

Does Corporate Social Responsibility make any differences when it comes to “Un-substitutable” Product from Customer Point of View

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Abstract- *Corporate Social Responsibility (CSR) is where a firm apart from making profits, the firm contributes by doing social good as a part of responsibilities to the society and environment. The masked intention of CSR is being questioned whether is the organization practices CSR for promotion or social responsibility in consumer point of view. The findings show that not all consumers trusted organization that practices CSR is real intentions. In regard to the practices, a handful of consumers do take CSR into account while making purchase decision. The evaluation of CSR initiatives had a direct result on the organization's image and products. Each of the consumer would have their favorite products and to some extent the product is unsubstitutable by others product. Will consumer evaluates the firm of their unsubstitutable products and affects their buying decision on the “unsubstitutable” product in relate to the firm's CSR?.*

Keywords- *Corporate Social Responsibility; Purchase intention; Consumer behaviour; Social Responsibility*

1. INTRODUCTION

Corporate Social Responsibility (CSR) is getting common in the marketplace around the world. CSR is where an organization apart from making profit, the firm contributes by doing social good as a part of responsibility to the society and environment. A statement by Graafland and Mazereeuw-Van (2012) says that, Triple-P which stands for Profit, People and Planet are the main value contribution a company should give to the society where not only economic value are being consider. Kim and Park (2011) state that, the stakeholders (i.e. consumers, communities and employees) are the targets of variant CSR programs. CSR programs are ranging from internal to external, for instance, a firm's produce carbon free products in their production which is beneficial to the eco system and users, adopting disable people for a job in the company, work closely with the communities to do charitable events and many others (McWilliams, Siegel & Wright, 2006). According to Dacin and Brown (1997), consumer evaluates a product overall as he/she evaluates the organization and this will makes what perception in the customer's mind towards the product. Based on the findings, there is evidence on not all people accepts the concept of organizations doing social good. The question in this research is, does CSR make any differences in “unsubstitutable” products from customer point of view? Will CSR affects the consumer idea of buying an “unsubstitutable product by considering the organizations' CSR? Situational behavior may lead to an answer on

consumer's reactions towards unsubstitutable products. In this research paper, CSR initiatives, Marketing role, Consumer awareness, purchase intentions and situation consumer behavior is discussed.

2. CONCEPT OF CSR

In historical times, CSR was new and unknown by most developed countries, CSR remains till today (Amponsah-Tawiah & Dartey-Baah, 2011). Many have not known about CSR when organization declares its social contributions. Corporate Social Responsibility is an action of an organization take to change the society in a positive manner in what it is already present (Sandhu & Kapoor, 2010). CSR does not has one general agreeable definition says McWilliams et al., (2006). It has different ways in defining it. To avoid an impact between the different stakeholders, an organization must know its stakeholders and their worries to maintain a good relationship with them (Tobey, David & Yasanthi Perera, 2012). The CSR had four closely related aspects which is the legal, economics, philanthropic and ethical (Pirsch, Gupta & Stacy, 2007). Bhattacharya and Sen (2004) highlight that there are more companies nowadays backing up CSR initiatives such as community support, employee support, philanthropic, product manufacturing practices and eco support. In other hand, Pirsch et al., (2007) said that CSR Programs are getting popular as a marketing move in many organizations. It also provides a number of benefits to the companies, for example, attracting new employees, to promote the company and perceive a good image by

consumers (Pirsch et al., 2007). Kellogg Company is a good example of practicing CSR for a long period of time, the company promises consumer on the food quality and tastiness; Kellogg also involves in multi social responsible events such as investing in communities and encouraging employees (Paetzold, 2010).

3. THE ROLE OF CSR IN MARKETING

In this competitive marketplace, CSR had becomes a marketing tool to gain a firm's reputation. According to Paetzold (2010), a company's brand and products will definitely workable if the firm earns good recognition. Therefore, being parallel to the statement, we are able to witness the tremendous growth of the Body Shop, Health Valley and Ben's & Jerry success with the importance of CSR role in Marketing (McWilliams & Siegel, 2011). CSR is believe to benefits companies in many ways; it is being use as a marketing strategies nowadays (Pirsch et al., 2007). Without marketing act as a communication tool between consumer and organization to enhance CSR initiatives, not all customers would aware of a firm's social responsibility activity (Öberseder, Schlegelmilch & Gruber, 2011). Marketers create advertisement urging citizens to join them in a charity are one of the examples of exposing and promoting the firm's CSR efforts by alarming its potential customers; CRM is a selling strategy (Dwane, 2004). Research by Dacin and Brown (1997), suggests that there is a positive link between a corporate social responsibility activities with the consumer buying behaviors towards its products. While, Maignan (2001) argues that the evidence of consumers who are willing to support in CSR are not significant.

4. INTERNATIONAL DEVELOPMENT OF CSR

In Vietnamese market, buying products from firms who had same values are important to the consumers. There's a significant signal from the Vietnamese who thinks that there's a need for their firms to practice CSR (Bui, 2010). While in other hand, in Ghana not all firms adopt CSR, the country was in a weak state of financial. Multinational companies in Ghana had just alarmed by a wakeup call in transforming to a better country (Amponsah-Tawiah & Dartey-Baah, 2011). Furthermore, China is being proven that CSR is important for the Chinese, the evidence of Chinese consumer encourages CSR in their country (Ramasamy & Yeung (2009). Companies in China are now disclosing full reports of social responsible behavior upon succeeding in SRC (Chen & Kong, 2009). Government of France and India made private companies a must to submit it list of social responsibility as part of annual reporting (Reider-Gordon, Funk, Ewelukwa, Feldman & Wagner, 2013).

5. CONSUMERS' AWARENESS ON CSR

According to Bhattacharya and Sen (2004), in a research study done by them, there is a majority number of people

in their focus group are unaware of many large organizations activities in doing CSR. However, there is few firm that is famously known by most of the participants in engaging with CSR initiatives was Stonyfield Farms, Newman's Own and Ben & Jerry's (Bhattacharya & Sen, 2004). Consumers who are aware of CSR believe that a conscientious and ethical company would produce good and safe products. Stakeholders who are supporting the company's CSR behavior may expect the organization to abide by legislative rules, ethical, reliable and responsible; they may also hope for the organization to be reactive to its stakeholders and transparency in communicating the firm's condition (Podnar & Golob, 2007). Consumers' support to the firm would make differences to the firm's image and sales because if a consumer had a positive perception on the firm therefore it enhances customer loyalty and trusts buying newly launch products by the company (Pirsch et al., 2007). In addition, a word of mouth by the current customers would also create new customers' awareness on buying a product from that particular company. As on point 3, cause-related marketing are done by marketers who try to get its customers' attention but there is some group of customers who does not accepts and believes in CSR which causes a failure to get supports from that particular group of customers.

6. CONSUMERS' INTENTIONS IN PURCHASING RELATING TO CSR

Several past studies shows that while evaluating the products and services, consumers take themselves into account (Öberseder et al., 2011). However, there are also facts of not all consumers are involving in doing purchase by evaluating a company's social responsibility and not all consumers have a positive view on the CSR. These consumers are making purchases by evaluating the products using their own criteria to measure. Thus, will CSR affects customer's purchase intentions? In a research studies by Mohr, Webb and Harris (2001), the researcher did an in-depth interviews with the participants to found out their opinions relating to the CSR of the companies. Mohr et al., (2001), identifies the four different types of behavior in the interview. Procontemplators are individuals who do not make purchase according to CSR and one third of the participants are in this category. These groups of people buy products based on the standard price and quality criteria. They do not believe in companies who did social responsibilities are sincere intentions and they think that what the organizations really want are only making profit. Then, the second group is introduced as the contemplators, one fourth of the participants occasionally do use CSR in their buying decision but they are usually self-oriented and not consistent. The action group customers who consist of 8 over 44 participants are very mindful and alert on CSR issues, CSR is one of the aspects for them to consider while making purchase decision. Lastly, maintainers which occupy one fifth of the total

participants are very attached to social responsible. They intend to perceive that they could make differences to the society in helping in supporting the social responsibility of the organizations. Social responsibility is important in their daily life and these consumers are amenable to change brands and also amenable to pay more as long as they think that it is socially responsible. Morrison and Bridwell, (2011) also said that, CSR will continues until everyone are willing to pay more for social responsibility sake. Sen and Bhattacharya (2001) stated that, a negative evaluation of a products may happen if the customers are not happy with the company's CSR activities.

7. SITUATIONAL AND ATTITUDES INFLUENCING CONSUMERS' BEHAVIOR

A situational factor can be influencing consumer's choice of buying. Most of the time, customers buy product that they prefer most. However, an attitude of how they prefer a product may make sudden changes in not purchasing the same product anymore. For example, Laura who is against pet testing on chemicals, she usually uses Product A as her favorite skincare; but one day she read in the news that Product A is starting to use animals as allergic test, she then will ban and never wanted to use Product A' products anymore. Her attitude will determine her change on her buying behavior. Bearden, Woodside and Clapper (2007) claim that "The function of situational considerations which can affects a brand choice are the individual overall behavioral intention against s specific brand" (p. 571). Wysong, Beldona and Munch (2012) suggested that, marketers must put efforts to examine how consumers looking at their brands' image. Prior to previous studies, situational involvement and social visibility has been studied that it will affect a consumer behavior. Social visibility is where a decision made can be affected by other's people view, in regards of being disapproved by others; they follow trends (Wysong et al., 2012).

8. DISCUSSION

The research in this paper was to determine whether CSR is making any differences to consumer who wants to buy an "unsubstitutable" product. The area of this research is not yet to be discovers by other researchers. It is important to justify the situation of needing a specific products will or will not had direct effects on the consumer to consider the brand image of an organization. Corporate Social Responsibility are believe to perceived a friendly and responsible image to the consumer, the role of marketing in CSR getting stronger; it had directed to two causes. First, it educates consumers on the firm good deed; second, it attracts consumers using the marketing intention to draw consumers' good evaluation (Lii, Wu & Ding, 2013). If a consumer found out the good social responsibility of a firm by their own, they would most probably support the firm's action. In contrast, if it is the firm who approaches the consumer – the consumers would

believe it is a marketing way of making profit of their money. Thus, the consumers would not believe the firm's sincerity in socially responsible to the society. CSR is widely used marketing strategy, it is important for marketers to create a naturally good image to its customers. Though, studies prove that positive perceptions by consumer on the CSR programs are equal to positive evaluation to its product and organization (Dacin & Brown, 1997) but it could be also working in a reversible way. According to the purchase intentions topic, a handful number of consumers does not measures according to organization's CSR actions. In my opinion, these consumers would also had the same reaction in purchasing unsubstitutable products. An interviewee who supports CSR in a research by Mohr et al., (2001) says that "I have boycotted plenty. Sure. The fur coat industry. I've boycotted Exxon, many companies during the sixties that were manufacturing plutonium and different mechanisms for both nuclear armament as well as energy. (m, 47)" In example of the case above, for consumers who are into CSR will not tolerate just because wanted to satisfy his own satisfaction of getting a products. While in another interviewee in Mohr et al., (2001) research who does not support CSR, says that "You know, I wouldn't just sit down and take, you know, a book to find out what they are doing. Unless I'm particularly interested in ... one particular corporation ... or unless I'm associated or have family that work for that corporation. Otherwise I would have no interest in it. (f, 52)" With the above statement, it is clearly understood that a consumer who does not take social responsibility into account will not mind what an organization had done and what these consumers want are cheaper prices. Furthermore, the factors situational and attitudes influences is another possible elements that will allows consumer to choose their standing. The situational factor happens when the consumer in a specific situation changes his/her mind towards a decision. For example, in response to our research question; a consumer would still wants to buy the "unsubstitutable" product by the firm although the firm had bad CSR; but if the consumer discovers the firm lies in rewarding her membership discounts which will makes the consumer felt cheated. Thus, the consumer doesn't wants to buy the product anymore even though it is unsubstitutable. Next, it goes same to the customer who are supporting CSR so much until the customer feel that she is a part of the responsibility, she will still buy from the firm's other products even though her favorite "body lotion" (unsubstitutable products) is discontinued. The consumer can still buy "body butter" instead or other products where the consumer are giving merit to the organization due to its CSR. Consumers feel safe using the product of the same company that they had supported for a long time. There are many reasons to continue or discontinue a transaction with a firm or brand; consumers had their rights in choosing the way they wanted things to be evaluated. Organizations should have to pay close

attention to consumer needs in order to own a win-win situation.

9. CONCLUSION

This article sets to monitor the relationship between CSR and consumer behavior on unsubstitutable products. With the research above, I can conclude that CSR is important to win a major consumer's trust, but not all would follow. Consumer's behavior on a product is evaluated by the quality of the product and in some situation the firm's good will. CSR is getting more wider and globally, consumers are learning to aware and play safe in buying daily use products. Organization managers and marketers could do it best to convince its consumer, where good customers' evaluation will able to improve the profit making of the firms. Whereas in the role of CSR in consumer decision on unsubstitutable products, there are evidence that different consumer possesses different attitudes which lead to different outcomes of results. While, using situational factor, it is one of the way to explain how consumers feel in a specific situation will make them changes their mind on purchasing behavior. The limitation of the study was that there was no actual sample of research in "unsubstitutable" products.

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