

Price and corporate social responsibility: the consumers' perspective

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ABSTRACT The author performs a systematic literature review on academic papers regarding Corporate Social Responsibility and Price, from the consumer's perspective, in ISI Current Contents. Based on 219 academic papers a content analysis is undertaken in a grounded-theory methodological approach. A growing trend of publications from 2008 onwards, revealing the relationship of CSR and price as an emerging concern, is presented and specialized international journals in the area are pointed out. A map of the field allows the identification of main research areas, emphasizing possible trends towards publications in this field in the upcoming years. The main topics reflected in each group are CSR perceptions and its relation with purchase intention (group 1), how CSR drives consumer behavior, namely consumer involvement and engagement (group 2), the ethical dimension of CSR and its impact on consumer response, namely the willingness to pay a higher price (group 3), and finally, the case of cause-related marketing approach (group 4), which may represent a specific form of CSR, allowing companies to boost their reputation and set up higher prices.

Keywords: Corporate Social Responsibility, Purchase Behaviour, Systematic Literature Review

1. INTRODUCTION

Corporate Social Responsibility (CSR) has emerged in recent years as an important academic construct and also as an increasingly important issue in the businesses agenda. Within this debate, a relevant question associated to CSR refers to the impact on the profitability that this posture can cause. Are consumers willing to pay more for socially responsible companies' products and services?

In previous studies undertaken by the author (Real de Oliveira & Rodrigues, 2012) it was found that social responsibility policies are important in building a strong brand image and in turn lead to consumer loyalty and consequent availability to pay a higher price for the products or services provided, but the latest relation was weak. Also it was found that it is crucial for organizations to have communication strategies that address these CSR policies in a way that promotes consumers' identification. In order to understand how the relationship between CSR and Price is addressed within the literature a systematic literature review on academic papers about CSR and Price in ISI Current Contents is presented, using published scientific work to look back into the past and identify tendencies to anticipate the future.

The author critically compares and aggregates existing contributions from scientific journals with impact factor until 7th of December 2012 obtained from fifteen separate searches that led to an initial sample of 219 scientific papers.

First, it is described in the methods section the relevant aspects for the systematic literature review: search protocol, search execution and filtering planning and procedures for content analysis of the relevant sample of scientific papers.

Second, the results obtained from the systematic literature review are presented, including the search steps for transparency reasons, descriptive statistics on relevant sample (top authors, publication years, top journals), content analysis results and literature map with key thematic areas of study. The discussion of the literature map and future research directions for academic scholars comes after

2. METHODS

The methods adopted for achieving the research goal required searching, filtering and analyzing a large amount of publications. This is a research task to be performed in the methodological underpinning of literature reviews and conceptual model building.

In the latest decade, there have been quite a large number of academic studies focusing on meta-analyses, systematic literature reviews, structured literature reviews and so on (Briner & Denyer, 2012; Crossan & Apaydin, 2010; Denyer & Tranfield, 2009; Kofinas & Saur-Amaral, 2008; I. Saur-Amaral & Amaral, 2010; Walker, 2010).

The main benefit of using these method is being able without previous knowledge on the topic to achieve a complete process of identification of scientific main areas and a high degree of efficiency in the research process (Kofinas & Saur-Amaral, 2008; Irina Saur-Amaral, 2010, 2011). In social sciences, the first adaptation of systematic literature reviews was done in 2002 and 2003 (Tranfield, et al., 2003; Tranfield & Mouchel, 2002). Tranfield and his colleagues proposed that systematic reviews should be used to develop decision-making evidence databases for managers, to overcome the typical unsystematic, informal and unconditioned process of literature review and to identify key areas to research.

For this study, we apply the three steps of systematic literature reviews, considering the experience of previous studies (Hjalager, 2010; Kofinas & Saur-Amaral, 2008; Law, Qi, & Buhalis, 2010; Irina Saur-Amaral, 2011, 2012; Real de Oliveira, E. et al. 2012).

Firstly, the review protocol is build, based on keywords previously used by other authors. A search is rigorously performed, according with the review protocol and all the steps are recorded and decisions justified, ensuring transparency and replicability of the study. Then, records are extracted to Endnote X4, and the preliminary relevance analysis and selection is performed. RefViz software is used to understand the sample and create the starting point for content analysis, using as orientation framework the keywords and the previous knowledge on the concept, yet drawing on categories building in a grounded-theory approach (Charmaz, 2006). The literature map is built upon the data obtained from content analysis and the explanatory descriptions of key themes and topics are supported by citations and references obtained the RefViz analysis.

2.1. Search steps and filtering procedures

Using the protocol, search was conducted in three different moments (see appendix 1 for details), followed by a combination of the three searches using Search History functionality in ISI Current Contents, so as to ensure there were no duplicate records in the final sample. Search 1 OR Search 2 OR Search 3 gave us a starting sample of 219 articles, which was a first working sample, exported to Endnote X4.

The Subject Bibliography with abstracts, organized by publication years was created using Endnote. The researcher performed separately the relevance analysis, reading all abstracts and putting aside those that were not related with the initial research goal.

After the relevance analysis was concluded only 19 relevant articles were found. Since this number was considered limited to perform an analysis, another search was performed (see Appendix 2 for details), using keywords that emerged from the first analysis. The second search was undertaken in fifteen different moments using the same method as before to ensure there were no duplicate records in the final sample, with a result of a starting sample of 135 articles. A relevance analysis was undertaken and resulted on 55 relevant articles that constituted the working sample for analysis.

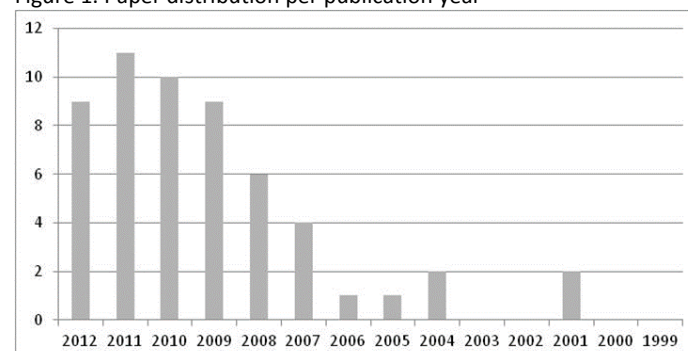
3. RESULTS OF SYSTEMATIC LITERATURE REVIEW

3.1. Descriptive statistics

Regarding paper distribution per year (see Figure 1), there has been an ascendant tendency. The first paper was published in 1999, and until 2007, only 19% of papers were published in this field. Also, it is important to note that, from 2008 until 2012, the papers published represent 81%. This is a clear indicator of the emergence of this field.

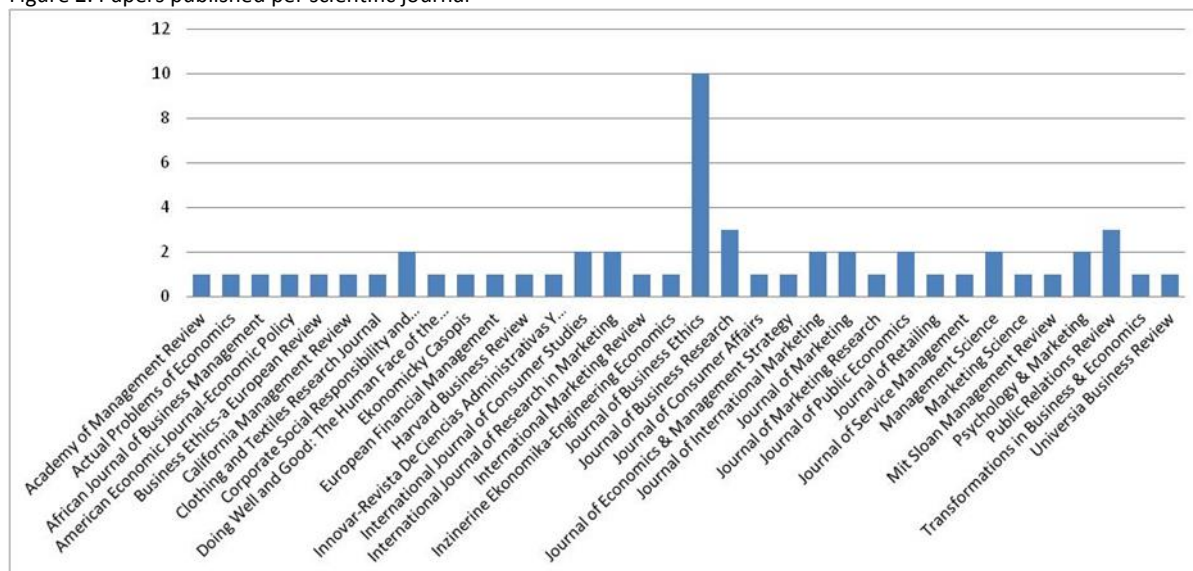
Regarding scientific journals that were most representative in terms of number of publications in the late years (see Figure 2), there is one journal that stands out, Journal of Business Ethics, which concentrates about 18% of papers of our sample. Other occurrences are barely significant nevertheless it is interesting to note that when analyzing the journals scope, 25% address Marketing issues. So we can identify two different approaches regarding the study of CSR and Price, one from the ethics perspective and the other from the marketing side.

Figure 1. Paper distribution per publication year



The analysis of top authors showed that there is one author with 4 papers (Sen) and one with 3 papers (Bhattacharya). Both of this authors work together. There are only six authors (Bigne-Alcaniz, Curras-Perez, Leszczyc, McManus, Mohr & Webb) with two papers each. The remaining authors only have one paper each.

Figure 2. Papers published per scientific journal



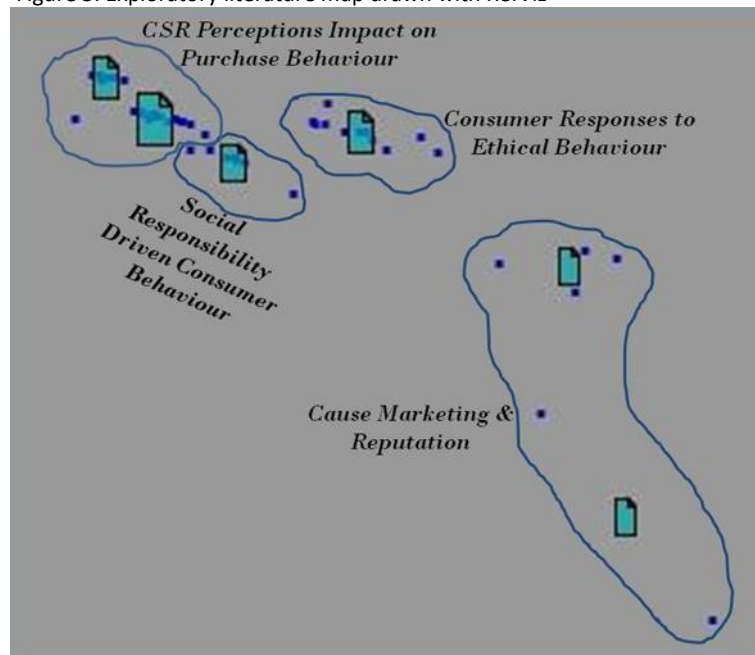
3.2. Exploratory galaxies: results from data-mining in Refviz

RefViz defines groups using word count and semantic distance and the researcher uses major topics and minor topics, together with stop words and thesaurus to ensure quality of the data mining process (Agrawal, 2009).

Based on calculations of number of words and semantic distance (applied to abstracts, titles and keywords), as well as the personalized thesaurus available for the analyzed sample, RefViz software draws maps of literature that can be used to comprehend the invisible colleges, or to identify trends and gaps based on contrasting different time intervals.

Figure 3 presents the literature map drawn with RefViz 2.0 for the relevant sample characterized in the previous section. Considering that a key issue in defining the final map is the elimination of outliers in the first outputs, the literature map we presented was obtained after three reiterations, when no outlier could be identified, i.e. is a robust output.

Figure 3. Exploratory literature map drawn with RefViz



Looking at Figure 3, it is possible to identify six clusters of references. For the purpose of this analysis it was decided to group some clusters and name them for content analysis, namely: CSR perceptions impact on purchase behaviour, social responsibility driven consumer behaviour, consumer responses to ethical behaviour and cause marketing & reputation.

4. CONTENT ANALYSIS: RESULTS

4.1. CSR perceptions impact on purchase behaviour (group 1)

This group of papers deal with a specific aspect of consumers' behaviour – purchase intention – and consumers' perceptions about CSR activities. Several papers in this group present evidence that supports the relation between perceptions of CSR and purchase behaviour (Oeberseder et al., 2011; Carvalho et al., 2010; Mohr & Webb, 2005; Alniacik et al., 2011).

However, how this relation occurs is still in dispute. While some (Sen & Bhattacharya, 2001) argue that under specific conditions, CSR initiatives can even decrease consumers' intentions to buy, others (Carvalho et al., 2010; Mohr & Webb, 2005) emphasize that CSR has a positive impact on the evaluation of the company and purchase intentions. A different approach, focused on communication and information, is taken by Alniacik et al. (2011) putting the emphasis on negative and positive information about the corporate social and environmental responsibility. The results demonstrate that positive CSR information about a firm enhances consumers' intentions to purchase. When looking at the relation between investments in communication and purchase intention, Bigne-Alcaniz & Curras-Perez (2008) reinforce this approach concluding that the brand's CSR image and the corporate ability image influences purchase intention. The lack of agreement on this issue may be explained by the complexity behind the process of evaluation of CSR initiatives. As Oeberseder et al. (2011) found this complexity is due to the fact

that consumers distinguish between core, central and peripheral factors when evaluating (and perceiving) CSR initiatives.

4.2. Social Responsibility Driven Consumer Behaviour (group 2)

Social responsibility drives consumer behaviour leading to positive responses regarding purchase likelihood (Oezsomer & Altaras 2008), attitudes towards the organisation (Lichtenstein et al, 2004) and generation of revenue (McManus & Bennet 2011). By aligning the cause with the type of consumer, organisations may be able to obtain a higher response rate from customers, thereby increasing the level of consumer involvement and engagement (Mattila & Hanks, 2012). Also, some studies confirm that CSR influences customer perceptions of price fairness (Matute-Vallejo et al, 2011), thus helping to improve consumer engagement..

4.3. Consumer responses to ethical behaviour (group 3)

The consumer responses to ethical behaviour are influenced by different factors, namely specific consumer's ethical consciousness, ethical cognitive effort, perception of ethical justice, motivation judgment, institutional rationality, and corporate social responsibility-corporate ability (Deng, 2012). The changing of attitudes of consumers regarding different aspects of responsibility and the change of consumption habits forces organisations to look for new alternatives of activities that address corporate social responsibility (Banyte et al, 2010). But in order to do so, organisations need to know if consumers would be willing to pay higher prices for ethically produced goods, since they tend to be more expensive to develop (Trudel & Cotte, 2009). Although not fully exploited within the literature there are a few attempts to analyse and prove that consumers will pay a premium price for products from a social responsible organisation (Trudel & Cotte, 2009; Arora & Henderson, 2007; Boboc et al, 2009).

4.4. Cause marketing & reputation

Literature in this field embraces how cause related marketing affects reputation (Eccles et al, 2007) and allows companies to charge premium prices. The number of firms carrying a cause-related product has significantly increased in recent years (Krishna & Rajan, 2009). Linking products to a cause tend to increase sales both of that product and, via a spillover effect, of other products in the firm's portfolio (Krishna & Rajan, 2009). Overall, research in this field implies that, by owning cause-related products, companies can not only improve their image in the public eye but also increase profits (Krishna & Rajan, 2009; Elfenbein & McManus 2010). Regarding research that links auctions, and bidder motives, with social responsibility, results show that auctions with proceeds donated to charity lead to significantly higher selling prices (Haruvy & Leszczyc, 2009; Chang, 2008). One might conclude that research demonstrates that cause related marketing affects reputation in a favourable way and that companies may even get greater benefits if they adjust marketing strategy to understand which premium price to charge to which product and cause.

5. DISCUSSION AND FINAL CONSIDERATIONS

One of the initial findings was the confrontation with the small amount of papers that resulted from the queries. A total of 55 relevant papers within a search equation applied to all years. Considering that the relevant papers spanned within 11 years, which means an average of about 5 papers per year, this clearly shows little scientific production. Taking into consideration that 80% of the papers were produced between 2008 and 2012, it demonstrates that this is an unexplored area but with a growing trend.

This research illustrates clear gaps within the scientific literature that can be explored by researchers wishing to deliver innovative and useful research. In fact, although the analysis allows identifying four main research areas within the subject, each group comprises just a few papers (between 6 and 31).

The main topics reflected in each group are CSR perceptions and its relation with purchase intention (group 1), how CSR drives consumer behavior, namely consumer involvement and engagement (group 2), the ethical dimension of CSR and its impact on consumer response, namely the willingness to pay a higher price (group 3), and finally, the case of cause-related marketing approach (group 4), which may represent a specific form of CSR, allowing companies to boost their reputation and set up higher prices.

Besides the research implications, empirical implications show that CSR is an important asset for companies, not only at the operational level – enhancing consumer involvement and engagement and purchase intention –, but also on a strategic level by reinforcing attitudes toward the organization and reputation.

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APPENDICES

Appendix 1 – First Search

| <i>First search was performed on December 7th, 2012, in three different moments</i> <i>Search 1, Search 2, and Search 3 which were afterwards combined with an OR operator</i> | | | | | |
|--|--|--|-----------|---------------|---------|
| Search equation | Database | Refined by | Timespan | Lemmatization | Results |
| "csr AND price" IN Topic | Social & Behavioural Sciences (SBS) database of ISI Current Contents | document type = (Article or Review) AND Subject Areas = (Business Economics) | All years | ON | 36 |
| "corporate social responsibility AND price" IN Topic | | | | | 95 |
| "social responsibility AND price" IN Topic | | | | | 215 |

Appendix 2 – Second Search

| <i>Second search was performed on December 13th, 2012, in fifteen different moments</i> <i>Search 1 to Search 15 which were afterwards combined with an OR operator</i> | | | | |
|---|--|------------|-----------|---------|
| Search equation | Database | Refined by | Timespan | Results |
| "premium price AND csr" IN Topic | Social & Behavioural Sciences (SBS) database of ISI Current Contents | | 2000-2012 | 2 |
| "premium price AND social responsibility" IN Topic | | | All years | 14 |
| "premium price AND corporate social responsibility" IN Topic | | | All years | 8 |
| "purchase* behavior AND corporate social responsibility" IN Topic | | | All years | 33 |
| "purchase* behavior AND social responsibility" IN Topic | | | All years | 49 |
| "purchase* behavior AND csr IN Topic | | | All years | 18 |
| "price fairness AND csr" IN Topic | | | All years | 3 |
| "price fairness AND social responsibility" IN Topic | | | All years | 8 |
| "price fairness AND corporate social responsibility" IN Topic | | | All years | 5 |
| "purchase intention AND corporate social responsibility" IN Topic | | | All years | 33 |
| "purchase intention AND social responsibility" IN Topic | | | All years | 41 |
| "purchase intention AND csr" IN Topic | | | All years | 18 |
| "price effects AND csr" IN Topic | | | All years | 14 |
| "price effects AND corporate social responsibility" IN Topic | | | All years | 32 |
| "price effects AND social responsibility" IN Topic | | | All years | 56 |

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