Corporate Social Responsibility of Retail Companies:

Is it relevant for Consumers' Purchasing Behavior?

by

Hanna Schramm-Klein
Institute for Commerce & International Marketing
Saarland University
Campus, Geb. A 5.4, D-66123 Saarbruecken
T: +49 681 302 3134
e-mail: h.schramm@mx.uni-saarland.de *(corresponding author)*

Joachim Zentes
Institute for Commerce & International Marketing
Saarland University
Campus, Geb. A 5.4, D-66123 Saarbruecken
T: +49 681 302 4475
e-mail: hima@mx.uni-saarland.de

Corporate Social Responsibility of Retail Companies:

Is it relevant for Consumers' Purchasing Behavior?

ABSTRACT

This study contributes to the knowledge on the impact of corporate social responsibility activities on retailers' market success by analyzing its impact on consumers' purchasing behavior. Using a comprehensive conceptualization of CSR, we show from the consumers' perspectives that CSR has positive implications for consumers' loyalty and purchasing behavior and which CSR dimensions are important to focus on. We contrast the impact of retailers' CSR activities with the role of other retailers' marketing mix activities. Additionally, we show the importance of credibility of retailers' CSR activities and analyze what role consumers' CSR orientation plays in store patronage decision making.

Corporate Social Responsibility of Retail Companies:

Is it relevant for Consumers' Purchasing Behavior?

INTRODUCTION

Corporate social responsibility (CSR) is of high topicality in business practice across all industries. Even though CSR is not a new idea and there are several retailers that have always cared for socially responsible behavior, CSR activities such as ethical sourcing, corporate philanthropy, cause-related marketing or socially responsible employment have been introduced or intensified by retail companies mainly in the past several years: "What was once embraced by a small elite group of companies (names like Timberland, Patagonia, Aveda and REI [in the USA] or dm-Drogeriemarkt, The Body Shop, and Coop [in Europe] come to mind), has gone mainstream ..." (Wilson 2008). The reasons why retailers engage in CSR initiatives are not only routed in legal rules or accounting regulations. Retailers are also aware that their customers more and more evaluate them according to their socially responsible behavior. Thus, the question of whether acting socially responsible or not is not only an ideological one but an economic one (Smith 2003). Retail companies have learned that "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" (Bhattacharya and Sen 2004: 9). The leading US retail practice magazine Chain Store Age, thus, labeled corporate social responsibility as "the defining issue of our time".

Also in the academic discussion corporate social responsibility is by no means a new idea but the concept itself and the debate about CSR date back to the 1930s. For example, Dodd (1932: 1149) argues that managers are not only responsible to their shareholders but are responsible to the public as a whole because a company is "permitted and encouraged by the law primarily because it is a service to the community rather than because it is a source of profit to its owners". Since then, the concept has developed and many more facets of responsiveness have been added to the understanding of CSR. The issue of CSR has been addressed in numerous academic studies. One of the

most important questions in this context is whether CSR activities of companies lead to competitive advantage (Wu 2006).

Regarding both its topicality in retail practice and the amount of academic work that has addressed CSR in the past, somewhat astonishingly, only few studies have analyzed the role of CSR in retailing in a comprehensive manner. In our study we therefore investigate the effects of CSR initiatives on consumers' purchasing behavior.

BACKGROUND

Even though the concept of corporate social responsibility has been discussed largely in the literature, no single definition has been established as a dominant approach of conceptualizing CSR up to now (Maignan and Ferrell 2004). While there seems to be general agreement that corporate social responsibility relates to "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society" (Mohr, Webb, and Harris 2001: 47), the main discussion centers around what activities or what domains are to include as components of CSR. A concept that has widely been used is the "pyramid of corporate social responsibility" developed by Carroll (1979, 1991). He conceptualizes CSR as encompassing four expectations that society has of organizations, the economic domain ("being profitable"), the legal domain ("obeying the law"), the ethical domain ("being ethical") and the philanthropic domain ("being a good citizen"). Many conceptual discussions and empirical studies have drawn on this conceptualization (e.g. Wood 1991; Swanson 1999; de los Salmones, Crespo, and del Bosque 2005).

Several attempts exist to classify CSR practices of corporations (e.g. Wagner, Bicen, and Hall 2008; Maignan, Ferrell, and Ferrell 2005). In our study, we will mainly refer to Sen and Bhattacharya (2001). They have categorized CSR activities of 600 companies into six broad domains: community support (e.g. health programs, educational initiatives), diversity (e.g. family-, sex-, disability-based initiatives), employee support (e.g. job security, safety-concerns), environment (e.g. waste management, pollution control, animal testing), non-domestic operations (e.g. overseas labor-

3

practice, operations in countries with human rights violations), and product (e.g. product safety, antitrust disputes).

There are numerous studies that have addressed the impact of CSR activities on companies' performance, for example with focus on companies' market value or on corporate financial performance (see Margolis and Walsh 2003; Orlitzky, Schmidt, and Rynes 2003; Wu 2006). From the consumers' perspective, also many studies exist that investigate the impact of consumers' CSR perceptions on their behavior. Previous research suggests that, generally, consumers reward companies' CSR activities in terms of positive attitudes towards the company or purchasing behavior (Murray and Vogel 1997; Folkes and Kamins 1999; Brown and Dacin 1997), but they do not seem to do so without challenging companies' intentions to engage in CSR. Also, it seems to be necessary that company's CSR initiatives exceed consumers' expectations (Creyer and Ross 1997) and that the relationship between perceived CSR activities and consumer behavior is an indirect one (Luo and Bhattacharya 2006; David, Kline, and Yang 2005). For example, Barone, Miyazaki, and Taylor (2000) and Ellen, Webb, and Mohr (2006) show in their studies that perceived motivations of companies' CSR initiatives are relevant for consumers' purchase intentions. Also, the fit between companies' social marketing activities on the one hand and the company's products (or services) as well as the consumers' own motivations on the other hand is of high importance (e.g. Barone, Norman, and Miyazaki 2007; Simmons and Becker-Olsen 2006). Aggressive or insincere CSR practices or activities that are perceived as deleterious or as not legitimate seem to foster negative attitudes or negative consumer reactions in terms of their purchasing behavior (Sen and Bhattacharya 2001; Creyer and Ross 1997; Webb and Mohr 1998).

In addition, there seems to be evidence that perceived CSR activities are evaluated with regard to other elements of the company's marketing mix such as price or product quality (Folkes and Kamins 1999; Barone, Miyazaki, and Taylor 2000; Mohr and Webb 2005). For example, Handelman and Arnold (1999) show for retail stores that there is an interaction between perceived CSR

activities and traditional store attributes such as merchandise assortment, price, or location convenience in terms of the influence on purchase intentions.

Summarizing, previous research implies that CSR seems to have a positive impact on consumer behavior, but the underlying processes that lead to such positive effects still remain somewhat open. As in previous research in the area of retailing usually only several aspects of socially responsible behavior have been included in the analyses (e.g. only philanthropic *or* ecological oriented activities), we will extend previous findings with our study by following the comprehensive conceptualization of Sen and Bhattacharya (2001) and include these different dimensions in our study.

HYPOTHESES

Our conceptual model is presented in figure 2. The basic assumption is that consumers' loyalty formation and consumers' purchasing intentions are not only influenced by (general) characteristics of the retail company or its stores but also by consumers' perception of the retailer's CSR activities. In this context, we assume that both CSR credibility and consumers' CSR orientation play an important role.

Store image literature proposes that consumers' evaluations of a retailer are influenced by the perception of the retail store. Based on this perception, consumers evaluate whether the retail store fits to their personal needs. In an early definition by Martineau (1958: 47), store image is characterized as "the way in which a store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes."
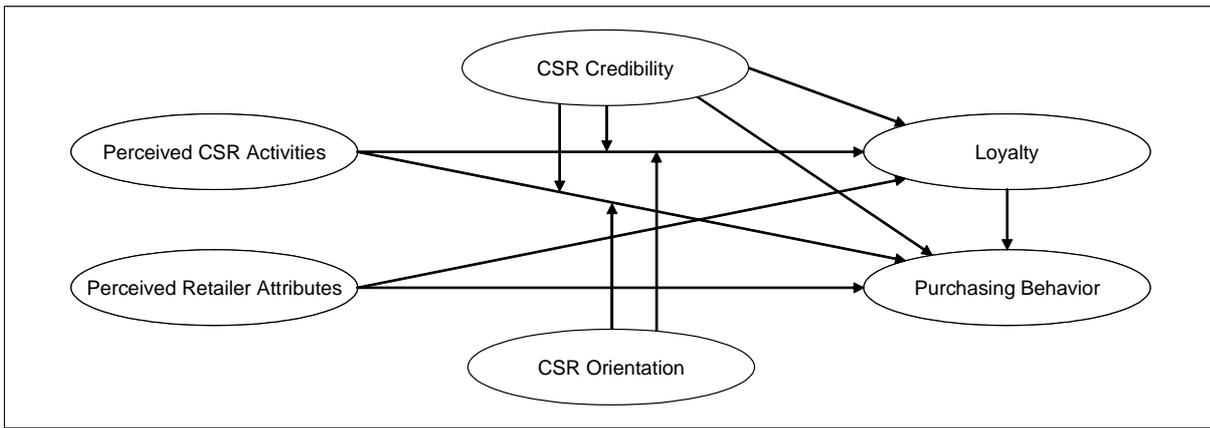
Figure 2. Consumers' perspective: conceptual model

As research on this topic has produced a vast number of studies to identify the major facets of store image, we will draw on its results. In the various investigations, different aspects of retail store perception have been analyzed and different attributes have been recognized to be important as major determinants of retailer patronage (Lindquist 1974; Mazursky and Jacoby 1986; Mitchell 2001). In their recent meta-analysis, Pan and Zinkhan (2006) have identified product quality, price, product selection, convenience, service quality, friendliness of salespeople, store atmosphere, and fast checkout as most salient store attributes that have a positive impact on consumers' loyalty towards the retailer and their patronage behavior. This positive link between retailer perception and retail patronage has also been shown, for example, by Bitner (1990), Woodside, Frey and Daly (1989), Dabholkar, Shepherd and Thorpe (2000), or by Merrilees, McKenzie and Miller (2007). Summing up, based on previous research we propose:

H1: The evaluation of the different dimensions of retailer attributes influences consumers' (a) loyalty towards the retailer and (b) consumers' purchasing behavior.

However, even though in previous research the analysis of retailer perception is dominated by store image dimensions, perception of a retailer is not limited to the perception of the diverse store attributes. Thus, loyalty and purchasing behavior are also influenced by other retailer attributes (Mohr and Webb 2005). In this context, corporate associations, the information about a company that consumers' hold (Brown, Dacin, Pratt, and Whetten 2006), are of major importance. One type of corporate associations which is of main interest in this research context is corporate social responsibility of

the retailer as it is perceived by the consumer (Ellen, Webb, and Mohr 2006). Previous studies suggest that perceived CSR has a positive impact on consumers' attitude towards the retailer, retailer image, loyalty, and purchasing behavior (e.g. Sen and Bhattacharya 2001; Brown and Dacin 1997; Becker-Olsen, Cudmore, and Hill 2006; Mohr and Webb 2005; de los Salmones, Crespo, and del Bosque 2005; Yoon, Gürhan-Canli, and Schwarz 2006; Lichtenstein, Drumwright, and Braig 2004). Based on previous research, we therefore propose:

> H2: Perceived corporate social responsibility of the retailer has a positive effect on (a) consumers' loyalty towards the retailer and (b) consumers' purchasing behavior.

In addition, as already discussed, even though we propose a generally positive impact of perceived CSR, we do not believe that this link is established automatically. Instead, we suppose that consumers' challenge the retailers' motivation to engage in CSR activities. Following attribution theory (Yoon, Gürhan-Canli, and Schwarz 2006), consumers will attempt to understand the retailers' motives and will elaborate on the (true) intentions of the retailers' CSR initiatives, e.g. if they are implemented following firm-self serving or public serving motives (Becker-Olsen, Cudmore, and Hill 2006). We therefore believe that credibility of the retailers' CSR activities plays a major role in consumers' attitude formation (Ellen, Mohr, and Webb 2000). In addition, the persuasion knowledge model implies that consumers will use persuasion knowledge as a coping strategy to correct initially favorable beliefs about the retailers' CSR activities with less favorable beliefs (Becker-Olsen, Cudmore, and Hill 2006). This is mainly due to the fact that consumers generally tend to be skeptic as they hold intuitive beliefs that social initiatives by companies are primarily motivated by corporate self-interest (Webb and Mohr 1998). We therefore also suppose a moderating effect of perceived CSR credibility on the relationship between retailer loyalty and purchasing behavior at the retailer and postulate the following hypotheses:

> H3: Perceived credibility of CSR activities of the retailer has a positive effect on (a) consumers' loyalty towards the retailer and (b) consumers' purchasing behavior.

H4: Perceived credibility of CSR activities of the retailer moderates the relationships be-

tween perceived CSR of the retailer and (a) consumers' loyalty towards the retailer and

(b) consumers' purchasing behavior positively.

As already mentioned, companies seem to feel forced by their customers to engage in CSR activities (Webb, Mohr, and Harris 2008). Also, consumer research suggests that consumers' social responsiveness influences consumers' purchasing behavior. Previous research on the role of motivational forces in the explanation of consumers' shopping behavior suggests that consumers' motivations play a major role in developing loyalty or store choice intentions. In the retailing literature, there is general agreement that shoppers place a certain and variable degree of value on certain retailer attributes (Osman 1993). In this context, the role of shopping orientations such as utilitarian shopping values (functional or product-oriented motive) and hedonic shopping values (non-functional needs or stimulation seeking motives) has been intensively analyzed (Westbrook and Black 1985; Childers, Carr, Peck, and Carson 2001; Berry, Seiders, and Grewal 2002). Previous research suggests that they impact consumers' loyalty formation and the formation of retail patronage intentions (e.g. Sheth 1983; Steenkamp and Wedel 1991). Consumers' CSR orientation can be interpreted as a specific form of motivational force. We therefore expect that it influences consumers' store choice decisions. This is also suggested by previous research with specific focus on CSR. For example, Brown and Dacin (1997), Sen and Bhattacharya (2001) as well as Webb, Mohr, and Harris (2008) show in their studies that consumers' product or brand evaluation is influenced by consumers' CSR orientation as consumers elaborate on customer-company identification and "fit" in terms of CSR activities. Based on previous research on motivational influences and the influences of CSR on consumers' store choice, we therefore expect that consumers' CSR orientation moderates the relationships between perceived CSR activities of the retailer and consumers' loyalty and purchasing behavior:

H5: Consumers' CSR orientation moderates the relationships between perceived CSR of the retailer and (a) consumers' loyalty towards the retailer and (b) consumers' purchasing behavior positively.

METHODOLOGY

To test our hypotheses we conducted a consumer survey. We chose 15 retail companies from different retail sectors (grocery, textile, consumer electronics, furniture) based on market share and the number of outlets in Germany. To collect our data, interviews were conducted in the pedestrian area of two German cities (257 respondents), telephone interviews were conducted with respondents from all over Germany (134 respondents) and an online survey was conducted (149 respondents). All respondents were randomly distributed to the retail sectors and asked about the retailer they were most familiar with in this sector, leading to a sample with respondents being almost equally distributed to the 15 retail companies. The sample was assessed for differences in terms of consumer characteristics between the diverse forms of data collection, retail companies and retail sectors. In terms of consumer demographics and shopping orientations, no significant differences were detected.

Measure validation and model testing for the model were conducted using SmartPLS (Partial Least Squares), a structural equation modeling tool that utilizes a component-based approach to estimation. We chose PLS because it allows easily representing both formative and reflective latent constructs (Jarvis, Mackenzie, and Podsakoff 2003) and avoids the problem of underidentification that can occur under covariance-based analysis (e.g. LISREL) (Bollen 1989). All measurement scales were tested in a pretest. The measurement scales we used for the study are presented in the appendix.

To capture both perceived CSR activities and retailer attributes, we chose a formative measurement approach. Considering content specification and indicator specification, we sought to capture the major characteristics of facets of these constructs. As the choice of indicators is critical for

the design of formative constructs (Diamantopoulos and Winklhofer 2001), we developed our scales based on a broad literature review, managerial interviews in the retailing industry and consumer focus groups.

To capture perceived CSR activities, we developed our scale based on Wagner, Bicen, and Hall's (2008) scale of "corporate social irresponsibility" and followed the conceptualization of Sen and Bhattacharya (2001). The scale ought to capture all six domains with specific focus on relevant CSR activities of retail companies. After a pretest that was conducted because our intention was to capture all salient characteristics of these constructs and eliminate irrelevant items from the scale, we reduced our initial item battery to 2 items for community support, 2 items for employee support, 4 items for environment, 2 items for non-domestic operations/sourcing and 3 items for product/assortment.

The measurement scale for perceived retailer attributes was developed based on the literature on store image, following, among others, Malhotra (1983), Mazursky and Jacoby (1986), and Pan and Zinkhan (2006). After a pretest of our scale, we reduced the initial battery of 10 items to 6 items, capturing the most salient attributes of retail stores.

To conceptualize loyalty and purchasing behavior we chose a reflective measurement approach. Following Zeithaml, Berry, and Parasuraman (1996) and Aaker (1996), loyalty was captured using 3 items measuring the intention to recommend, commitment and the willingness to pay a price premium at the retailer. Purchasing behavior was captured using 2 items, the purchasing frequency and further shopping intention at this retailer (Hildebrandt 1988; Steenkamp and Wedel 1991). Both measurement models show a high level of internal consistency with regard to Cronbach's Alpha of .70 (loyalty) and .71 (purchasing behavior), AVE of .62 (loyalty) and .68 (purchasing behavior) and composite reliability of .83 (loyalty) and .81 (purchasing behavior).

CSR credibility also was measured using reflective indicators. We followed the credibility scale developed by Newell and Goldsmith (2001) and adapted it to retailers' CSR activities using two items. Internal consistency of the scale was satisfactory with Cronbach's Alpha of .88, AVE of

.89 and composite reliability of .94. Consumers' CSR orientation was measured using a formative approach. We generally followed the scale developed by Webb, Mohr, and Harris (2008) but had to adapt it to the retail context. Our initial scale of 14 items was reduced after the pretest to 10 items.

All reflective indicators were assessed for discriminant validity using Fornell and Larcker's (1981) criterion. The square root of the average variance extracted for each reflective construct was higher than the correlation between that construct and any other construct. The discriminant validity was satisfactory with respect to all the relevant variables.

In case of formative measurement models, substantial collinearity among indicators would affect the stability of indicator coefficients because they are based on linear equation systems. In our study, none of the indicators revealed multicollinearity problems (none of the variance inflation factors exceeded 1.97). To test for external validity, we assessed nomological validity for all constructs by including additional items in the survey that captured consumers' reactions to irresponsible corporate behavior (e.g. negative word of mouth, defection) and several items to collect consumers' general perception of intentions and general amount of CSR activities conducted by retail companies (as a summary judgment). According to the theoretical discussion, the formative constructs should be related positive to these constructs. To test this, we estimated bivariate correlations between the formative constructs (results from PLS regression) and the additional items. As all correlations were positive and significant (range from .16* to .55**). As the constructs behave as expected with respect to some other construct to which they are theoretically related (Churchill 1995), we assume that nomological validity is satisfactory with respect to all the relevant variables.

HYPOTHESES TESTING AND DISCUSSION

To test our hypotheses, we conducted PLS regression. The results of the PLS path model are presented in table 1. While it is not possible to report an overall goodness of fit for the model, because the objective of PLS is prediction versus fit (Fornell and Cha 1994), the r^2 values of loyalty

and purchasing behavior as well as the Stone-Geisser-Criterion which assesses the predictive quality of the model (Q^2 values) indicate an adequate model specification (Chin 1998).

To analyze the moderating effect of CSR credibility, interaction terms were calculated by multiplying construct values for the diverse dimensions of perceived CSR activities (formative constructs) which were calculated in a separate, non-moderated path model, and the indicator values of the reflective measurement model of CSR credibility. Interaction terms to test the moderating effects of CSR orientation were calculated by multiplying the construct values of CSR orientation and perceived CSR activities (all formative constructs). All values were standardized before calculating the product terms (see Chin, Marcolin, and Newsted 2003 for both procedures to model interaction effects).

In hypothesis 1 we postulated that perceived CSR activities would yield positive influence both on loyalty and on purchasing behavior. In terms of its influence on loyalty, only activities in the domains of community support, employee support and non-domestic operations/sourcing have a significant influence on consumers' loyalty towards the retailer. While this only leads to weak support for H1a, the results point to a much higher influence of perceived CSR on purchasing behavior with five out of the six dimensions exerting high and significant positive effects. Most important CSR dimensions are non-domestic operations/sourcing, employee support, as well as product and assortment.

Hypotheses	Path of the structural model	ß
H1a	Perceived CSR Community Support → Loyalty	.090*
	Perceived CSR Diversity → Loyalty	.019 NS
	Perceived CSR Employee Support → Loyalty	.173*
	Perceived CSR Environment → Loyalty	.061 NS
	Perceived CSR Non-domestic Operations/Sourcing → Loyalty	.104*
	Perceived CSR Product/Assortment → Loyalty	.041 NS
H1b	Perceived CSR Community Support → Purchasing Behavior	.010 NS
	Perceived CSR Diversity → Purchasing Behavior	.259**
	Perceived CSR Employee Support → Purchasing Behavior	.420**
	Perceived CSR Environment → Purchasing Behavior	.141*
	Perceived CSR Non-domestic Operations/Sourcing → Purchasing Behavior	.502**
	Perceived CSR Product/Assortment → Purchasing Behavior	.388**
H2	Perceived Retailer Attributes → Loyalty	.422**
	Perceived Retailer Attributes → Purchasing Behavior	.235**
H3	CSR Credibility → Loyalty	.272**
	CSR Credibility → Purchasing Behavior	.087*
H4a	Perceived CSR Community Support * CSR Credibility → Loyalty	.090*
	Perceived CSR Diversity * CSR Credibility → Loyalty	.037 NS
	Perceived CSR Employee Support * CSR Credibility → Loyalty	.173*
	Perceived CSR Environment * CSR Credibility → Loyalty	.107*
	Perceived CSR Non-domestic Operations/Sourcing * CSR Credibility → Loyalty	.104*
	Perceived CSR Product/Assortment → * CSR Credibility Loyalty	.044 NS

H4b	Perceived CSR Community Support * CSR Credibility → Purchasing Behavior	.037 NS
	Perceived CSR Diversity * CSR Credibility → Purchasing Behavior	.020 NS
	Perceived CSR Employee Support * CSR Credibility → Purchasing Behavior	.006 NS
	Perceived CSR Environment * CSR Credibility → Purchasing Behavior	.005 NS
	Perceived CSR Non-domestic Operations/Sourcing * CSR Credibility → Purchasing Behavior	.077 NS
	Perceived CSR Product/Assortment * CSR Credibility → Purchasing Behavior	.078 NS
H5a	Perceived CSR Community Support * CSR Orientation → Loyalty	.127*
	Perceived CSR Diversity * CSR Orientation → Loyalty	.058 NS
	Perceived CSR Employee Support * CSR Orientation → Loyalty	.151*
	Perceived CSR Environment * CSR Orientation → Loyalty	.065 NS
	Perceived CSR Non-domestic Operations/Sourcing * CSR Orientation → Loyalty	.027 NS
	Perceived CSR Product/Assortment * CSR Orientation → Loyalty	.157*
H5b	Perceived CSR Community Support * CSR Orientation → Purchasing Behavior	.007 NS
	Perceived CSR Diversity * CSR Orientation → Purchasing Behavior	..381**
	Perceived CSR Employee Support * CSR Orientation → Purchasing Behavior	.480**
	Perceived CSR Environment * CSR Orientation → Purchasing Behavior	.155**
	Perceived CSR Non-domestic Operations/Sourcing * CSR Orientation → Purchasing Behavior	.502**
	Perceived CSR Product/Assortment * CSR Orientation → Purchasing Behavior	.507**
	CSR Orientation → Loyalty	.027 NS
	CSR Orientation → Purchasing Behavior	.223**
	Loyalty → Purchasing Behavior	.206**
	Loyalty: r² = .487; Q² = .257	
	Purchasing Behavior: r² = .225; Q² = .111	

Significance of t-values (Bootstrapping procedure, n = 540; 2,000 samples): ** $p < .01$, * $p < .05$, NS not significant.

Table 1. CSR and consumer behavior: Results of partial least squares

Interestingly, the impact that perceived retailer attributes yields on purchasing behavior seems to be of less importance than the effect of CSR activities. This can – in part – be due to the fact that we measured retailer attributes as a "summary construct" by including six different dimensions of retailer attributes which probably led to compensatory effects. On the other hand, the impact of perceived retailer attributes on loyalty is much more important than the direct impact on purchasing behavior. This can be an indication that consumers' rely more on retailer (or store) attributes to elaborate on future purchasing intentions which, then, indirectly affects their purchasing intensity. All in all, we generally find support for hypothesis 2.

Considering the impact of CSR credibility, hypothesis 3 also is confirmed. Credibility of retailers' activities, thus, is important and directly influences consumers' loyalty and purchasing behavior at the retailer. This direct effect seems to be more important than the moderating effect which was supposed in hypothesis 4. We only find weak support for moderation of the relationship between perceived CSR and loyalty (H4a) with four out of six interactions being significant on the .05-level. As the relationship between perceived CSR and purchasing behavior is not moderated by CSR credibility, interestingly, H4b has to be rejected.

In hypothesis 5, we postulated that consumers' CSR orientation should be important as a moderator of the relationships between perceived CSR and loyalty (H5a) and purchasing behavior (H5b). While there is only weak support for H5a, we find high and significant moderating effects of consumers' CSR orientation on the relationship between perceived CSR and purchasing behavior and can confirm H5b.

Our results indicate that, generally, retailers' CSR activities seem to be more important in terms of direct effects on purchasing behavior while influences on attitudinal dimensions such as loyalty are less impacted directly by perceived CSR. Also, consumers' CSR orientation seems to be much more important as an influence factor on purchasing behavior while – interestingly – there is no effect on loyalty.

CONCLUSION, IMPLICATIONS AND LIMITATIONS

With our study we contribute to the knowledge on the impact of CSR in the retailing industry on consumer behavior, which has only seldom been addressed in previous research and to the best of our knowledge has not been analyzed in such a comprehensive manner, covering all six domains of CSR activities. Our study on CSR's impact on consumers' purchasing behavior is in line with the research that generally suggests that the influence on companies' market performance is positive in terms of affecting customer loyalty and purchasing behavior. We could reconfirm this for the retailing industry.

Even though we showed in this study that CSR is more important as a direct factor of influence on consumers' purchasing behavior while customer loyalty is less affected, all in all, the positive impact on consumer behavior is affirmed. On the other hand, our results show that perceived retailer attributes are more important for consumers' loyalty intentions while retailers' CSR activities are more important in terms of their impact on purchasing behavior. This can be an indication that CSR activities – while they with no doubt are of high importance for consumer behavior – have

a more short-term effect on consumer behavior and thus, are less "sustainable" and have to be kept "up to date" by the retailers to retain the impact on consumers' purchasing behavior.

Generally, our study of CSR's impact on consumer behavior also reveals that consumers do not seem to be fully aware of all facets and all CSR activities companies are engaged in. This is reflected in the mean values of the CSR perception scales. Additionally, not all domains of CSR are of equal importance. Most important seem to be (non-) domestic sourcing (e.g. not selling products that originate from manufacturers that violate human rights), employee support and product and assortment aspects (e.g. product safety issues).

The results indicate that (permanent) communication of CSR activities, highlighting the most important CSR domains, both at the point of sale and in general marketing communications is important to keep consumers informed about the companies' activities. Our study reveals that while retailers engage highly in communicating their CSR activities, these CSR activities, however, in some cases are not perceived by the consumers. Also, our study indicates that CSR communication activities are of high importance for company success with the results from our survey accentuating that honesty, sincerity and credibility of communication activities are of key importance.

As with all research, our study is constrained by certain limitations, thus implying areas for further research. The limitations mainly refer to the focus of our analysis on the impact of positive CSR activities on company performance and consumer behavior. Even though in the society, usually negative aspects of retailers' behavior are discussed in public and favorable behavior is less present in the media and negative behavior of companies which violates social norms is believed to exert higher influence on consumer behavior (e.g. Yoon, Gürhan-Canli, and Schwarz 2006), we did not include aspects of violation of social norms in our study. Also, we only included a limited set of retailer attributes in our study and only analyzed them in summary. We therefore could not derive detailed information on trade-offs between perceived CSR activities and specific retail marketing mix instruments such as price or convenience in terms of their influence on consumer behavior. This clearly indicates an area for future research.

Also, other factors of influence such as situational variables, additional personal characteristics, etc. should be analyzed. This is important because especially in the area of CSR, specific incidents such as the violation of employee rights or food scandals are believed to exert high (situational) influences on consumer behavior, sometimes showing long-term after-effects. Other limitations relate to the fact that we conducted our empirical study across retail sectors and did not analyze differences between these sectors in detail (mainly because of the limited sample size). Future research also should analyze if our results are of general relevance and what differences exist relating to the specific categories in the consumer goods industry. A possible limitation of our study also could result from the retail context (retailing in Germany) in which our study was conducted. Thus, in future research, the relationships should be tested in other countries.

LITERATURE

Aaker, David A. (1996). "Measuring brand equity across products and markets," *California Management Review*, 38 (2): 102-120.

Barone, Michael J., Anthony D. Miyazaki and Kimberly A. Taylor (2000). "The Influence of Cause-Related Marketing on Consumer Choice: Does One Good Turn Deserve Another?," *Journal of the Academy of Marketing Science*, 28 (2): 248-262.

Barone, Michael J., Andrew T. Norman and Anthony D. Miyazaki (2007). "Consumer response to retailer use of cause-related marketing: Is more fit better?," *Journal of Retailing*, 83 (4): 437-445.

Becker-Olsen, Karen L., B. A. Cudmore and Ronald P. Hill (2006). "The impact of perceived corporate social responsibility on consumer behavior," *Journal of Business Research*, 59 (1): 46-53.

Berry, Leonard L., Kathleen Seiders and Dhruv Grewal (2002). "Understanding Service Covenience," *Journal of Marketing*, 66 (3): 1-17.

Bhattacharya, C. B. and Sankar Sen (2004). "Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives," *California Management Review*, 47 (1): 9-24.

Bitner, Mary J. (1990). "Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses," *Journal of Marketing*, 54 (2): 69-82.

Bollen, Kenneth A. (1989). *Structural Equations with Latent Variables*. New York: John Wiley & Sons.

Brown, Tom J. and Peter A. Dacin (1997). "The Company and the Product: Corporate Associations and Consumer Product Responses," *Journal of Marketing*, 61 (1): 68-84.

Brown, Tom J., Peter A. Dacin, Michael G. Pratt and David A. Whetten (2006). "Identity, Intended Image, Construed Image, and Reputation: An Interdisciplinary Framework and Suggested Terminology," *Journal of the Academy of Marketing Science*, 34 (2): 99-106.

Carroll, Archie B. (1979). "A Three-Dimensional Conceptual Model of Corporate Performance," *Academy of Management Review*, 4 (4): 497-505.

Carroll, Archie B. (1991). "The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders," *Business Horizons*, 34 (4): 39-48.

Childers, Terry L., Chresrwher L. Carr, Joann Peck and Stephen Carson (2001). "Hedonic and utilitarian motivations for online retail shopping behavior," *Journal of Retailing*, 77 (4): 421-423.

Chin, Wynne W. (1998), "The Partial Least Squares Approach to Structural Equation Modelling," Pp 295-336 in *Modern Methods for Business Research*. G. A. Marcoulides (ed). Mahwah, NJ: Lawrence Erlbaum Associates.

Chin, Wynne W., Barbara L. Marcolin and Peter R. Newsted (2003). "A Partial Least Squares Latent Variable Modeling Approach for Measuring Interaction Effects: Results from a Monte Carlo Simulation Study and an Electronic-Mail Emotion/Adoption Study," *Information Systems Research*, 14 (2): 189-217.

Churchill, G. A. Jr. (1995). *Marketing research: Methodological foundations.* Chicago: The Dryden Press.

Creyer, Elizabeth H. and Jr Ross (1997). "The influence of firm behavior on purchase intention: do consumers really care about business ethics?," *Journal of Consumer Marketing*, 14 (6): 419-432.

Dabholkar, Pratibha A., C. D. Shepherd and Dayle I. Thorpe (2000). "A comprehensive framework for service quality: an investigation of critical conceptual and measurement issues through a longitudinal study," *Journal of Retailing*, 76 (2): 139-173.

David, Prabu, Susan Kline and Dai Yang (2005). "Corporate Social Responsibility Practices, Corporate Identity, and Purchase Intention: A Dual-Process Model," *Journal of Public Relations Research*, 17 (3): 291-313.

de los Salmones, Ma d. M. G., Angel H. Crespo and Ignacio R. del Bosque (2005). "Influence of Corporate Social Responsibility on Loyalty and Valuation of Services," *Journal of Business Ethics*, 61 (4): 369-385.

Diamantopoulos, Adamantios and Heidi M. Winklhofer (2001). "Index Construction with Formative Indicators: An Alternative to Scale Development," *Journal of Marketing Research*, 38 (2): 269-277.

Dodd, E. M. (1932). "For whom are corporate managers trustees?," *Harvard Law Review*, 45 (7): 1145-1163.

Ellen, Pam S., Lois A. Mohr and Deborah J. Webb (2000). "Charitable Programs and the Retailer: Do They Mix?," *Journal of Retailing*, 76 (3): 393-406.

Ellen, Pam S., Deborah J. Webb and Lois A. Mohr (2006). "Building Corporate Associations: Consumer Attributions for Corporate Socially Responsible Programs," *Journal of the Academy of Marketing Science*, 34 (2): 147-157.

Folkes, Valerie S. and Michael A. Kamins (1999). "Effects of Information About Firms' Ethical and Unethical Actions on Consumers' Attitudes," *Journal of Consumer Psychology*, 8 (3): 243-259.

Fornell, Claes and Jaesung Cha (1994), "Partial Least Squares," Pp 52-78 in *Advanced Methods of Marketing Research*. Richard P. Bagozzi (ed). Cambridge, MA: Blackwell Publishers.

Fornell, Claes and David F. Larcker (1981). "Evaluating structural equation models with unobservable variables and measurement error," *Journal of Marketing Research*, 18 (1): 39-50.

Handelman, Jay M. and Stephen J. Arnold (1999). "The Role of Marketing Actions with a Social Dimension: Appeals to the Institutional Environment," *Journal of Marketing*, 63 (3): 33-48.

Hildebrandt, Lutz (1988). "Store Image and the Prediction of Performance in Retailing," *Journal of Business Research*, 17 (1): 91-100.

Jarvis, Cheryl B., Scott B. Mackenzie and Philip M. Podsakoff (2003). "A Critical Review of Construct Indicators and Measurement Model Misspecification in Marketing and Consumer Research," *Journal of Consumer Research*, 30 (2): 199-218.

Lichtenstein, Donald R., Minette E. Drumwright and Bridgette M. Braig (2004). "The Effect of Corporate Social Responsibility on Customer Donations to Corporate-Supported Nonprofits," *Journal of Marketing*, 68 (4): 16-32.

Lindquist, Jay D. (1974). "Meaning of Image," *Journal of Retailing*, 50 (4): 29-38.

Luo, Xueming and C. B. Bhattacharya (2006). "Corporate Social Responsibility, Customer Satisfaction, and Market Value," *Journal of Marketing*, 70 (4): 1-18.

Maignan, Isabelle and O. C. Ferrell (2004). "Corporate Social Responsibility and Marketing: An Integrative Framework," *Journal of the Academy of Marketing Science*, 32 (1): 3-19.

Maignan, Isabelle, O. C. Ferrell and Linda Ferrell (2005). "A stakeholder model for implementing social responsibility in marketing," *European Journal of Marketing*, 39 (9/10): 956-977.

Malhotra, Naresh K. (1983). "A Threshold Model of Store Choice," *Journal of Retailing*, 59 (2): 3-21.

Margolis, Joshua D. and James P. Walsh (2003). "Misery Loves Companies: Rethinking Social Initiatives by Business," *Administrative Science Quarterly*, 48 (2): 268-305.

Martineau, Pierre (1958). "The Personality of the Retail Store," *Harvard Business Review*, 36 (1): 47-55.

Mazursky, David and Jacob Jacoby (1986). "Exploring the Development of Store Images," *Journal of Retailing*, 62 (2): 145-165.

Merrilees, Bill, Brent McKenzie and Dale Miller (2007). "Culture and Marketing Strategy in Discount Retailing," *Journal of Business Research*, 60 (3): 215-221.

Mitchell, V.-W. (2001). "Re-conzeptualizing consumer store image processing using perceived risk," *Journal of Business Research*, 54 (2): 167-172.

Mohr, Lois A. and Deborah J. Webb (2005). "The Effects of Corporate Social Responsibility and Price on Consumer Responses," *Journal of Consumer Affairs*, 39 (1): 121-147.

Mohr, Lois A., Deborah J. Webb and Katherine E. Harris (2001). "Do Consumers Expect Companies to be Socially Responsible? The Impact of Corporate Social Responsibility on Buying Behavior," *Journal of Consumer Affairs*, 35 (1): 45.

Murray, Keith B. and Christine M. Vogel (1997). "Using a Hierarchy-of-Effects Approach to Gauge the Effectiveness of Corporate Social Responsibility to Generate Goodwill Toward the Firm: Financial versus Nonfinancial Impacts," *Journal of Business Research*, 38 (2): 141-159.

Newell, Stephen J. and Ronald E. Goldsmith (2001). "The development of a scale to measure perceived corporate credibility," *Journal of Business Research*, 52 (3): 235-247.

Orlitzky, Marc, Frank L. Schmidt and Sara L. Rynes (2003). "Corporate Social and Financial Performance: A Meta-analysis," *Organization Studies*, 24 (3): 403-441.

Osman, M. Z. (1993). "A conceptual model of retail image influences on loyalty patronage behavior," *International Review of Retail, Distribution & Consumer Research*, 3 (2): 133-148.

Pan, Yue and George M. Zinkhan (2006). "Determinants of Retail Patronage: A Meta-Analytical Perspective," *Journal of Retailing*, 82 (3): 229-243.

Sen, Sankar and C. B. Bhattacharya (2001). "Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility," *Journal of Marketing Research (JMR)*, 38 (2): 225-243.

Sheth, Jagdish N. (1983), "An integrative theory of patronage preference and behaviour," Pp 9-28 in *Patronage behaviour and retail management*. William Darden and Robert Lusch (eds). New York u. a.: North-Holland.

Simmons, Carolyn J. and Karen L. Becker-Olsen (2006). "Achieving Marketing Objectives Through Social Sponsorships," *Journal of Marketing*, 70 (4): 154-169.

Smith, N. C. (2003). "Corporate Social Responsibility: Whether or How?," *California Management Review*, 45 (4): 52-76.

Steenkamp, Jan-Benedict E. M. and Michel Wedel (1991). "Segmenting Retail Markets on Store Image Using a Consumer-Based Methodology," *Journal of Retailing*, 67 (3): 300-320.

Swanson, Diane L. (1999). "Toward an Integrative Theory of Business and Society: A Research Strategy for Corporate Social Performance," *Academy of Management Review*, 24 (3): 506-521.

Wagner, Tillmann, Pelin Bicen and Zachary R. Hall (2008). "The dark side of retailing: towards a scale of corporate social irresponsibility," *International Journal of Retail & Distribution Management*, 36 (2): 124-142.

Webb, Deborah J. and Lois A. Mohr (1998). "A Typology of Consumer Responses to Cause-Related Marketing: From Skeptics to Socially Concerned," *Journal of Public Policy & Marketing*, 17 (2): 226-238.

Webb, Deborah J., Lois A. Mohr and Katherine E. Harris (2008). "A re-examination of socially responsible consumption and its measurement," *Journal of Business Research*, 61 (2): 91-98.

Westbrook, R. A. and W. C. Black (1985). "A motivation-based shopper typology," *Journal of Retailing*, 61 (1): 78-103.

Wilson, Marianne (2008). "Green for Retail," *Chain Store Age*, 84 (4): 12.

Wood, Donna J. (1991). "Corporate social performance revisited," *Academy of Management Review*, 16 (4): 691-718.

Woodside, Arch G., Lisa L. Frey and Robert T. Daly (1989). "Linking service quality, customer satisfaction, and behavioural intention," *Journal of Health Care Marketing*, 9 (4): 5-17.

Wu, Meng-Ling (2006). "Corporate Social Performance, Corporate Financial Performance, and Firm Size: A Meta-Analysis," *Journal of American Academy of Business, Cambridge*, 8 (1): 163-171.

Yoon, Yeosun, Zeynep Gürhan-Canli and Norbert Schwarz (2006). "The Effect of Corporate Social Responsibility (CSR) Activities on Companies With Bad Reputations," *Journal of Consumer Psychology*, 16 (4): 377-390.

Zeithaml, Valarie A., Leonard L. Berry and A. Parasuraman (1996). "The behavioral consequences of service quality," *Journal of Marketing*, 60 (2): 31-46.

MEASURES

A. Measures of Perceived CSR Activities (anchors: 1 = not at all; 5 = very high)	C. Measures of CSR Credibility (anchors: 1 = do not agree at all; 5 = totally agree)
According to your own perception, to what extent is Company X involved in the following activities?	Company X's claims about its ethical, social, and environmental initiatives are truthful and believable.
… sponsorship of local sports or cultural events	I am convinced that Company X keeps its promises about its ethical, social, and environmental activities.
… patronizing of local initiatives such as schools, vocational training or learning initiatives	
… integration of mature-aged people as their employees	**D. Measures of Consumers' CSR Orientation** (anchors: 1 = do not agree at all; 5 = totally agree)
… diversity and equal opportunities for their employees (e.g. in terms of gender, disabilities, sexual orientation)	I recycle my domestic waste.
… many advanced training opportunities for their employees	I limit my use of energy such as electricity or natural gas to reduce my impact on the environment.
… fringe benefits that clearly exceed the minimum requirements (e.g. occupational pension schemes)	I make an effort to buy from companies that sponsor local sports, schools or cultural events.
… support of humanitarian projects in developing countries (e.g. poverty reduction, child labor protection)	I make an effort to buy from companies that are known as fair employers.
… reduction of secondary packaging of their merchandise to minimize avoidable waste	I make an effort to buy from companies that care about environmental issues (e.g. recycling, environmental packaging, energy saving).
… offer of re-usable bags (e.g. paper or cloth bags) instead of plastic bags in their stores	I make an effort to buy from companies that help the needy (e.g. poverty reduction).
… environmentally-friendly transports (e.g. means of transport, packaging)	I avoid using the car whenever possible.
… sourcing from local suppliers to reduce transport-related carbon dioxide emissions.	I avoid buying products made using child labor.
… usage of alternative/renewable energy sources to run their stores	I avoid buying products that were produced using environmentally hazardous substances.
… guarantee of product safety .	I make an effort to buy products with a favorable carbon footprint (e.g. no long-distance transports, no air transport).
… warranty of working conditions when choosing their suppliers (e.g. no child labor, no sweat shops)	
… environmentally-friendly production of their merchandise	**E. Measures of Loyalty** (anchors: 1 = do not agree at all; 5 = totally agree)
	I would recommend to relatives and friends to buy at Company X.
B. Measures of Perceived Retailer Attributes (anchors: 1 = do not agree at all; 5 = totally agree)	I am very committed to Company X.
Company X…	I am willing to pay a higher price for shopping at Company X than for shopping at other stores.
… provides good value for money.	
… offers a very good selection of merchandise.	**F. Measures of Purchasing Behavior**
… allows for efficient and quick shopping.	How frequently do you shop at Company X? (anchors: 1 = very rarely; 5 = very often)
… has an attractive in-store design.	
… offers good overall services (e.g. payment options, guarantees, return policy).	How frequently will you shop at Company X in the next years? (anchors: 1 = significantly less often; 5 = significantly more often)
Stores of Company X are conveniently located and easy to reach.	

APPENDIX

SAMPLE CHARACTERISTICS

Age	
20 years and younger	5,6 %
20 - 40	50,0 %
40 - 60	34,6 %
60 – 80	9,4 %
80 and older	0,4 %
Gender	
Female	50,2 %
Male	48,8 %