. This

leads to more trust and a better store evaluation, over and above the effect of CSR perception.

The negative interaction effect of contribution level with economic activities suggests that the additional effect of contribution level, over and above the indirect effect through CSR perception, is especially high for stores that perform less well on economic activities. By performing activities that require a high level of contribution, stores show that they are indeed competent, and this can partially overcome the negative effect of a bad performance on economic activities.

## **GENERAL DISCUSSION**

Before a retailer can effectively incorporate the concept of social responsibility into a marketing planning process, an understanding of consumer perceptions is required. The focus of this paper has been on consumers' perceptions of diverse CSR activities. The main conclusion is that CSR activities are not alike: they differ as to the level of CSR that consumers perceive, and their ability to build trust and lead to a good store evaluation.

Consumers distinguish CSR activities by two dimensions: the beneficiary of the activity (retailer versus society) and the level of contribution from the retailer. By themselves, these two dimensions suffice to understand consumers' perceptions of CSR for the many diverse activities. CSR perceptions are highest for activities that benefit society and that require a high level of contribution. These high CSR perceptions especially have a positive effect on consumers' trust in the store.

This paper has examined CSR for its ability to improve store evaluation and give consumers a sense of trust in the store. CSR is often used as a strategic tool to these ends. The question then arises if it is ethical to use CSR as a strategy. Social responsiveness has received criticism for responding to the needs and wishes of society, not from a true sense



of obligation or morality, but because not responding to them may cause potential harm to business (Freeman & Gilbert 1988). Husted and Allen (2000) provide a thorough discussion of this question. Although they see pitfalls in the use of CSR as a strategy, their general conclusion is that such strategies have the potential of increasing overall social welfare. We would argue that our results can help retailers better to serve the wishes of society (in particular the consumers in society), but this does not imply that other activities cannot have a merit of their own. Interestingly, our results point out that there are no ‘shortcuts’ for retailers: the activities with the highest CSR perception are those which are clearly in the best interest of society and require a high level of effort from the retailer. Retailers need to do good and do their best in order to reap the profits (in terms of trust and store image) from CSR.

Managerial implications. This study has shown that the best way to convey a high level of CSR, and thereby increase consumer trust and store evaluation, is to focus on activities that both benefit society and require a high level of contribution. Activities in the area of environmental concerns, such as stimulating energy-saving production processes, promoting products from Third World countries, putting products from developing countries clearly visible on the shelf, and providing information about harm to the environment, are particularly well suited for this. The second-best type of activities are the activities aimed at integrated quality, such as arrangements with other companies regarding product quality, machine safety, honest information in advertisements, extensive product checks, and providing insight in the production chain.

It is also interesting to note that donations to charity and activities related to customer relations are seen as benefiting the retailer relatively more than the previously mentioned activities, and as requiring a relatively low level of contribution. Relative to other activities, donations and customer relations receive low CSR perceptions. Of course, there can be

many reasons to perform these types of activities, but they seem to be less suited than others for conveying an image of high CSR.

The empirical results indicate a positive effect of contribution level on trust and store evaluation for retailers with a low performance on more economically-focused activities. Such retailers may be faced with adverse situations in their regular business activities, such as a relatively inferior location or relatively high prices, which they cannot or will not change in the short run. These retailers are advised to focus their CSR efforts on those activities that require a high contribution, so as to show their competence. The resulting positive effect of contribution on trust and store evaluation can partially offset the negative impact of the inferior performance on economic activities.

Our results also have implications for the communication of CSR activities. To reach consumers, and raise their CSR perceptions, retailers are advised to communicate and show society the benefits of their CSR activities, and their deep commitment to these activities.

Theoretical implications. This paper has shown that consumers' perceptions of CSR are rooted in two dimensions: the beneficiary of the activity and the level of contribution. It provides insight into consumer perceptions of diverse CSR activities. To understand the impact of CSR activities, one must investigate the perceived beneficiary and contribution level of these activities.

Previous studies have, among others, investigated the financial effects of CSR. These studies have generally attempted to relate the overall CSR expenditures to overall financial results of the company. The results of these studies are inconsistent (McWilliams & Siegel 2000; 2001; Roman et al. 1999). Our study provides two potential reasons for the inconsistencies. First of all, CSR activities are not alike. Some types of activities are better than others for obtaining a good company evaluation, and presumably lead to a bigger increase in sales. Second, CSR activities are better for building trust than for obtaining a

good company evaluation. Their impact on a company's financial results is probably not immediate.

Limitations and future research. Our hypotheses and empirical testing have focused on the CSR of retail companies from a consumer point of view. In this study, we have chosen to focus on consumers and to provide a detailed and in-depth account of their perceptions of CSR activities. Their perceptions of CSR, however, need not be equal to those of other stakeholders, since values and responsibilities may differ between stakeholder groups. For instance, unions will probably pay much attention to the employment practices of a retailer, while environmental lobbyists will be more interested in the sale of environmentally friendly products. The importance of diverse CSR activities is likely to differ across stakeholder groups, and, as a result, the degree of perceived CSR is likely to differ as well. Although consumers constitute a major stakeholder group, other stakeholders are important for a retailer as well, and insight into the CSR perceptions of other stakeholder groups, and the potential differences with consumers' perceptions, are interesting avenues for future research.

This paper has focused solely on activities that increase *positive* CSR. It has not examined *negative* CSR, although this too is an existing phenomenon. Mismanagement and lack of attention to social responsibility can get companies into trouble. Whysall (2000) discusses several examples of such cases, thereby clearly showing that the neglect of social responsibilities in any area can be disastrous to companies. Other studies have also examined the impact of product-harm crises and negative publicity (Ahluwalia, Burnkrant, & Unnava 2000; Dawar & Pillutla 2000). The distinction between positive and negative CSR is an important one. Consumers' perceptions of a company are asymmetrically affected by positive and negative moral acts (Folkes & Kamins 1999). Unethical behavior will affect consumer goodwill stronger than ethical behavior, because unethical behavior is

more diagnostic of an unethical company. Therefore, it is challenging to convince consumers that a company is socially responsible. This paper examines which strategy is most likely to convince, and shows that high perceptions of CSR are obtained for activities that benefit society and require a high contribution level. Future research may extend our model to include negative CSR.

The stability of CSR over time was not examined here. Many companies are concerned about being perceived by consumers as exploitative (Drumwright 1996). This risk may be mitigated by a consistent track record of supporting the same cause. For instance, donations score relatively low on societal benefits and contribution level. However, consistently donating to (the same) noble causes over many years is likely to be perceived as more beneficiary to society and as requiring more effort than single donations. In this way, the relatively low perception of CSR may be increased. This hypothesis can be tested in future research.

The visibility of CSR activities is another issue for future research. In our experiment, consumers were made aware of the CSR activities through a newspaper article. In reality, some activities (e.g., activities related to product offerings and services) are more visible than others. When a store promotes environmentally friendly products by putting them in highly visible spots, it can clearly reveal CSR to consumers. Conversely, activities such as quality agreements with other companies in the chain are not directly visible to consumers. This difference in visibility may affect CSR perceptions.

Finally, this paper has presented a process framework of CSR. CSR activities are central to this process, but other elements, such as the retailer's attitude towards CSR and the outcomes, are important as well. The interplay between attitude, activities, and outcomes, with societal expectations as both a driving force and a consequence, may provide challenging research opportunities.

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## Appendix A: Items used in the scales

Construct	Items	Cronbach alpha
Beneficiary	<ul style="list-style-type: none"> <li>- The activities benefit supermarket X more than society</li> <li>- Supermarket X itself also profits from the socially responsible activities</li> <li>- The activities are <b>not</b> directed towards own profitability, but towards a favorable outcome in society<sup>a</sup></li> <li>- This activity has a long-lasting effect on society<sup>a</sup></li> <li>- This activity has a durable effect<sup>a</sup></li> </ul>	.75
Contribution level	<ul style="list-style-type: none"> <li>- The activity takes little effort from Maro<sup>a</sup></li> <li>- It takes Maro a lot of exertion to perform the activity</li> <li>- Maro can perform this activity without much input<sup>a</sup></li> <li>- Maro can really use its expertise as a supermarket to perform this activity</li> <li>- To perform this activity, specific knowledge from the supermarket is needed</li> <li>- Maro's ability to perform this activity is a sign of its competence as a supermarket</li> <li>- This activity is related to running a supermarket<sup>b</sup></li> </ul>	.74
Trust <sup>c</sup>	<ul style="list-style-type: none"> <li>- Maro gives me a feeling of trust</li> <li>- I trust Maro</li> <li>- Maro makes a trustworthy impression on me</li> <li>- Maro is honest</li> <li>- I see little risk in shopping at Maro</li> </ul>	.91
CSR perception <sup>d</sup>	<ul style="list-style-type: none"> <li>- I believe that Maro acts with the interests of society in mind</li> <li>- Maro does what is right, to protect society</li> <li>- I think that Maro does all it can to stand up for society</li> <li>- Maro should be doing more to help society<sup>b</sup></li> <li>- Maro is not at all concerned with society<sup>a</sup></li> <li>- Maro acts socially responsible</li> </ul>	.89
Store evaluation	<ul style="list-style-type: none"> <li>- Shopping at Maro seems a pleasant experience</li> <li>- I am satisfied with Maro</li> <li>- Maro has a good image</li> <li>- Maro is an attractive supermarket</li> <li>- Maro would be an attractive place to shop</li> </ul>	.94

<sup>a</sup> Reverse coded.

<sup>b</sup> Based on the results of a reliability analysis, this item was not included in the final scale.

<sup>c</sup> First 3 items are from De Wulf, Odekerken-Schroder and Iacobucci (2001).

<sup>d</sup> First 5 items are based on Osterhus (1997).

## Appendix B: Stimuli used in Study 2

### Maro expands number of stores

From our reporter

**UTRECHT – Stubborn supermarket chain Maro takes The Netherlands by storm. A major offensive will increase the number of outlets from 12 to 40 over the next few months. Time to have a closer look at this chain.**

Smith, general manager of Maro Netherlands, Inc., is in high spirits: “We are very pleased with the new stores. In the next few months they will all be converted into full-fledged Maro supermarkets.”

Maro did have some difficulties in finding the right locations. “Of course, many spots were taken. As a result, the locations we did find aren’t always easy to reach, and sometimes parking space is scarce. Still, we don’t expect accessibility to be a big problem.”

When entering the supermarket, the Maro

logo immediately draws the visitor’s attention. Its colors are reflected in the store’s interior. A closer inspection of the store reveals a limited product range. In almost every product group, only a small number of reputed brands are offered. All products are in ample stock, however.

The chain’s prices seem to be rather high, and a comparative price analysis among several supermarkets performed by Luijk Marketing Agency confirms this impression.

Spokeswoman Erica Kniese says: “Maro prices are always slightly above those of the major

supermarket chains. Maro is consistently more expensive than the competition.”

As a means of distinguishing itself from the competition, Maro clearly presents itself as a responsible company. Smith uses Maro’s stimulation of energy-saving production processes as an example to explain the Maro philosophy. “As a company, we feel that it is important to be socially responsible. After all, we don’t exist in a vacuum. In this light, we stimulate energy-saving production processes.”

## Notes

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- <sup>1</sup> The Dutch consumers' organization 'Consumentenbond' manages this panel. Panel members are not necessarily a member of the organization. We are grateful to the Consumentenbond for their help with data collection.
- <sup>2</sup> Items with a high non-response were critically examined, and item 12 "the supermarket does not sell personal care products that have been developed through animal testing (cosmetics)" and item 20 "the supermarket pays employees more than minimum wage" were removed. Upon close examination, in the former item, it may have been unclear whether the supermarket did or did not sell cosmetics at all, and, for the latter item, paying above minimum wage may be seen as the standard, potentially confusing participants.
- <sup>3</sup> Excluding these items from the factor analysis does not influence the factor solution.
- <sup>4</sup> Items were 'supermarket X is socially responsible in very different areas', 'the socially responsible activities of supermarket X resemble each other' (reverse coded), and 'the activities are very diverse', with a Cronbach's alpha of .71.
- <sup>5</sup> Based on pretest 2, items on cost and expenditure were included. The perceived costs were not significantly different between activities;  $F = 1.63$ ;  $p = .182$ ), while the perceived expenditures were only lower for donations versus integrated quality and customer relations (based on Tukey B post hoc tests), without any other differences. Since the concepts did not differentiate well between activity types, they were excluded from further analyses.