Doing Better at Doing Good:

When, Why, and How Consumers Respond to Corporate Social Initiatives

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In recent years, few notions have so fully captured the corporate imagination as that of corporate social responsibility (CSR), defined broadly as a company's "status and activities with respect to its perceived societal or, at least, stakeholder obligations."[1] While CSR is by no means a new idea,[2] more companies than ever before are backing CSR initiatives such as corporate philanthropy, cause-related marketing, minority support programs, and socially responsible employment and manufacturing practices—and they are doing so with real financial and marketing muscle.[3] The web sites of more than 80% of the *Fortune 500* companies address CSR issues, reflecting the pervasive belief among business leaders that in today's marketplace CSR is not only an ethical/ideological imperative, but also an economic one.[4] In other words, companies today are increasingly aware of both the normative and business case for engaging in CSR;[5] not only is "doing good" "the right thing to do," but it also leads to "doing better" through its positive effects on key stakeholder groups.

One important stakeholder group that appears to be particularly susceptible to a company's CSR initiatives are its customers; marketplace polls suggest that a positive relationship exists between a company's CSR actions and consumers' reactions to that company and its product(s).[6] For example, the 2002 Corporate Citizenship poll conducted by Cone Communications finds that "84% of Americans say they would be likely to switch brands to one associated with a good cause, if price and quality are similar."[7] Similarly, a 2001 Hill & Knowlton/Harris Interactive poll reveals that "79% of Americans take corporate citizenship into account when deciding whether to buy a particular company's product and 36% consider corporate citizenship an important factor when making purchasing decisions."[8] These findings are corroborated by a growing body of

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academic research that attests to the generally positive influence of CSR—across a range of product categories—on consumers' company evaluations and product purchase intentions.[9]

This positive link of CSR to consumer patronage is spurring companies to devote greater energies and resources to CSR initiatives. In other words, the lure of greater consumer profits has contributed significantly in recent years to the strengthening of the business case for CSR activity, shifting the debate about CSR from "whether" to "how." Notably, however, a clear articulation of the "how" question is not a straightforward matter. Moral imperatives notwithstanding, business leaders are struggling with the appropriate goals guiding the formulation and deployment of CSR initiatives that will reap the greatest benefits for their companies. They are also, at the same time, realizing the concomitant and urgent need to measure the returns to various CSR programs. To this end, many companies are beginning to embrace practices such as social audits, corporate social reporting, and the triple bottom line.[10]

Our research shows that consumer reactions to CSR are not as straightforward and evident as the marketplace polls suggest; there are numerous factors that affect whether a firm's CSR activities translate into consumer purchases. Although (when asked directly) people *say* that CSR matters in their purchase decisions, the statistics reported in these aggregate marketplace polls mask the real nature of customer response to CSR initiatives. Take for example the case of PNC bank. Its web site documents its support of a wide variety of initiatives, asserting that "from arts to education to healthcare, PNC funds programs that make a difference." However, are each of these initiatives viewed equally favorably by PNC's customers? Furthermore, in what other ways apart from a switch to PNC bank do customers react to their CSR initiatives? Price and quality are rarely equal (recall the question posed by the Cone Communications survey), making it difficult for managers to gauge the implications of the poll findings for CSR strategies in the marketplace. In other words, it is difficult for companies to formulate, implement, and evaluate effective CSR strategies based on such information alone. It is important for managers to understand how and why consumers' respond to CSR initiatives, and our research-guided framework can help with that difficult task.

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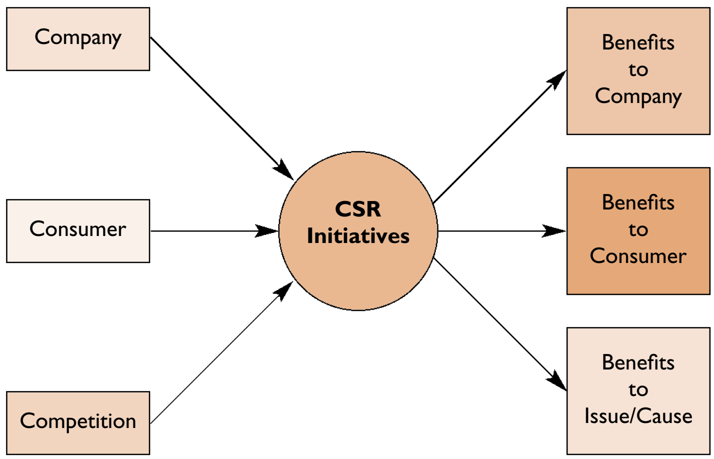
By understanding consumer reactions to CSR, firms can develop CSR strategies that are optimal from not only a normative perspective, but also a business one. Such an understanding hinges on three basic ideas, depicted in Figure 1. First, in thinking about CSR initiatives from a consumer perspective, "one size does not fit all." Second, in thinking about the consumer-specific outcomes of CSR, companies need to consider not only external outcomes such as purchase and loyalty, but internal ones such as consumers' awareness, attitudes,

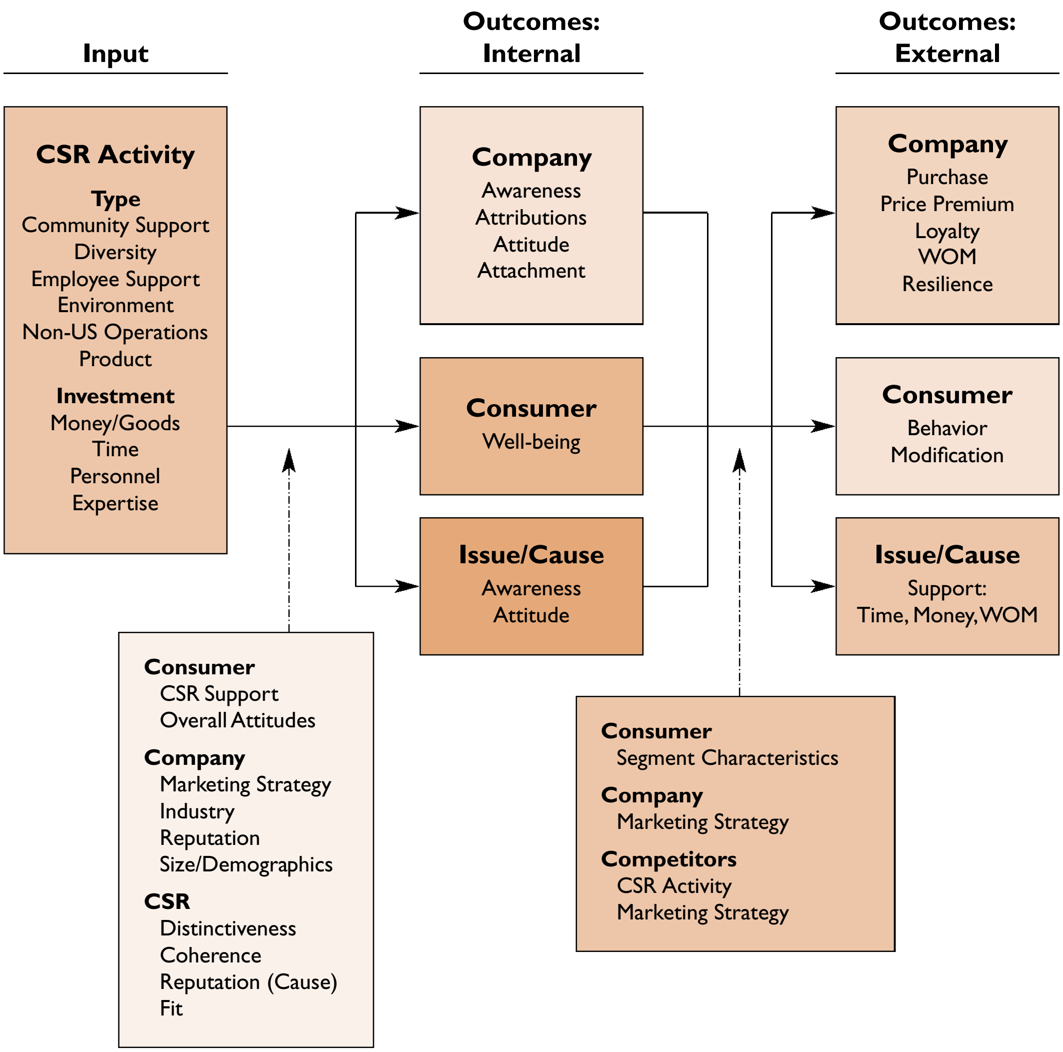
FIGURE 1. A Contingent View of CSR



and attributions about why companies are engaging in CSR activities. This is particularly important given that in the face of decreasing product differentiation and heightened competition, CSR initiatives are an innovative and less-imitable means of strengthening customer relationships. Similarly, given the relationship-strengthening nature of CSR, companies need to go beyond brand purchase behavior as an outcome of CSR to understand other more relational behaviors, such as word-of-mouth and resilience to negative company information. Finally, a key distinction between marketing mix attributes such as promotions (which CSR is often associated with) and CSR initiatives lies in the multi-faceted impact of the latter. Beyond the "primary" impact on the brand and company, CSR initiatives can also influence "secondary" outcomes related to both the partner organizations (e.g., nonprofits) and the cause or social issue at the core of the company's CSR efforts. For example, the cross-sector partnership between Home Depot and Habitat for Humanity may not only influence customers' perceptions and behaviors towards Home Depot and its products, but also enhance their support (i.e., money, time) of Habitat for Humanity as well as their attitudes towards the issue of housing for the underprivileged. These secondary outcomes of CSR are something companies interested in gauging the "social return" on their CSR investments need to better understand.

Figure 2 presents a detailed articulation of when, how, and why CSR works. Using a variety of methodologies such as focus groups, in-depth interviews, surveys, and experiments,[11] our research on various facets of consumer reactions to CSR supports what we call a contingent, consumer-centric conceptualization of CSR.

FIGURE 2. CSR Framework



A Contingent Framework of CSR

Overview of Findings

Our research reveals three key findings. First, there is significant heterogeneity across consumers in their reactions to CSR initiatives; what works for one consumer segment does not work for another. Second, the impact of CSR initiatives on outcomes "internal" to the consumer (e.g., awareness, attitudes, and attributions) is significantly greater and more easily assessable than its impact on the "external" or visible outcomes (e.g., purchase behavior, word-of-mouth). Third, the focal company is not the only one that benefits from engaging in CSR initiatives; both consumers and the social issues the initiatives represent benefit as well. This multifaceted impact of CSR distinguishes it from the other traditional marketing mix attributes (e.g., promotions) and, together, our findings point out the myopic nature of the studies that focus solely on the behavioral benefits of CSR to the company.

Based on these findings, our CSR framework is separated into three broad parts—the company-specific inputs, and the internal and the external outputs from consumers—that benefit the focal company, the consumers themselves, and the social issues. In light of the heterogeneity we observed in consumer responses, our model reflects two sets of "multiplier" factors (depicted through the dotted line relationships) that moderate the effects of the CSR initiatives on the internal outcomes and that moderate the effects of the internal outcomes on the external outcomes. These factors are broadly classifiable into three categories, those pertaining to the company, the consumers, and the competition.

Inputs: CSR Activities

Definitions of CSR abound, ranging from narrow, specific conceptualizations to broader ones. We adopt the relatively broad definition provided by Brown and Dacin as the company's "status and activities with respect to its perceived societal obligations."[12] This definition of CSR is consistent with that of the *Business for Social Responsibility* organization as "achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment."[13] One comprehensive summarization of the different CSR actions is contained in *Socrates: The Corporate Social Ratings Monitor*, a database that describes and rates over 600 companies in terms of their CSR records.[14] This database reduces the numerous, diverse CSR initiatives undertaken by these companies into six broad domains:

Community Support (e.g., support of arts and health programs, educational and housing initiatives for the economically disadvantaged, and generous/innovative giving),

Diversity (e.g., gender, race, family, sexual orientation, and disability),

Employee Support (e.g., concern for safety, job security, profit-sharing, union relations, and employee involvement),

Environment (e.g., environment friendly products, hazardous waste management, use of ozone-depleting chemicals, animal testing, pollution control, and recycling),

Non-U.S. Operations (e.g., overseas labor practices (including sweatshops) and operations in countries with human rights violations), and

Product (e.g., product safety, R&D/innovation, marketing/contracting controversies, and antitrust disputes).

A company can engage in CSR activities spanning one or more of these six basic domains. A key challenge facing companies hoping to assess the effectiveness of their CSR endeavors is to ascertain clearly and concretely the value of the resources devoted to these activities. In other words, companies need to get an accurate sense of their own investments in their diverse CSR activities. To do so in a consumer-centric manner, companies need to identify clearly what consumers consider to be CSR-related activities and ascertain the amount of resources devoted to such activities. This would include money and goods, time and personnel, and intangible assets (such as intellectual capital) invested in achieving the CSR objectives.

Internal Outcomes: Company

Awareness

Clearly, consumers' awareness of a company's CSR activities is a key prerequisite to their positive reactions to such activities. Notably, the findings from both our focus groups and survey research show that there is significant heterogeneity among consumers in terms of awareness and knowledge of companies' CSR activities: while there certainly are a handful of "CSR mavens," large swaths of consumers do not seem to be aware that by and large most companies engage in CSR initiatives. Of course, a few companies such as Ben and Jerry's, Stonyfield Farms, and Newman's Own have excelled in positioning themselves on the CSR platform—and, not surprisingly, these were names that repeatedly came up in our research as companies that are CSR oriented. However, the following comment from a focus group respondent was the more typical response: "There are a lot of times when you don't even know what these companies are doing."

Overall, given that awareness is a necessary condition for any favorable attitudinal and/or behavioral response to be evoked, the current low levels of general CSR awareness are a key stumbling block for companies looking to reap the positive benefits of engaging in such initiatives.

Attributions

Attributions refer to causal reasoning consumers engage in when trying to understand a company's CSR activities (i.e., "Why is company X engaging in CSR activity Y"). Such attributions determine the extent to which consumers are likely to react positively to a company's CSR activities. Consumers do question why companies engage in CSR and, more importantly, are generally wary of the sincerity of a company's CSR motives. In the words of a survey respondent: "Just because a company supports a cause, doesn't mean they care about anything but a profit. It's just a tax write-off. Fake images like that turn me off to them."

Two factors that seem to moderate this suspicion on the part of consumers are the reputation of the company and the fit between the company and the cause. Specifically, consumers are particularly skeptical when companies with a negative reputation are involved in causes closely related to their business (e.g., Philip Morris's recent campaign of "talk to your kids about not smoking").

Yoon, Gurhan-Canli, and Swartz have found similar "backfire" effects in their research.[15] Interestingly, however, we found that some consumers are tolerant of the idea that while CSR initiatives benefit a cause or a nonprofit organization, part of the motivation behind such initiatives may include furthering the company's bottom line. As one focus group participant put it: "It's a two-way street."

Finally, consumers seem to distinguish between companies that adopt a proactive stance as far as their CSR initiatives are concerned versus those that use CSR as a defensive, competitive mechanism just to be able to keep up. Consumers view proactive companies more favorably: "It makes a difference if their founding principles are based on social responsibility or if they are trying to do it as a sort of add-on after the fact." Tom's of Maine and Patagonia were mentioned as examples of companies that were pioneers in CSR.

Attitude

By and large, consumers have a favorable attitude towards companies that engage in CSR. In our experimental research, consumers' company evaluations were positively influenced after reviewing CSR information about the company. Interestingly, this positive relationship is even stronger among consumers that perceive the focal company to have a better reputation, perceive a high fit between the company and the cause, and have a personal connection to the cause that is represented by the company's CSR initiative.

Attachment

An important internal consumer response to CSR initiatives is the sense of attachment or connection consumers feel with companies engaging in CSR activities they care about—a phenomenon we call "consumer-company identification."[16] Such identification is a powerful state driven by individuals' needs for self-definition and social identity that prompts them to develop a sense of attachment or overlap with select organizations.[17] In turn, identification prompts consumers to engage in a variety of behaviors favorable to the company (e.g., loyalty, word of mouth)—and in this sense, it is a pivotal driver of CSR's positive effects on consumers' company patronage behaviors.

Organizational identification research draws on social identity theory[18] to suggest that people are more likely to identify with an organization when they perceive its identity to be enduring, distinctive, and capable of enhancing their self-esteem. A company's character, as revealed by its CSR actions, is not only "fundamental and relatively enduring,"[19] but also often more distinctive by virtue of its disparate and idiosyncratic bases (e.g., egalitarian employment policies, sponsorship of social causes, and environmentalism) than by other facets of the company-schema (e.g., manufacturing expertise), particularly among successful competitors. Moreover, identification with an organization engaged in "do good" CSR actions can clearly contribute to consumers' self-esteem.

The findings from both our qualitative and experimental research show that consumers do indeed identify with select companies when they are strong supporters of the companies' CSR initiatives. The following quotes from interview respondents reveal their identification with certain companies (namely, The Body Shop, Apple, and Kodak) because of the CSR initiatives undertaken by these companies:

> "I was initially attracted to The Body Shop because of their strong stand against animal testing and their employment practices in third-world countries. They are very big on transferring skills rather than just employing cheap labor. I do follow the news stories about [The Body Shop], I look for their stores when I am traveling . . . when I read positive stories about [The Body Shop] it makes me proud, and I would be disappointed to read anything bad, although I have not yet."

> "I strongly identify with the culture of the company [Apple], because of their involvement in education and child development."

> "I feel some overlap [with] Kodak [because it] supports our community and has always been an advocate of many charitable organizations that I also support."

Internal Outcomes: Consumer

Well-Being

One of the more interesting findings to emerge from our focus groups was that a company's CSR activities can affect its consumers' general sense of well-being, without such well-being necessarily translating to company-specific benefits. Several focus group participants acknowledged that their awareness of the CSR activity that specific companies engage in enhanced their sense of well-being, even if their behavior towards that company was unaffected as a result.

> "I like walking in store A and knowing that there's something going to cause Y, and I like walking down the aisle at store B and seeing that something is going to go to cause Z. But it's more just that I am happy that it's going on, not so much that it impacts what I am going to buy."

While outcomes such as well-being are not directed at the company that is engaging in the CSR activities, companies would do well to at least acknowledge if not assess the contribution of their CSR efforts to the subjective well-being of their target markets. Over the long run, such well-being may lead to greater patronage, positively affecting the company's bottom line.

Internal Outcomes: Issue

Awareness

Our focus groups results showed that when companies put their advertising and promotional muscle behind specific causes, awareness of that cause is likely to increase. Cases in point are Avon's sustained sponsorship of "Race for the Cure" and Yoplait's (General Mills) sponsorship of breast cancer research. One of our participants put forth the general case: "[When a company advertises a cause], I am more apt to remember the charity."

Attitudes

Thus far, most CSR research has been focused on the benefits to the company of socially responsible actions. Our research shows that when a company's support of a certain issue takes the form of cause sponsorship or the support of a nonprofit (e.g., American Express and Share Our Strength), such affiliation can enhance consumers' attitudes towards the cause or the nonprofit as well. Specifically, consumers react more favorably to a cause or a nonprofit when the sponsoring company has a good reputation and the cause or the nonprofit is not perceived to be a natural fit for the company.

CSR Program Multiplier

The extent to which a company's CSR initiatives will lead to the positive internal outcomes—for the company, the consumer, and the relevant issues—will depend on a set of external factors or multipliers pertaining to the company and the consumer. Specifically, a company's overall marketing strategy and the position of CSR within it is likely to affect the extent to which its CSR activities translate to positive internal outcomes (as in the case of Ben & Jerry's or The Body Shop). Similarly, belonging to a certain industries (e.g., oil, tobacco, and alcohol) is likely to dampen the effect of CSR initiatives due largely to the unfavorable often cynical attributions that consumers are likely to make in these instances. As noted, a company's reputation magnifies the internal outcomes of CSR; consumers are not only likely to be more aware of what such companies are doing, but also more likely to make favorable attributions regarding their CSR actions and, therefore, have more positive attitudes towards such companies. Not surprisingly, however, our research in the context of corporate-nonprofit alliances shows that for companies with extremely positive reputations, additional CSR activities may not contribute much to positive internal outcomes due to ceiling effects. Finally, a company's size and demographics contribute to the strength of the relationship between its CSR activities and the internal outcomes. Our focus groups and surveys revealed that consumers are more likely to make positive attributions and have positive attitudes when the company engaging in CSR is small rather than big, local rather than national, and a small, personal, privately owned operation rather than a big impersonal conglomerate or multinational. In the words of a survey respondent:

> "Recently many formerly socially responsible companies, such as Stonyfield Farms and Boca have been consumed by other multinational corporations, such as Dannon and General Foods. I feel that if the parent company is not socially responsible in all of their product lines, this strongly diminishes the validity of any gestures in their other product lines. Therefore, I do have mixed feelings about Stonyfield although I am very glad that they make it possible to get organic yogurt in a regular market."

Certain dimensions of a company's CSR efforts are likely to moderate the relationship between CSR and internal outcomes. Distinctive CSR initiatives that set the company apart from its competitors are not only more likely to catch consumers' attention, but also to generate attributions and attitudes. Our research shows that consumers' attributions and attitudes are much more positive when they view the company as a pioneer in its CSR policies. Similarly, in cases where companies engage in many CSR initiatives in multiple domains, perceptions that such efforts cohere into a natural, sensible whole is likely to result in more positive internal outcomes. The same is true in the case where the company's CSR initiatives are perceived to fit well with its overall positioning or marketing strategy.

In our study, consumers' support of the CSR issues emerged as one of the key moderators of their reactions to a company's CSR efforts; the more supportive consumers were of the CSR issues, the more positive the outcomes. Similarly, consumers appear to vary in the extent to which they support companies' engagement in CSR activities, particularly if they believe that such activities detract from the company's ability to produce high-quality products and services. Results of our experiments show that such beliefs are likely to be stronger when a company makes a "mediocre" product yet has an "excellent" CSR record. Overall, consumers with more favorable views on CSR in general are, not surprisingly, more likely to demonstrate positive internal outcomes.

External Outcomes: Company

Purchase

There is a positive link between CSR and purchase behavior only when a variety of contingent conditions are satisfied: when the consumer supports the issue central to the company's CSR efforts, when there is a high company to issue/cause fit, when the product itself is of high quality, and when the consumer is not asked to pay a premium for social responsibility. For the most part, our respondents say that if CSR plays a role at all in purchase, it matters at the margin and they are unwilling, even if they view the CSR initiatives positively, to trade-off CSR for product quality and/or price. As one respondent noted: "I felt guilty about it, but I just couldn't get myself to [pay more for the socially responsible product]."

This reluctance to compromise on core attributes such as price and quality is one of the main reasons why CSR initiatives tend to result in positive company attitudes that do not, in turn, translate into greater purchase behavior.[20] In fact, our experimental research shows that some consumers may even penalize companies if they perceive that CSR initiatives are typically realized at the expense of investments in product and/or service quality. Such adverse effects are particularly likely to hurt sales when these consumers do not feel that the company's CSR efforts somehow improve the product (e.g., Nike's better treatment of its overseas employees leads to a better shoe), in some cases even detracting from its ability to provide or maintain a high-quality product.

Consumers are more sensitive to "irresponsible" than to "responsible" corporate behavior. In other words, there is an asymmetric effect and "doing bad" hurts more than "doing good" helps. As one of our focus group participants put it: "I'm more likely to avoid a company that truly annoys me, like Exxon, than I am to go out of my way to buy from a company that is doing public good." This finding was also validated by our experimental research, in which the "irresponsible" CSR behavior was one of omission (i.e., a company not doing anything in the CSR realm) rather than commission (i.e., a company actually doing bad things).

Loyalty

Our research shows that companies that are perceived to have distinguished themselves on the CSR platform seem to enjoy a loyal following among a segment of their customers. Typically, such loyalty is an outcome of the consumer-company identification concept noted earlier. One of our interview participants hinted at the idea that being loyal to such a company (The Body Shop, in this case) is a symbiotic relationship:

> "What brings me back to their stores is the feeling that every purchase from them is in a way a contribution to the improvement of life in places where their product comes from and, at the same time, a way to take care of myself. Even though their product is not unique, I am very loyal to them. If their prices went up relative to similar product, I would still buy it, even if I had to cut down on the total amount."

This sense of making a difference to important social issues through one's purchase echoed in the above statement is likely a key contributor to positive attitudes over the long run, which in turn helps engender loyalty. As with most of our findings, another key condition for expressing such loyalty is the consumer's personal support of the CSR cause: "If you keep supporting what your customers believe in, they keep coming back"

Resilience

A less obvious yet valuable way in which consumers reward companies for being socially responsible is through their "resilience to negative information about the company." This concept has been discussed in the consumer-company identification literature and refers to consumers' willingness to overlook or even forgive a company when there is an occasional, possibly inadvertent, lapse on its part. Our interview respondents touched on this theme:

> "If I saw something I didn't like, I would still give them [Good Earth Store] another chance."

> "Anheuser Busch went through that whole scandal a couple of years ago about marketing to children. I can guarantee you there wasn't one little dip in its sales in St. Louis."

Consumers' motivations to downplay or minimize negative information about a company (e.g., in the event of a crises)[21] that they perceive to be socially responsible is a key reason why investing in CSR is akin to "building a reservoir of goodwill" and why companies need to view CSR as a long-term, strategic investment. Hess et al. make a similar suggestion as they describe how McDonald's escaped the wrath of the Los Angeles riots in 1992 because of their community relations efforts through Ronald McDonald's houses and their employee development programs.[22]

Word of Mouth

One of the key behavioral outcomes of positive CSR activities is consumers' willingness to talk positively about the socially responsible company (e.g., to friends, family, and colleagues). Even focus group participants who acknowledged not basing their purchase decisions on a company's CSR activities per se indicated that they often talked up or recommended such companies to their families and peers.

It is likely that at least part of consumers' willingness to talk up companies they perceive to be socially responsible is based on their identification with the company. Positive word of mouth is often a key behavioral outcome of an individual's identification with an organization.

Price Premium

While most consumers in our research appeared to be unwilling to pay a price premium for the products of a socially responsible company, certain consumers did acknowledge a willingness to pay more: "When you go in to Kay Jeweler's and buy something, you spend another $20 more . . . you're prompted to spend more because you think it's going to go for a good cause."

Not surprisingly, such willingness was more likely among consumers who were strong supporters of the issue at the center of the company's CSR efforts, particularly when such efforts were in the domain of cause-related marketing (e.g., a portion of the proceeds from the sales are slated to go towards the support of a certain issue or a nonprofit/charity associated with it). In other words, a company's CSR efforts are most likely to result in consumers' willingness to pay a higher price when the additional money, or at least part of it, is clearly earmarked for CSR-specific activities.

External Outcomes: Cause

Support Behavior

Our focus groups showed that CSR initiatives also favorably affect consumers' support of the issue or cause (and/or the nonprofit partner) in a variety of ways—including donations of money and time (volunteering) as well as word-of-mouth. Similarly, our experimental research shows that a company's involvement with a nonprofit has a positive effect on consumers' willingness to support a nonprofit, but only under certain company involvement, fit, and reputation conditions. Specifically, consumers' support of the nonprofit is more sensitive to the level of a company's involvement when the fit between the two organizations is low rather than when it is high. On the other hand, consumers' sensitivity, in terms of donating behavior, to a company's involvement level with the nonprofit is greater when the company reputation level is high rather than when it is low. Finally, consumers' willingness to donate money to the nonprofit or do volunteer work for it does not seem to be affected in the same manner by corporate involvement. Consumers' willingness to donate time to a nonprofit is greater when it is supported through a company's CSR efforts, particularly when the company has a good reputation. Their willingness to donate money, however, is below levels that would occur if the company were not supporting the nonprofit, except when the company has a strong reputation and the fit between the company the nonprofit is perceived as low. This finding is not surprising given that an individual's propensity to donate money is likely to vary directly with their beliefs about the incremental effectiveness of that donation; when a nonprofit garners a company's financial support, this incremental effectiveness will be perceived as significantly lower.

External Outcomes: Consumer

Behavior Modification

Certain types of corporate involvement in the social issues arena can also motivate consumers to undergo some form of "behavior modification" themselves. Specifically, corporate support for certain causes or issues results in consumers' engaging in behaviors that are more supportive or consistent with the cause than if no such support existed. For example, certain focus group participants indicated that companies that have been marketing organic food products (e.g., Stonyfield Farm, Newman's Own) have influenced them to increase the overall proportion of organic foods in their diet.

External Outcomes Multiplier

As in the case of the relationship between the CSR inputs and the internal outcomes, the extent to which the internal outcomes pertaining to the company, consumer, and issue/cause translate to favorable external outcomes will depend on a set of consumer-, company-, and competition-specific moderators. Specifically, key multipliers of the internal-external outcomes relationship will be several characteristics of the company's target segment(s), such as their disposable income and their access to not only the company's products, but also the nonprofit or cause that is part of the company's CSR efforts. For instance, consumers who have positive attitudes towards the company may still not buy its products if they consider them unaffordable, perhaps as a result of its CSR efforts. Similarly, consumers can have positive attitudes towards the nonprofit supported by a company but may not be in possession of the resources to lend their individual support (time and/or money) to that organization.

Several aspects of the company's marketing strategy are likely to moderate the extent to which the internal outcomes translate to external ones. Consumers with positive attitudes towards a company that they perceive to be doing good may still not end up purchasing the company's products if they feel that the price (high) or quality (low) of these products is not to their liking.

Finally, the company's competitive context is likely to moderate the internal-external outcome relationship. If the company's key competitors are all engaged in CSR activities that revolve around similar issues or are at least at the same level of commitment, consumers' positive attitudes towards a specific company may not translate to greater loyalty when the competitors command similarly positive attitudes. At the same time, if the competitive context is one of high CSR activity, a neutral attitude towards a company not engaging in CSR activities may end up hurting the company in terms of sales, loyalty, and other behavioral outcomes. This is likely to be underscored by the competitors' marketing strategies, not only in terms of their quality and price relative to the focal firm, but also in terms of their communication of their CSR activities. In other words, price-cutting by a competitor may outweigh a consumer's CSR-based input into a product purchase decision, just as a competitor's clear communication of its CSR activities at the point of product purchase may overpower existing positive attitudes towards the focal firm due to its CSR activities.

Implications for CSR Strategy

With increasing and widespread commitment of corporate resources to CSR, attention is now shifting to the strategic formulation, implementation, and measurement of the market returns to CSR initiatives. Of particular concern to companies, as they focus more on "doing good," is the persistent lack of a clear sense of the positive returns to their CSR actions. This underscores the need for better measurement models of CSR that capture and estimate clearly the effects of a company's CSR actions on its stakeholders, including its consumers. Given the crush of popular evidence linking CSR activity to consumers' increased purchase propensities, there exists the possibility that academics and practitioners alike may liken CSR to marketing mix instruments (such as advertising) and thus estimate CSR effectiveness using market response models.[23] Moreover, the tendency to equate CSR to cause marketing[24] reinforces the belief that the returns to CSR initiatives are easily measured. However, CSR initiatives are more complex.

Beyond the obvious considerations of the amount of monetary and personnel resources a company wants to (or can) devote to CSR, the reputation of the company, its core values, its core competencies,[25] and its business strategy all have a bearing on its CSR initiatives. In terms of the link to strategy, Brown and Dacin argue that a company's CSR record, instead of providing information about the attributes or overall quality of its products, creates a general context for their evaluation.[26] Using both hypothetical and real companies, they show that CSR's effect on consumers' preference for a new product occurs through their overall evaluation of the company itself. Sen and Bhattacharya extend these findings to further show that that perceived interdependencies between product quality and CSR initiatives also affect consumers' intentions to purchase the company's products.[27]

Competitive and category-level forces may also have a bearing on the type and intensity of a company's CSR efforts. Some industries that are more vulnerable to criticism because of the inherent nature of their operations (e.g., oil, alcohol) may need to engage in higher levels of CSR activity to appease a variety of stakeholder groups. Similarly, industries such as outdoor apparel (e.g., Timberland and Patagonia) and athletic footwear (e.g., Nike and Reebok) already have high levels of CSR activity, perhaps making it necessary for other players to intensify their CSR efforts in order to be noticed. The degree of product differentiation in the category and between competitors may also play a role—a company's CSR efforts may prove to be the tiebreaker for a consumer among otherwise undifferentiated products.

A variety of consumer-related factors may also affect the intensity and type of CSR initiatives. If a company's choice of CSR domains is dictated at all by market considerations, managers should research a variety of CSR initiatives and select those that enjoy the most widespread support among its consumers.

Since, consumers are more sensitive to negative CSR information than to positive CSR information, managers need to be cognizant about the hazards of being perceived as socially irresponsible. Moreover, CSR's influence on consumers' behavior (i.e., external outcomes) is more complex and tentative than its effect on their beliefs and attitudes (i.e., internal outcomes). This underscores the need for managers to understand both the internal and external changes wrought by CSR.

Consumers' lack of awareness about CSR initiatives is a major limiting factor in their ability to respond to these initiatives. Companies therefore need to work on increasing awareness levels. However, it is important to remember that any communication surrounding CSR is a slippery slope—while consumers like to hear the facts, attempts to "sell" CSR may actually backfire. Thus, in devising effective communication strategies, marketers need to make both source and message decisions that minimize unfavorable attributions. If a substantial proportion of a company's potential customers believe that CSR initiatives are typically realized at the expense of investments in the company's core business, then CSR efforts may actually hurt. Thus, companies may benefit from informing customers that its CSR actions do not detract from its ability to produce quality products.

Notes

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