

Old habit is strong: consumer responses to CSR, country-of-origin, and production process and the moderating effect of habituation

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Abstract:

In recent years, corporate social responsibility (CSR) has become more and more important among consumers, both in developed and emerging markets. But whether CSR plays a requisite role in purchasing decision process of consumers is still not very clear. And even when CSR matters to consumers, they may not always behave as what they think or say, creating the exaggeration of their responses which in turn generates the overreaction of firms. This study therefore aims to better understand the responses of consumers to firm involvement in CSR, compared to two other factors usually studied including firm country-of-origin, and its production process. We particularly examine the role of consumption habituation and of perceived product quality. Through a scenario-based experiment in food sector, we found that CSR has a real impact on consumers' evaluations of firm and products, whereas surprisingly, country-of-origin and production process turned out to have no significant impact. Furthermore, habituation of drinking coffee moderates the relationship between perceived firm involvement in CSR and purchase intention. Those who are more attached to current habits of consumption (e.g., coffee) would have less intention to purchase a new brand. This explains why some consumers initially appreciate responsible firms but will not necessarily buy their products. Besides, perceived product quality plays a mediating role between firm involvement in CSR and the outcomes (i.e., attitude towards the firm, purchase and recommendation intentions). With this study, we hope to bring a broader understanding of how consumers react towards firm CSR in the context of Vietnam, an emerging market in East Asia.

Keywords: *corporate social responsibility, country of origin, production process, food sector, consumption habituation, perceived product quality, emerging country, scenario-based experiment*

Introduction and Objectives

CSR, like beauty, lies in the eye of the beholder. The saying is ancient but the idea is still thought-provoking when referring to the actual quest of firms for Corporate Social Responsibility (CSR) and the consumers' perception of it. Extant research shows that up-to-now, we still know little about the way consumers react to CSR. Even when consumers regard CSR as an important issue, the extent that CSR influence them may vary in different cultures and different product categories (Auger and Devinney 2007, Bianchi et al. 2019). This study therefore seeks to understand how CSR affects consumers' perceptions and how they respond to it (brand attitudes and behavioral intentions) in the context of an emerging country (Vietnam). Specifically, this research examines: (1) the impacts of firm involvement in CSR, production process, and country-of-origin on the attitudes towards the firms and behavioral intentions of consumers; (2) the role of perceived product quality and (3) the role of habituation on the relationship between firm involvement in CSR and the final outcomes. A scenario-based experiment with coffee product was conducted in Vietnam to study these effects. After having exposed the conceptual framework and hypotheses, we successively present the methodology, the results, and in conclusion, the contributions, limits and avenues for further research.

Conceptual Framework

Firm involvement in CSR and how consumers perceive it. Engaging in socially responsible activities, firms may expect that their CSR efforts can convey some positive messages to their audiences about their goodwill. However, CSR initiatives may or may not result in the outcomes as what the firms expect (Kollmuss and Agyeman 2002). What consumers perceive about CSR efforts of firms is not necessarily exact as what the firms want to transfer through their activities. In other words, the favorable responses of consumers (favorable attitude, purchase intention,...) that the firms would like to achieve probably depends on how their consumers perceive these activities (Bianchi et al. 2019). Besides, even when consumers appreciate CSR, the influence of CSR is also variable across different contexts (Auger and Devinney 2007). Consumers in one particular culture may consider some firms involving in CSR as having already fulfilled its responsibilities towards society. Meanwhile, the similar CSR activities applied in another part of the planet may be considered not sufficient, and consumers there may expect more from firms. For example, a comparison study conducted with young generation (16-24 years old) revealed that the CSR initiatives of firms were perceived more favorable in the US than in South Korea (Kim and Choi 2013). This leads to the following hypothesis:

H1: When high (vs. low), firm involvement in CSR positively impacts perceived product quality and consumers' responses towards the firm.

Country of origin. Consumers usually considered country-of-origin as an extrinsic cue for their evaluations when encountering a certain product. Cognitively, there is a bridging belief that the country where the product originated and the properties of the product itself share the same characteristics (Verlegh and Steenkamp 1999). With attention to the evaluation of products, previous studies have revealed that East Asian consumers lean more to foreign brands which are associated with higher quality control, for example in China (Wang and Chen 2004) or in Vietnam (Lee and Nguyen 2017). In turn, the perceived product quality is translated into further behavioral intentions or attitude towards the firm. As such, we proposed:

H2: When foreign (vs. domestic), firm origin positively impacts perceived product quality and consumers' responses towards the firm.

Production process. The manufacturing process may influence the way people perceive the quality of product. On the one hand, consumers may prefer industrial-made products because they associate them with quality control process (Dubé et al. 2016). On the other hand, in some

product categories like food and beverage, consumers prefer artisanal-made products (e.g., beer (Aquilani et al. 2015) or cheese (Kupiec and Revell 1998) more than industrial ones. In fact, a brand labelled as ‘artisanal’ may be required to meet plenty of criteria (e.g. the craft fabrication for some phases; the small size of production) as guidelines by Belgian authorities (SPF Economie, 2017). Therefore in food sector, the latter way of production was perceived to be able to keep the authentic values of food thanks to the manual process (Rivaroli et al. 2020) as well as to preserve the traditions associated with the type of product (Dézécot and Fleck 2021, Autio et al. 2013). Thus, the resulting hypothesis is:

H3: When artisanal (vs. industrial), firm’s production process positively impacts perceived product quality and consumers’ responses towards the firm.

Role of consumption habituation. Since current habits are automated and easier to carry on, people may hesitate to change for the adoption of new behaviors, especially if the endorsement of the new behavior makes them uncomfortable (Murtagh et al. 2015, White et al. 2019). With this in mind, when put into a dilemma of long-term and short-term benefits, a person may find much more comfortable to maintain his/her current habits (e.g. the habit of purchasing because of convenience and/or in a closer proximity; consuming some certain favourite products) rather than to change, even though he/she perceives CSR as something significant. Therefore, as consumer’s current habit is strong, it may diminish the intention of new behavior (e.g. adopt new product) (Nilsen et al., 2012). In other words, the more consumers attach to their ongoing habit of consumption, the less they might intent to consume the new type of product. Thus,

H4: Habituation moderates negatively the relationship between firm involvement in CSR and consumers’ responses towards the firm.

Role of perceived product quality. Consumers normally evaluate products or firms based on what they encounter (Rao and Monroe 1988, Bodur et al. 2016). Based on these evaluations, they form preferences towards products before continuing with further decisions (e.g. attitude and behavioral intentions) (Zeithaml et al. 1996, Wang et al. 2012). Furthermore, it is apparent that those who appreciate socially responsible firms will have these values belongs to their identity and anchored in their minds, guiding them for the modifications of their behaviors, which is consistent to the mechanism of embodied cognition (White et al. 2019, Currás-Pérez et al. 2009). This explains why responsible products appear to be more outstanding in the eyes of some consumers than others (Berger and Heath 2007).

Consumers’ attitudes towards firms can be influenced by their system of values and evaluations (Lichtenstein et al. 2004). That is to say, a firm’s CSR initiatives would impact on consumers’ evaluations of that firm and the attitude afterwards. Besides, the purchase and recommendation intentions are also two related facets worthy to study as outcome variables. While purchase intention is associated with the likelihood to spend money for oneself, recommendation intention is associated with the likelihood to tell others. However, extant researches have argued that saying good is easier than doing good (Auger and Devinney 2007, Boulstridge and Carrigan 2000, Carrigan and Attalla 2001), especially in sustainable consumption area (Jin and Su 2009).

As such, we introduce the hypotheses as follows:

H5: Perceived product quality plays a mediating role between firm involvement in CSR and consumers’ responses towards the firm.

Methodology

We designed a 2 (CSR involvement: high vs. low) x 2 (firm origin: domestic vs. foreign) x 2 (production process: artisanal vs. industrial) scenario-based experiment. Thus, we examined the

effects of the three manipulated variables on consumers' responses towards the firm, measured through attitude towards the firm (Lii and Lee 2012), purchase and recommendation intentions (Zeithaml et al. 1996, Putrevu and Lord 1994, Coyle and Thorson 2001). The other measured variables included perceived firm involvement in CSR (Currás-Pérez et al. 2009), perceived product quality (Habel et al. 2016), and habituation of drinking coffee (Verplanken and Orbell 2003). The experiment was conducted in Vietnam. Recruited online, participants with various ages and professions were randomly assigned to one scenario (among eight) depicting a fictive firm engaging in CSR and launching a new product of ground coffee. 623 respondents (allocated among the 8 conditions) answered to the questionnaire.

Findings & Discussions

Reliability and validity of measurements were checked. All Cronbach's alphas were satisfactory, ranging from .75 to .94, over the threshold of .70.

Manipulation check. Independent samples *t*-test was conducted on SPSS for each manipulated variable. The results of *t*-test on firm involvement in CSR show that the two conditions are significantly different ($M_{\text{low-CSR}} = 4.92$, $M_{\text{high-CSR}} = 5.52$, $t(594) = -5.14$, $p < .001$). The two conditions are also perceived differently for firm origin ($M_{\text{domestic}} = 3.55$, $M_{\text{foreign}} = 5.20$, $t(480) = -8.72$, $p < .001$) as well as for production process ($M_{\text{craft-made}} = 3.31$, $M_{\text{industrial-made}} = 5.86$, $t(532) = -16.68$, $p < .001$). The results of manipulation checks suggest that all three stimuli are successfully manipulated.

Main effects of stimuli. We conducted multivariate analysis of variance (MANOVA) with firm involvement in CSR, firm origin, and production process as independent variables; perceived product quality, consumer attitude toward the firm, purchase intention, and recommendation intention as dependent variables. The results reveal the effects of firm's CSR on perceived product quality, consumer attitude toward the firm, purchase and recommendation intentions are all significant, supporting our previous hypotheses. On average, higher engagement of firms in CSR results in higher consumers' evaluation of product quality ($M_{\text{low-CSR}} = 5.14$; $M_{\text{high-CSR}} = 5.58$; $F = 23.66$; $p < .001$). The results also reveal that participants who are exposed to high-CSR scenarios result in higher attitude score towards the firm than those exposed to low-CSR scenarios ($M_{\text{low-CSR}} = 5.36$; $M_{\text{high-CSR}} = 6.00$; $F = 46.56$; $p < .001$). Also, they report higher purchase intention ($M_{\text{low-CSR}} = 4.36$; $M_{\text{high-CSR}} = 4.96$; $F = 27.87$; $p < .001$) and higher recommendation intention ($M_{\text{low-CSR}} = 6.62$; $M_{\text{high-CSR}} = 7.62$; $F = 29.43$; $p < .001$) comparing to those given scenarios with low CSR involvement of firm. However, no evidence of the main effect of firm origin and production process is found on product quality, consumer attitude, purchase and recommendation intentions (all $p > .10$).

The mediating role of product quality. The test of mediation with Hayes' s (2021) process macro v3.5.2 in SPSS (model 4) reveals that perceived product quality mediated the effect of firm involvement in CSR on consumer attitude, purchase and recommendation intentions. Specifically, the effect of firm involvement in CSR on perceived product quality is large (coeff. = .448, $p < .001$). Besides, the indirect effects of perceived product quality on consumer attitude, purchase and recommendation intentions are all significant (the percentile bootstrap confidence interval does not include zero) and are considerable with the coefficient values of .361, .369, .582 ($p < .001$) respectively.

In the experiment, we give no information of technical quality control which usually serve as the basis for actual quality of products. Participants are merely exposed to the scenarios related to how the firm engaged in CSR. It is interesting that the cue of CSR can induce some sort of evaluations related to product quality. In turn, the positively perceived product quality resulted

in positive intentions of purchasing and recommending the product, as well as a more favorable attitude toward the firm.

The moderating role of habituation. Through moderating model using Hayes' s (2021) process macro v3.5.2 (model 1), we found no evidence of the moderating role of habituation on the impact of firm involvement in CSR on consumer attitude and behavioral intentions (all $p > .10$). Alternatively, we replicate the analysis with perceived CSR as independent variable. With purchase intention as dependent variable, the interaction effect of habituation and perceived CSR is statistically significant (coeff. = $-.080$; $p = .001$). The sign of coefficient represents the negative effect of the interaction between perceived CSR and habituation on purchase intention. The result supports our prediction that among consumers at the same degree of perceived CSR, those who have higher degree of habituation would result in lower intention of purchase for the new coffee product. However, the moderating effect of habituation is not statistically significant with consumer attitude and recommendation intention as dependent variables.

The analysis results show that higher firm involvement in CSR results in highly perceived CSR, and in turn, leads to a more positive attitude toward that firm as well as a higher degree of behavioral intentions (i.e., purchase and recommendation). However, when the habit of drinking coffee takes position (i.e., stronger habit), it probably reduces the impact of perceived CSR on the outcomes, but not all of them. The influence of perceived CSR among consumers on their attitudes toward firm and their intention of recommendation are not under moderating effect of habituation. Interestingly however, when dealing with more engaged intention (i.e., buying new product), comparing to consumers who have lower degree of coffee drinking habit, those who have higher degree of coffee drinking habit reveal the lower intention of purchase for the newly launched coffee. It is noticeable that previously they did appreciate firm commitment in CSR but this is not reflected in their intentions afterwards. The purchase intention created because of good image toward firms' CSR efforts is probably diminished due to the attachment toward their current habit of drinking coffee. This explains why some consumers initially appreciate responsible firms but will not buy their products eventually.

Conclusion: Contributions, Limitations, and Further Research

This research, through a scenario-based experiment in food sector in which the firm engagement in CSR is presented to consumers, shows that perceived product quality plays a mediating role in translating CSR to consumer attitudes and behavioral intentions toward the firm and its products. Despite having successfully manipulated all three variables (firm involvement in CSR, firm origin, and production process), we obtain no statistical differences between experiment groups for the two manipulated factors: firm origin and production process. Contradictory to extant literature that noted the impacts of country-of-origin (Bilkey and Nes 1982, Elliott and Cameron 1994, Verlegh and Steenkamp 1999) and production process (Dubé et al. 2016, Rivaroli et al. 2020) on consumer evaluations of product quality, our experiment does not detect any evidence for the impact of these two factors, at least for the coffee tested in the experiment. As such, the implication for other product types should be made under consideration while taking into account consumers' habituation related to the product category.

Theoretically, this study contributes the empirical findings about how consumers in an emerging country react to CSR and how the factor of habituation can explain the variances in consumer responses. From a managerial point of view, we hope to bring practical recommendations for firms about how consumers evaluate CSR and transfer their perceptions into further behavioral intentions. Finally, some limitations of this study should be mentioned. The experiment is conducted in Vietnamese food sector, with a limited number of respondents. Thus, broader empirical studies on other sectors and in other countries are suggested to ensure the ability of generalizing our findings.

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