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**Consumer Responses to CSR initiatives with reference to FMCG Brands - Domex and Pampers**

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**Abstract:**

*The advancement of empirical research on corporate social responsibility (CSR) has been hindered by the lack of an appropriate measure of consumer responses to CSR initiatives. There is a need to fully explore the ways in which consumer's attitudes impact their responses to CSR. Corporate social responsibility can take different frameworks. Its emphasis can be on consumers, environment and/ or employees. The major goal of CSR activities is to create corporate image as responsive to the society and based on that, build the competitive advantage. Reviews of Marketing Research say that there is positive relationship between CSR and Consumer behaviour. This research will focus on the awareness level, sources of information and consumer response to the CSR initiatives. This study concentrates on CSR initiatives of two FMCG products namely Domex and Pampers and their impact on Consumer buying decisions. The analysis resulted that the CSR awareness of Pampers is slightly higher than the brand Domex. There is a strong association between CSR knowledge and consumer responses to CSR.*

**Keywords:** Corporate Social Responsibility, Consumer Responses, Corporate Evaluation, Product Association, Purchase Intention.

**Introduction:**

The concept of corporate social responsibility has been characterized as broad and complex (Mohr, Webb, & Harris, 2001). Nowadays sustainable development, i.e. a compromise between environmental, economical, and social objectives of the society, is inevitably essential in order to reach the well-being of present and future generations (Payne and Raiborn, 2001; Karna, Hansen and Juslin, 2003; Ciegis, Ramanauskiene, Startiene, 2009). This situation causes companies to undertake an environmental transformation process with the purpose of reducing the negative externalities that result from their economic activity (Fraj-Andres, Martinez-Salinas and Matute-Vallejo, 2009) and to engage in initiatives, which generate positive benefits for the society. This facilitates companies, acting in different business sectors, to engage in CSR initiatives more and more often (Pirsch, Gupta and Grau, 2006; Amine, Chakor and Alaoui, 2013). Jose, Rugimbana and Gatfield (2012) indicate that demand from consumers in terms of CSR is an important driver for companies to act socially responsibly. IEG Sponsorship report has mentioned that the Cause sponsorship is predicted to reach \$1.92 billion in 2015, a projected increase of 3.7 % over 2014. CSR initiatives influence consumer behaviour changes in terms of consumer buying intentions to get involved in long-term relationships with the Brands. A relationship between Consumer and Company through CSR initiatives would be intensified through many constructs like Awareness (Auger et al., 2003; Brown and Dacin, 1997; Creyer and Ross, 1997; Sen and Bhattacharya, 2001), Customer Loyalty (Jamaliah Mohd. Yusof\*, 2014), Brand familiarity, Consumer Trust, Cause Specificity (Sana-ur-Rehman Sheikh, 2011) Knowledge, Positive brand attitude (Bhattacharya and Sen 2003; Marin and Ruiz 2007; Lii and Lee, 2012).), Brand Loyalty (Ioan Plasis, Ramona Cucea, Silvia Ștefania Mihalache, 2011), This paper focuses to identify the key variables that have significant impact on Consumer-Corporate relationship.

## Review of Literature

### Consumer Response

Information Processing Theory (IPT) points out that human information processing includes at least the following stages that are personal focus of attention, encoding, and judging in short-term memory; recoding and reasoning through retrieving long term memory; and finally making a behavioural response (Miller, 1956). In the current literature, Company Evaluation, Product Association, and Purchase Intention are the most popular dependent variables, and they are generally influenced by consumers' perceived level rather than the objective level of firm's CSR actions (Becker-Olsen et al., 2006; Marin et al., 2009). In order to understand consumer responses to CSR, companies need to consider not only external outcomes, such as Purchase intention, but also internal ones such as consumers' awareness, attitudes, and attributions about why companies are engaging in CSR activities. This is particularly important in the face of increasing product differentiation and heightened competition (Bhattacharya and Sen, 2004). Consumers are increasingly willing to consider the influence of their private consumption behaviors on issues related to social ethics and thereby attempt to bring about social change through their purchasing behavior (Webster, 1975; Muncy and Vitell, 1992; Deng, 2012). Consumers who are more aware of CSR in daily consumption will show a higher level of Purchase Intention under CSR stimulus, which probably means that these consumers have a better understanding of CSR activities (Lee and Shin, 2010). A consumer's trust or attribution of firm's CSR practices is one of the most immediate consequences of a company's social performance (Pivato et al., 2008), and significantly affects his/her subsequent attitudes and actions responding to CSR (Aqueveque, 2005; Osterhus, 1997; Rifon et al., 2004). The theory of planned behavior was derived from the theory of reasoned action (Fishbein & Ajzen, 1975), which assumed that most human social behavior is under volitional control and, hence, can be predicted from intentions alone. Following this theory of planned behavior, attitudes may be good predictors of behavioral patterns under certain conditions. The theory of planned behavior assumes that intention is the immediate antecedent of actual behaviour and that intention, in turn, is influenced by attitude toward the behavior.

### Customer Awareness and CSR

Some of this research suggests that consumers are willing to pay a higher price for products of firms with more CSR engagement; other work suggests that, although consumers are not willing to pay a higher price, they will more likely purchase goods from firms that are more socially responsible. Schuler and Cording (2006), the lack of customers' awareness about CSR initiatives is a major limiting factor in their ability to respond to these initiatives. Similarly, McWilliams and Siegel (2001) argued that potential customers must be fully aware of CSR characteristics for CSR differentiation to be successful. The more the consumers are aware of CSR, the better they understand about CSR activities (Lee and Shin, 2010); thus, those consumers with a higher level of awareness or concern of CSR are more likely to show positive attitudes to the sponsoring firm and its products, and a higher level of Purchase Intention (Lee and Shin, 2010).

Henri Servaes\* (2013) points that an interaction between advertising intensity and CSR activities is consistent with theoretical work suggesting that without awareness customers are unable to reward CSR involvement (Sen and Bhattacharya 2001, McWilliams and Siegel 2001). It is also consistent with the view that CSR efforts have to be aligned with the firm's prior reputation to create value, as articulated by Schuler and Cording (2006). This article will focus on the awareness level of Consumers on the CSR

initiatives done by the Companies .For this research the two FMCG products namely Domex and Pampers have been taken for study.

### CSR activities- Domex and Pampers

FMCG companies are increasingly integrating brand and business objectives with social responsibility programmes to make them commercially viable and sustainable. The country's largest fast moving consumer goods (FMCG) company, Hindustan Unilever (HUL), has just kicked off Project Sunlight, simultaneously with Unilever's other markets, to compile the social missions of its many brands. It is an attempt to invite consumers to get involved in doing small things to help their own families, others and the planet. In India, HUL will highlight brands such as Lifebuoy (cleanliness), Dove (improving women's self esteem) and Knorr (work with farmers). HUL has been scaling up initiatives for social good across brands. Its recent Domex Toilet Academy, for example, has the objective of building 24,000 toilets by 2015 in areas where there is lack of sanitation. HemantBakshi, executive director, home & personal care, HUL, says "We have an important role to play to help make our communities free of open defecation. As a brand, Domex can make toilets free of disease and safe to use."

P&G is the worldwide famous manufacturer of fast moving consumer goods (FMCGs) company. They have improved the life of nearly 135 million children in the world in 2007. They are working with UNICEF with their brand Pampers to make the life of the young babies healthier and better. According to the research conducted by P&G, nearly 128,000 people pass away suffering from neonatal and maternal tetanus, which is a curable and ironically, a preventable disease. Pampers along with UNICEF is working to provide vaccines to women and children who are in need of it. The customers are also involved in this campaign, as one pack of pampers helps contribute one vaccine for the needy people. In this campaign, nearly 45.5 million of women along with their babies have been saved from these diseases.

### Research framework:

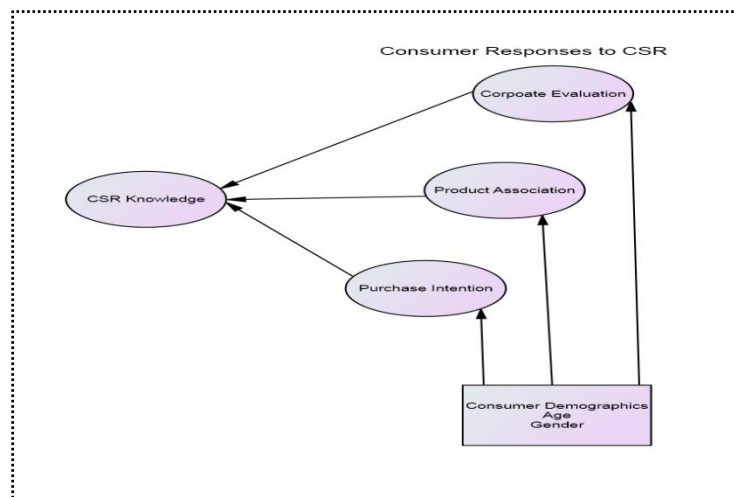


Fig 1: Source: Authors model

### Objective

To study the awareness level of Consumers towards CSR initiatives of Domex and Pampers.

To determine the consumer responses to CSR initiatives.

**Hypothesis:**

*H1: There is a relationship between CSR awareness and Corporate Evaluation*

*H2: There is a relationship between CSR awareness and Purchase Intention*

*H3: There is a relationship between CSR awareness and Product association*

*H4: There is a significant difference between male and female with regards to Corporate Evaluation*

*H5: There is a significant difference between male and female with regards to Product Association*

*H6: There is a significant difference between male and female with regards to Purchase Intention*

*H7: There is a significant difference among age groups with respect to CSR knowledge*

*H8: There is a relationship between CSR Knowledge and Consumer Responses to CSR*

**Research Methodology**

This theoretical model is tested using empirical data collected from a sample of 120. Among 120 samples 98 contained usable data. It was collected from shopping mall visitors of Chennai metropolitan city. The data was collected in phoenix mall which is the largest mall in Chennai. Phoenix mall has a largest retailer super store Big Bazaar. The questionnaire was given to the participants and if any difficulty in reading the author would read and explain the respondents. After the questionnaire was filled, each item would be checked to avoid unclear or blank answers.

**Data Analysis**

Data Analysis was analyzed using SPSS 20 package. Descriptive statistics was used also used to distinguish the demographic information of respondents. Among the total samples, 54.1 % were female and 45.9 % were male. Most participants were aged from 25 to 34 (54.1 percent), followed by (18-24)25.5 % and from 35-44(18.4 %) and from 45 and above (2 %). For scale reliability, Cronbach alpha value was tested. Alpha coefficient was used as a measurement for reliability and the Cronbach alpha value which is greater than 0.7 is acceptable and deemed to be adequate. The relationship between the independent variables – Corporate Evaluation, Product Association and Purchase Intention – and the dependent variable – CSR knowledge was examined using a Paired Samples T test was used.(H1-H3).

To test hypothesis (H4-H6) which proposes the relationship between Consumer responses to CSR and Consumer demographics, Independent Sample T test is used. To test hypothesis (H7) relationship between CSR knowledge and consumers age One way ANOVA is used. To test hypothesis (H8) which proposes the relationship between CSR knowledge and Consumer responses to CSR, Pearson Correlation Test is used.

**Measures:****Reliability analysis Test****Reliability Statistics**

Cronbach's Alpha	N of Items
.726	11

Table 1

CSR program and consumer awareness by the brand Domex and the brand Pampers

**Domex**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	12	12.2	12.2	12.2
Disagree	27	27.6	27.6	39.8
Neutral	20	20.4	20.4	60.2
Agree	37	37.8	37.8	98.0
Strongly agree	2	2.0	2.0	100.0
Total	98	100.0	100.0	

Table 2

37.8 % of the respondents have agreed that they are aware of the CSR program by the brand Domex, 27.6 % of the respondents were not having much knowledge about the Domex Toilet Academy program.

**Pampers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	16	16.3	16.3	16.3
Disagree	23	23.5	23.5	39.8
Neutral	13	13.3	13.3	53.1
Agree	40	40.8	40.8	93.9
Strongly agree	6	6.1	6.1	100.0
Total	98	100.0	100.0	

Table 3

40.8 % of the respondents have agreed that they are aware of the CSR program by the brand Pampers, 23.5 % of the respondents were not having much knowledge about the Pampers 1 pack = 1 vaccine for the children.

Based on the frequency percent between Domex and Pampers, Consumers have a slightly better CSR awareness about pampers than Domex.

### Definition of CSR

#### Definition of CSR

	Frequency	Percent	Valid Percent	Cumulative Percent
Maximisingshareholders value	1	1.0	1.0	1.0
Complying with laws and regulation	7	7.1	7.1	8.2
Contribute to charitable organisations	41	41.8	41.8	50.0
Participating in community services	43	43.9	43.9	93.9
Upholding human rights and minimizing discrimination	6	6.1	6.1	100.0
Total	98	100.0	100.0	

Table 4

Most of the respondents felt that Participating in community services (43.9%) and Contribute to charitable organizations (41.8 %)as a definition of CSR. The respondents are of the view that the CSR is aimed at working for community as the CSR activities are focused at the upliftment of the under privileged which can also be carried through the charitable who have access to the communities. As per RahizahAbd Rahim et al\*(2011) analysis, Participating in community services followed by Contribute to charitable organisations are the most important definition of CSR.The above mentioned table also indicates that the results are conforming with the previous literature.

### Sources of Information

#### CSR –Sources of Information

	Frequency	Percent	Valid Percent	Cumulative Percent
Newspaper & magazines	12	12.2	12.2	12.2
Ads through channel Media	40	40.8	40.8	53.1
Friends & Family	18	18.4	18.4	71.4
Store layout & activities	7	7.1	7.1	78.6
Product label and packaging	14	14.3	14.3	92.9
Company's websites	7	7.1	7.1	100.0
Total	98	100.0	100.0	

Table 5

Most of the respondents felt that Ads through Channel media (40.8 %), through Friends and family (18.4 %), Product label and packaging (14.3 %), through Newspaper & magazines (12 %) was their source of information about CSR.

#### Paired Samples Test

	Mean	S.D	T – Value	P Value
Corporate Evaluation - Product Association	.452	3.823	.930	.356
Corporate Evaluation - Purchase Intention	5.371	2.537	16.673	.000**
Product Association - Purchase Intention	4.919	4.354	8.896	.000**

Table 6

Note:\*\* denotes significant at 1% level.

Since P value is less than 0.01 the Null hypothesis is rejected at 1% level of significance. Hence conclude that there is a significant relationship between Corporate Evaluation and Purchase Intention, Product Association and Purchase Intention. Since P value is greater than 0.05 the Null hypothesis is accepted. Hence conclude that there is no significant relationship between Corporate Evaluation and Product Association. Based on Mean Score the relationship between Corporate evaluation – Purchase intention (5.371) is better than the relationship between Product Association-Purchase Intention (4.919) and the relationship between Corporate Evaluation –Product Association (0.452).

To test the hypothesis (H4-H6), Independent sample T Test is used.

Relationship between Gender and Corporate Evaluation (H4) is tested using Levene's Test for Equality of Variances.

Gender	Mean	S.D	t-Value	P-Value
Male	11.76	1.46	1.137	.140
Female	12.13	1.765		

Table 7

Since P-value is greater than 0.05, H4 is rejected at 5 % level of significance. There is no significant difference between male and female with regards to Corporate Evaluation. Based on the Mean score, Female consumers (12.13 %) are slightly better than Male consumers (11.76) with regard to Corporate Evaluation.

Relationship between Gender and Product Association (H5) is tested using Levene's Test for Equality of Variances

Gender	Mean	S.D	t-Value	P-Value
Male	11.42	3.45	.661	.857
Female	10.98	3.14		

Table 8

Since P-value is greater than 0.05, H5 is rejected at 5 % level of significance. There is no significant difference between male and female with regards to Product Association. Based on the Mean score, male consumers (11.42 %) are slightly better than female consumers (10.98 %) with regard to Product Association.

Relationship between Gender and Purchase Intention (H6) is tested using Levene's Test for Equality of Variances

Gender	Mean	S.D	t-Value	P-Value
Male	6.31	1.781	1.583	.826
Female	6.89	1.804		

Table 9

Since P-value is greater than 0.05, H6 is rejected at 5 % level of significance. There is no significant difference between male and female with regards to Purchase Intention. Based on the Mean score, female consumers (6.89%) are slightly better than male consumers (6.31 %) with regard to Purchase Intention.



Relationship between CSR knowledge and Consumer's age(H7) is tested with One way ANOVA using Post Hoc test.

**ANOVA**

CSR Knowledge

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	166.694	3	55.565	6.934	.000
Within Groups	753.306	94	8.014		
Total	920.000	97			

Table 10

Since P-Value is less than 0.05, the Null hypothesis is rejected at 5 % level of significance (H7). Hence compute that there is a significant difference among age groups with respect to CSR knowledge. A one-way between groups analysis of variance was conducted to explore the impact of age on CSR knowledge levels. Respondents were divided into four groups according to their age (Group 1: 18-24yrs ; Group 2: 25-34 yrs; Group 3: 35-44yrs; Group 4: 45yrs and above). There was a statistically significant difference at the  $p < .05$  level for the four age groups:  $F = 6.934$ ,  $p = .01$ .

To test hypothesis (H8) using Pearson Correlation.

**Correlations**

		CSR Knowledge	Consumer Responses
CSR Knowledge	Pearson Correlation	1	.329**
	Sig. (2-tailed)		.001
	N	98	98
Consumer Responses	Pearson Correlation	.329**	1
	Sig. (2-tailed)	.001	
	N	98	98

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 11

According to Pearson Correlation test, there is a strong association between CSR knowledge and Consumer Responses to CSR. The correlation is significant at .01 % level.

**Conclusion and Suggestions:**

In order to understand consumer responses to CSR, companies need to consider not only external outcomes, such as Purchase Intention, but also internal ones such as consumers' awareness, attitudes, and attributions about why companies are engaging in CSR activities. This is particularly important in the face of increasing product differentiation and heightened competition (Bhattacharya and Sen, 2004). The results of this study indicate that consumers are more aware of the term CSR. Consumers are more aware about the CSR initiative of the Brand Pampers than the brand Domex. From the analysis we could find that there is a strong association between the consumer responses to CSR and CSR knowledge. Consumers are interested in CSR and the results reveal a potential for CSR to become an important determinant in consumers' purchase decisions. There is no significant difference among male and female consumers with regards to Corporate Evaluation, Product Association and Purchase Intention. This article explores consumers' overall responses to CSR and results show that there is a generally positive link between CSR and consumers' Corporate Evaluation (Brown and Dacin, 1997; Ricks, 2005), Product Association (Sen and Bhattacharya, 2001) and Purchase Intention (Becker-Olsen et al., 2006; Berens et al., 2005; Carrigan and Attalla, 2001), which support the market research literature. This study explores only on the Consumer awareness and consumer responses to CSR. Certain parallels exist between the results of this study and prior research. Carroll (1979) identified the dimensions ethical, legal, economic and discretionary. Sen and Bhattacharya (2001) introduced the dimensions of corporate credibility, positive reputation, community support and environmental awareness. Future research might test the CSR scale among other defined consumer segments. The study should focus on the link between Attitude, Perception and CSR initiatives of the corporates.

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