THREE ESSAYS ON THE EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON BRAND AND FIRM OUTCOMES

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THREE ESSAYS ON THE EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON FIRM AND BRAND OUTCOMES

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SUMMARY

In light of the myriad social and environmental challenges of the day, consumers expect companies to improve their business practices and address societal issues. In response, many companies are making corporate social responsibility (CSR) a strategic priority. Leveraging the potential of CSR requires that marketers develop a nuanced understanding of the relationship between CSR and relevant firm outcomes. My dissertation thus examines the impact of corporate social responsibility (CSR) and sustainability on marketing outcomes from three unique perspectives.

Essay 1 examines the differential effect of three types of CSR engagement, "corrective," "compensating," or "cultivating," on brand sales, using a multimethod approach. Results from the observational data analysis suggest that CSR engagement aimed at reducing a brand's negative impact ("corrective") produces the greatest sales increase, whereas purely philanthropic-type CSR efforts ("cultivating") can hurt sales. The experimental results show that conditional on brand reputation, consumer perceptions of brand sincerity mediate the relationship between CSR type and purchase intentions. This work offers a new framework for understanding consumer response to CSR and provides one of the first empirical studies of the causal effect of CSR on brand sales.

Essay 2 explores the role of the Chief Marketing Officer (CMO) in enhancing a firm's ability to generate positive returns from CSR. Drawing from work on stakeholder theory, I argue that the CMO can increase firm performance by helping to implement CSR activities that align with customer needs. Using psychology literature on negativity bias, I argue and find that the CMO has a positive impact on the CSR-firm performance

relationship by enhancing a firm's socially responsible behavior as well as reducing a firm's socially irresponsible behavior.

Essay 3 shows that CSR claims can increase consumer choice of a brand's socially responsible products by enhancing consumer perceptions of the brand's benefits to society and the environment. The findings suggest that CSR claims regarding activities within a brand's core business operations, "business process CSR claims," increase societal benefits, and lead to greater choice of socially responsible products, compared to CSR claims involving activities outside a brand's core business operations, "philanthropic CSR claims." I also show that the payoffs of societal benefits are contingent on the fit between the brand and the CSR activity for philanthropic CSR claims, and the centrality of CSR activity to the brand's products for business process CSR claims. Together, these findings demonstrate that in addition to functional, performance-related brand associations, brands elicit socially- or environmentally-focused brand associations, which can play an important role in consumer choice.

CHAPTER 1. INTRODUCTION

In recent years, consumer consciousness of environmental and social issues has grown, stimulating consumer interest in socially responsible firms, brands, and products. As a result, corporate social responsibility (CSR) has become important to firm strategy. Yet, there is often a mismatch between firms' CSR initiatives and positive firm outcomes. On the one hand, embedding CSR into a firm's marketing strategy can create favorable associations among the firm's stakeholders and enhance firm performance. On the other hand, a firm engaged in inadequate or inappropriate CSR initiatives may suffer negative consequences. Thus, pursuing CSR activities can be a complex undertaking, requiring meaningful yet appropriate engagement.

Research shows that CSR can affect firm performance due to its influence on key marketing outcomes, including consumer attitudes, purchase intent, willingness to pay, and loyalty. The findings from the CSR literature offer mixed results, with meta-analyses suggesting a weak positive overall effect of CSR on financial performance. One possible explanation for these varied effects is the conceptualization of CSR in the literature. In practice, CSR comprises various domains, can take on many different forms, and targets numerous stakeholder groups. Yet, much of the extant research has taken either a wide (CSR as a global construct) or narrow (one specific type of CSR) view when conceptualizing CSR.

I contend that accounting for the multidimensional nature of CSR can provide insight into critical boundary conditions associated with effective CSR. Thus, my dissertation comprises three essays, which show that parceling out the effects of different types of CSR offers a more nuanced understanding of the effect of CSR on firm outcomes.

Effects of Corporate Social Responsibility on Brand Sales

Essay 1 examines the effects of three different types of CSR on brand sales. This research introduces a new framework that distinguishes between three types of CSR activities: correcting for the negative impact of a brand's business operations, compensating for the negative impact of business operations without actually altering those operations, and cultivating consumer goodwill through activities unrelated to the negative impact of a brand's business operations. Results from the empirical analyses indicate that corrective CSR actions lead to an increase in sales while cultivating CSR activities lead to a sales decrease. Furthermore, lower reputation brands (versus higher reputation brands) experience a greater increase in brand sales for corrective and compensating CSR actions, while the impact of brand reputation is less pronounced for cultivating CSR actions. The laboratory experiments support these findings and provide evidence of perceived brand sincerity as the mechanism underlying the relationship between CSR and brand sales. The findings suggest that consumers are inclined to reward brands that change their business practices and sanction those participating in insincere public gestures.

Effects of Chief Marketing Officer on Corporate Social Responsibility

As customers become more concerned about environmental and social issues, CMOs can play a critical role in influencing their firms' CSR initiatives. In essay 2, I argue that the CMO's impact on CSR will translate into enhanced firm performance in two ways. First, the CMO can enhance CSR by increasing a firm's socially responsible behaviors. Second, the CMO can aid in reducing a firm's socially irresponsible behaviors. The analysis utilizes a novel dataset comprising over 300 firms over twelve years (2000-2011). Results reveal that CMOs help firms enhance social responsibility and reduce social irresponsibility, resulting in the payoffs to financial performance. My findings demonstrate how the CMO can contribute to a firm's bottom line, while also taking heed to customers' growing emphasis on environmental and social consciousness.

Effects of Corporate Social Responsibility on Consumer Choice

The customer-based brand equity framework suggests that brand-level actions can influence the strength, favorability, and uniqueness of brand associations, thereby affecting consumer response to the brand. The extant literature has examined the effect of these brand-level actions through the lens of brand benefits (i.e., consumers' perceptions of brand ability to meet their personal needs). In essay 3, I posit and show that CSR claims can increase consumer choice of a brand's socially responsible products by enhancing consumer perceptions of societal benefits (i.e., the brand's efforts in meeting societal needs). While CSR claims enhance societal benefits, this work shows that the positive effect of CSR claims on societal benefits does not invariably engender greater consumer choice. Whereas, on average, business process CSR claims have a positive indirect effect on consumer choice through societal benefits, philanthropic CSR claims do not. I also find that the effects of business process CSR claims vary by centrality, and the effects of philanthropic CSR claims vary by fit. These findings suggest that societal benefits are a dimension of customer-based brand equity that marketers must carefully manage.

In the chapters that follow, I explore the effect of CSR on firm and brand outcomes. In developing my theories, I consider multifaceted conceptualizations of CSR, which helps uncover new theoretical and managerial insights into the relationship between CSR and marketing outcomes.

CHAPTER 2. CORRECT, COMPENSATE, CULTIVATE: A FRAMEWORK OF FIRM RESPONSIBILITY AND CONSUMER RESPONSIVENESS TO CSR INITIATIVES

2.1 Introduction

Corporate social responsibility (CSR) is increasingly present in consumer consciousness. With a considerable and growing majority of consumers both seeking out and supporting brands that they perceive as contributing to the greater societal good, brands are highly incentivized to engage in some form of CSR (Hughes 2016; Cone Communications 2017). Beyond its own implicit merits, effective CSR can enhance corporate perception, differentiate products, and reduce the impact of public relations miscues (Chernev and Blair 2015; McWilliams and Siegel 2001; Kang, Germann, and Grewal 2016). All else equal, firms that show concern for social responsibility should be more likely to realize bottom-line rewards. Of course, while an immediate sales boost may not be the primary aim of CSR activities, aligning business and societal interests have obvious benefits. However, there is, as of yet, no clear evidence of a causal link between firms' CSR activities and actual consumer purchase decisions. One plausible reason for this is that consumers may respond differently to the various types of CSR efforts that firms undertake. This paper proposes a simple framework for categorizing firm initiated CSR efforts in a manner that effectively predicts consumer sales response.

CSR is broadly defined as discretionary business practices and contributions of corporate resources intended to improve societal well-being (Korschun, Bhattacharya, and Swain 2014). CSR thus spans a wide array of potential activities, including variations of philanthropic community support, environmental initiatives, diversity promotion, employee support, and product and supply chain considerations (Mishra and Modi 2016). Such complexity can understandably complicate both the study of and efficient managerial deployment of CSR initiatives. Researchers and managers alike have resorted to using either high-level summary measures of CSR (e.g., CSR reputation) or to seeking consumer feedback on very specific CSR initiatives without a great deal of overarching guidance.

For instance, hoping to understand what types of CSR activities consumers would prefer to see it engage in, the Coca-Cola Corporation very recently tested a variety of potential initiatives using a series of consumer focus groups.[1] These initiatives ranged from the social to the environmental, and from the purely philanthropic (women's economic empowerment) to the seemingly apologetic (helping address obesity). Of those tested, the one initiative that most directly addressed and preempted the firm's own potential negative social and environmental impact (reduced water consumption) was found to produce the most favorable consumer response. Whether this result was idiosyncratic to this particular situation or indicative of something more fundamental regarding consumer expectations of firm responsibility and duty is a crucial question for marketing managers and the motivating question behind this research.

While consumers are unlikely to hold all CSR activities in the same regard, they may prefer some aspects of CSR activities consistently. For instance, in a public survey about CSR (Cone Communications 2017), a vast majority of respondents preferred for firms to adopt business operations aimed at minimizing societal and environmental harm. Consumers thus seem to invoke the notion of responsibility in evaluating CSR activities,

[1] https://www.coca-colacompany.com/stories/stakeholder-engagement, retrieved May 22, 2019.

preferring to see a firm's harm preempted over other CSR efforts where the firm's prioritization of these issues may be less evident. The degree to which a brand's CSR efforts address any perceived negative externalities (i.e., harmful effects on society and the environment) from its business operations may be a key consideration in consumer response (Heal 2005).

Building on this reasoning, I distinguish between three types of CSR engagement: correcting for the potential negative societal or environmental impact of a brand's business operations, compensating for the negative impact of a brand's business operations without making changes to those operations, and cultivating consumer goodwill through prosocial acts that are unrelated to any negative impact of a brand's business operations. I propose and demonstrate that this conceptualization captures important and fundamentally distinct CSR-related concerns and expectations among consumers. Using this framework, I provide one of the first examinations of the effect of CSR on actual consumer response by examining its immediate-term causal impact on brand sales. My typology thus offers a readily interpretable comparative assessment of the sales performance consequences of CSR and allows me to comment on the underlying mechanism governing the effect.

A related body of empirical research has investigated the influence of firms' CSR efforts on the behavior of investors/shareholders and subsequent effects on market valuation/stock market performance (e.g., Luo and Bhattacharya 2006; Mishra and Modi 2016). However, such measures tend to be separate from direct consumer involvement. Market-oriented firms, instead, often focus on customer-facing metrics such as brand sales to monitor brand performance and estimate brand equity (Sriram and Kalwani 2007). Other work has focused on documenting the influence of CSR campaigns on measures of consumer attitude or retrospective intention. While informative, a prevalent attitude-behavior gap may exist, particularly in contexts involving products associated with social and ethical issues (Peloza, Ye, and Montford 2015; Auger et al. 2008). This attitude-behavior gap has been attributed to a social desirability bias that manifests when consumers are asked about such purchase decisions (Peloza, Ye, and Montford 2015; Auger et al. 2008). My focus on brand sales thus offers two unique benefits – a) it allows for performing a real-world, decision-based examination of how CSR shapes actual consumer response, and b) it contextualizes the assessment of sustainable marketing efficacy around highly business-relevant measures of consumer responsiveness to brands' marketing efforts (Keller 1993).

My work contributes to the literature in three critical ways: To my knowledge, this paper represents the first attempt at leveraging field data to offer direct empirical support for the existence of economically significant sales consequences for firms from engaging in CSR. I also identify the characteristics of brands that are likely to observe a discernible impact on sales and those of brands that exhibit differential returns from their CSR efforts. Second, I examine the psychological mechanism underlying the observed changes in consumer purchase behavior while attempting to rule out alternative mediators in a controlled experimental setting. Finally, I advance a novel, simple framework for examining CSR decisions, one that may benefit managers and researchers alike. This framework ultimately supports greater responsibility and integrity in CSR, illustrating an encouraging alignment of societal and business interests.

I develop my framework in a consumer-centric manner, drawing in part on socio-psychological theory, invoking the role of responsibility and restitution in attitude change

(Carlisle et al. 2012), and the importance of perceived sincerity of the underlying firm motives (Becker-Olsen et al. 2006). I argue that the three different types of CSR engagement can engender distinct consumer attributions of sincerity in a brand's CSR efforts and that these differences help explain the impact that each type of CSR may have on brand sales. As consumers value both the authenticity and accountability of firm actions, I anticipate that consumers will respond most favorably to corrective CSR actions, and least positively to cultivating CSR actions. However, I expect a moderating effect of brand reputation such that these effects will be more pronounced for brands with lagging reputations.

To investigate the effect of CSR announcements on brand sales, I collect CSR press releases issued by a comprehensive set of prominent CPG (consumer packaged goods) brands, which are documented in the CSRwire database as well as on brand websites between the years 2002-2011. These data contain the announcement date as well as the textual content of all CSR announcements made by these firms in this time window. I then collect detailed sales data from the Information Resources Inc. (IRI) consumer panel dataset (Bronnenberg, Kruger, and Mela 2008) for not only the firms that announced CSR initiatives but for a set of close substitute brands that did not engage in CSR. The IRI dataset comprises aggregate product sales as well as consumer panel data in 30 CPG categories over 12 years. After merging the two databases, my analysis dataset contained a total of 55 brands that announced CSR initiatives, and 194 brands that did not, which span 21 different

CPG product categories.[2] My CSR event list contains 80 actual CSR press releases (27 – corrective actions, 19 – compensating actions, 34 – cultivating actions).

I employ an "event study" style identification strategy for examining the impact of CSR on brand sales by comparing differences in brand sales before and after CSR announcements for brands that announced CSR initiatives ("treated" brands) and comparing the analogous difference in brand sales for a closely comparable set of brands ("control" brands) within the focal brand's product category that did not announce CSR initiatives. A potential concern with such an approach is that the control brands may not be strictly comparable to the treated brands because they possibly experienced different temporal trends in the pre-CSR announcement period. To the extent that this is true, it would be difficult to parse out the effect of a brand's CSR announcement from the naturally occurring differences in sales over time. To address this issue, I employ the synthetic control method – a recent methodological advance in the literature focused on drawing causal inferences from observational (non-experimental) data (Abadie and Gardeazabal 2003; Abadie, Diamond, and Hainmueller 2010).

The intuition behind this approach is that it creates a "synthetic control unit," computed as a weighted combination of all the control units, to compare against the treated unit. The weights are empirically chosen, such that the synthetic control closely matches the treated unit in terms of pre-period trends and other covariates. In this way, the synthetic control method naturally satisfies the parallel trends assumption needed for reliably

[2] The ability to track weekly sales information at the local market level for each of these brands allows more granular causal inference (each brand level regression leverages tens of thousands of observations) - i.e., it enables us to adopt detailed controls for brand, market and time-specific influences driving brand sales (that may otherwise interfere with the effect of CSR engagement).

inferring the causal treatment effect – a well-known concern of differences-in-differences/panel estimators that utilize similar data (Goldfarb and Tucker 2011; Bertrand et al. 2004). As Athey and Imbens (2017) note, the synthetic control method is one of the most prominent advances in causal identification and policy evaluation over the last 15 years. This method has also recently generated increased attention within the Marketing community (Tirunillai and Tellis 2017; Guo, Sriram, and Manchanda 2017).

The results from my empirical analyses indicate that there is a main effect of CSR type on brand sales, with corrective (cultivating) CSR actions leading to a lift (drop) in brand sales. Furthermore, lower reputation brands are likely to see an increase in brand sales from corrective CSR actions, while the impact of brand reputation is lower for compensating and cultivating actions. After establishing the existence of the effect of CSR on brand sales, I explore the potential mechanism behind these sales effects in a controlled laboratory setting, with a focus on understanding why consumers may be more or less likely to respond favorably to brand-level CSR actions. Specifically, I examine the effects of CSR type on both consumer brand attitude and purchase intention, with a focus on the mediating role of perceived brand sincerity. Results from lab experiments support my model findings and show that perceived brand sincerity mediates the effect of CSR type and brand reputation on brand sales. The rest of the paper is organized as follows: drawing on relevant literature, I first develop a conceptual model for the phenomenon behind my effects. Subsequently, I discuss the details of the dataset employed and lay out my identification strategy for quantifying the sales effects of brands' CSR initiatives. I then detail the experimental setup used to explore the causal mechanism behind my effects. I conclude with some comments regarding the implications of these findings for the broad issue of quantifying returns from CSR engagement.

2.2 Conceptual Framework

All companies, even those seeking to be good citizens, face the reality that day-to-day business operations inevitably incur some measure of social or environmental cost. Besides the important natural consequences of these negative effects, the extent and management of these externalities can influence the behavior of various company stakeholders. For instance, investors and shareholders increasingly view CSR as an “intangible asset,” influencing firm financial outcomes such as stock returns, Tobin’s q, and idiosyncratic risk (e.g., Luo and Bhattacharya 2006; Jayachandran, Kalaignanam, and Eilert 2013; Kang, Germann, and Grewal 2016). While findings have been somewhat mixed, meta-analyses and more recent work suggest that CSR activities do generally have an overall positive influence on firm finances (Margolis, Elfenbein, and Walsh 2009; Kang, Germann, and Grewal 2016). Another key stakeholder, the consumer, plays a central role in this process. Research on advertising and CSR suggests that sufficient consumer awareness of firms’ CSR activities is a precursor to any accrued financial returns (Servaes and Tamayo 2013). Similarly, Mishra and Modi (2016) show that CSR can positively affect shareholder value through its impact on marketing capability, which reflects a firm’s ability to manage marketing resources and effectively “converse” with the consumer. Other work has shown that CSR can improve financial performance through enhanced customer satisfaction (Luo and Bhattacharya 2006).

Experimental work has likewise explored the impact of CSR on several antecedents to consumer purchase behavior, including consumer attitudes and purchase intentions (e.g., Sen and Bhattacharya 2001; Du, Bhattacharya, and Sen 2007; Luchs et al. 2010). Consumers may consider how well a company meets its social responsibilities before making their brand choice decisions (Kotler 2011), and positive beliefs about a firm's CSR performance can enhance product evaluations (Brown and Dacin 1997). CSR also influences consumer loyalty and advocacy, attitudes towards the firm, perceived price fairness, and perceptions of product performance (Du, Bhattacharya, and Sen 2007; Wagner, Lutz, and Weitz 2009; Wagner, Lutz, and Weitz 2009; Chernev and Blair 2015). I provide an overview of this and other related literature on CSR, indexed to highlight the respective key takeaways in Table 2.1. However, despite research on consumer influence and consumer sentiment, research regarding the effects of CSR on actual consumer purchase behaviors is conspicuously lacking. Rather, the available observational studies have predominantly examined measures such as share price, stock market appreciation, and market/book value, skewing heavily toward understanding how the financial market and shareholders react in response to CSR initiatives. While shareholder response is important in its own right, the response of consumers is not the focus of these studies. Research examining the link between CSR engagement metrics reflecting actual consumer behavior (such as brand sales) is scant.

Table 2.1 – Related Literature on the Effects of CSR

Research Article	CSR Conceptualization	Dependent Variable	Key Insights
Luo and Bhattacharya (2009)	CSR is defined as a company's overall performance in diverse corporate prosocial programs relative to leading competitors in the industry.	Firm-idiosyncratic risk	CSR reduces firm-idiosyncratic risk and systematic risk. The effect on firm-idiosyncratic risk is larger for firms with higher advertising intensity.
Jayachandran et al. (2013)	The authors describe CSR as an assessment of a firm's social responsibility actions. They distinguish between firm social performance in two areas: product and environment.	Firm performance (Tobin's q)	Product CSR has a greater positive effect on firm performance than environmental CSR. However, social irresponsibility in the product area decreases firm performance more than product CSR increases firm performance.
Kang et al. (2016)	The authors use a standardized measure of overall CSR, which combines indicators of CSR across seven social issue areas (community, corporate governance, diversity, employee relations, environment, human rights, and product.)	Firm performance (Tobin's q)	The authors compare four mechanisms that explain the relationship between CSR and firm performance. They find that CSR improves firm performance.

Table 2.1 continued

Mishra and Modi (2016)	The study employs an overall indicator of CSR as well as individual measures of CSR in the areas of environment, products, diversity, corporate governance, employees, and community.	Stock returns and firm-idiosyncratic risk	They further find that the interaction of marketing capability with each of environment-, diversity-, corporate governance-, and employee-based CSR has a positive effect on stock returns and a negative effect on idiosyncratic risk.
Sen and Bhattacharya (2001)	Researchers use scenarios that describe a company's CSR record in the diversity and labor practices domains.	Purchase intention, company evaluation	The effect of CSR purchase intention is positive when the CSR domain is relevant to the company's expertise in providing its products/services.
Du et al. (2007)	The researchers measured CSR as the extent to which consumers perceived a brand as socially responsible.	Brand loyalty	Consumers report greater loyalty towards brands that positions themselves on CSR.
Luchs et al. (2010)	The researchers describe the products in the experimental prompts as environmentally friendly or as both pro-environmental and prosocial with respect to pollution and resource usage as well as fair treatment of staff, suppliers, and communities.	Product preference	The researchers describe social responsibility in terms of charitable giving by fictitious companies.

Table 2.1 continued

Chernev and Blair (2015)	The authors operationalize CSR as specific charitable donation campaigns.	Perceived product performance	CSR improves consumers' perceptions of product performance. This relationship is stronger when consumers perceive that CSR behavior is driven by benevolence.

In addition, as CSR comprises a diverse array of socially responsible behavior (Sen and Bhattacharya 2001), researchers and managers alike often consider very specific dimensions of CSR (e.g., environmental, community, employee support, product, and diversity)[3] or treat CSR as a broad omnibus construct.[4] In fact, over two-thirds of the published work on CSR has focused either on a single CSR activity (e.g., a cause-related marketing initiative) or a single activity type (e.g., a philanthropic donation; Peloza and Shang, 2011). Relatively few studies have attempted to make comparisons across different potential categorizations of CSR, despite the potential usefulness and managerial insight such frameworks might provide. Thus, I next suggest a categorizing framework for CSR and document the influence of each resulting category on actual purchase behaviors.

2.2.1 Correcting, Compensating and Cultivating CSR Activities

In trying to understand consumer responses to different CSR activities, it may be helpful to recognize that consumers often assess a brand and its actions as they would other members of society. Although the consumer-brand relationship is not identical to interpersonal relationships, norms associated with social behavior may guide consumer interactions and evaluations of a brand (Aggarwal 2004). As with interpersonal relationships, consumers often evaluate brands positively for conformity to behavioral norms, while negative evaluations and attitudes result from violations of these norms. Irresponsible firm behavior toward society or the environment would certainly represent social norm violations or transgressions, which may vary in their cause and severity (Aaker et al. 2004). It is telling that although consumers do not necessarily expect a company to

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[3] See Mishra and Modi (2016).
[4] See Luo and Bhattacharya (2009).

behave proactively with respect to CSR, they are rather inclined to punish firms for poor social/environmental performance (Jayachandran, Kalaignanam, and Eilert 2013).

However, just as social or brand transgressions can be met with punishment (e.g., negative evaluations and attitude or behavior towards a brand), they can also be met with forgiveness when appropriately remedied. Specifically, apology, which incorporates an acknowledgment of violated norms, coupled with restitution, which involves restorative action and remediation, has been shown to promote forgiveness (Carlisle et al. 2012). Analogously, I suggest that consumers may more readily forgive brands that acknowledge violations of norms and perform restorative action.

Brand crises, for example, can be thought of as acute instances of transgression in consumer-brand relationships. Such occasions require that the brand engage in extraordinary actions in order to garner consumer forgiveness. Dutta and Pullig (2011) discover in these situations that restorative action, which involves both an acknowledgment of the problem and plans for remedial and preventative actions, is effective at repairing brand attitudes. Conversely, avoidance, whereby the brand neither acknowledges the event nor engages in restorative action, is consistently the least effective. As brand crises represent only a small, rather unique part of firms’ potential motivations for engaging in CSR, my study does not examine CSR as a response to acute adverse events (i.e., brand crises). However, I raise these situations to illustrate consistencies in consumer expectations of firm behavior in responding to shortcomings or norm violations.

As previously mentioned, every firm creates at least some measure of negative social or environmental externalities arising from its business operations. While these may vary in their exact nature and degree, every business bears responsibility for some measure of social or environmental impact. When considering consumers' previously discussed expectations of authenticity and ownership in CSR activities (Alhouti, Johnson, and Holloway 2016), these various activities can be framed in relation to these externalities. First, to directly reduce or preempt their own negative impact on society or the environment, firms may adopt changes to aspects of their business operations or business model: examples include product or packaging modification, responsible ingredient sourcing, ethical labor practices, or expansions to the existing product line to cater to the bottom of the pyramid. Alternatively, they may choose to make philanthropic or service contributions aimed at reducing their own perceived negative externalities, but without changing any business operations (e.g., donations to a cause benefiting any affected stakeholders, clean-up efforts, in-kind donations). Finally, firms may engage in philanthropic activities unassociated with their own negative externalities but intended to engender consumer goodwill (e.g., public relations campaigns).

Drawing from these three possibilities, I propose a typology of corrective, compensating, and cultivating CSR. Corrective CSR represents initiatives whereby the brand attempts to minimize its own negative impact on society or the environment via actual changes made to its products or business practices. These initiatives may entail a commitment of time, investment, or effort. For example, a bottled water brand may reduce the amount of plastic used in its bottles, or a retail brand may work on providing favorable working conditions for its labor force. I argue that explicit changes to a brand's products/operations targeting reduced societal harm represent an acceptance of responsibility along with restorative action in the mind of the consumer (Dutta and Pullig

2011). I thus anticipate that corrective CSR initiatives will have an overall positive effect on brand sales.

In contrast, compensating CSR involves initiatives whereby the brand addresses its negative externalities "indirectly," i.e., no actual changes to its products or business practices occur. Compensating CSR initiatives thus represent an implicit acceptance of responsibility with attempted restitution in the form of, say, charitable giving or volunteering. For example, a bottled water brand may donate money to recycling programs. I expect that compensating CSR can have either a positive or a negative impact on brand sales, but an overall weaker effect on brand sales when compared to corrective actions. While corrective and compensating CSR actions are similar in their implicit acceptance of firm responsibility for the negative externality, the main difference is that in the latter case, there is no "direct" restitution/prevention offered in the form of actual product or process changes.

Finally, cultivating CSR relates to initiatives whereby the brand does not address its own negative externalities at all but focuses instead on cultivating consumer goodwill by supporting good causes. In this case, the brand makes no strides toward restitution for or acknowledgment of responsibility for any negative externality. For this reason, even while the benefiting cause may be worthwhile, these CSR initiatives could be seen as disingenuous or wasteful in consumers' minds. Many philanthropic efforts may fall into this category. For example, a bottled water brand may donate money to literacy programs. I expect that such efforts will have a weak effect and may even backfire, harming brand sales.

Categorizing a CSR initiative in this manner can be done by answering two main questions: First, does the CSR initiative address the firm's own social or environmental harm by making changes directly to the company's business operations (i.e., product, supply/distribution network, labor practices)? If so, it is a corrective action. If the answer is no, then the subsequent question is: Does the CSR initiative otherwise address a social or environmental harm for which consumers perceive the firm's business operations as bearing responsibility? If so, then the action is compensating. On the other hand, if it is addressing a social or environmental issue for which the firm bears no apparent responsibility, and therefore involves no changes to its product nor business operations, then the action is cultivating. Formally, I expect that,

H1: Corrective (cultivating) CSR initiatives will have an overall positive (negative) influence on consumer brand attitudes and, consequently, on brand sales.

2.2.2 Moderating Effect of Brands Reputation

While predicting these main effects of CSR type, I recognize that consumers' existing knowledge concerning a brand is likely to influence their response to any new CSR initiatives it undertakes (Castaldo et al. 2009). Brand reputation, which is mostly a function of the brand's past marketing actions, can also influence consumer response to new activities undertaken by the brand (Dawar and Pillutla 2000). Brand activities that are congruent with prior brand reputation (i.e., a highly responsible firm announcing a CSR initiative) are less likely to move consumer brand perceptions materially, and may thus have little effect on consumer response (Olsen et al. 2014). Conversely, when new brand actions are inconsistent with existing knowledge (i.e., a less reputable firm announcing CSR actions), consumers engage in deeper processing of the new information (Yoon, Gurhan-Canli, and Schwarz 2006), increasing the likelihood of attitude change. Corrective and compensating CSR actions are mainly inconsistent with what a consumer might expect from lower reputation brands, leading consumers to consider a brand's motives for engaging in these efforts more closely (Ellen, Mohr, and Webb 2006). Beyond all this, brands with favorable reputations may have less room to improve consumer perception (and thereby sales) than brands with less desirable reputations (i.e., ceiling effects). I thus expect that all else equal, CSR initiatives announced by brands with more favorable reputations are relatively less likely to impact brand sales than efforts from brands with less favorable reputations. Thus,

H2a: The positive effect on consumer brand attitudes of corrective CSR actions initiated by firms with a relatively favorable reputation will be less pronounced.

H2b: The overall effect on consumer brand attitudes of compensating CSR actions announced by firms with a relatively favorable reputation will be less pronounced.

H2c: The negative effect on consumer brand attitudes of cultivating CSR actions undertaken by firms with relatively unfavorable reputation will be more pronounced.

2.2.3 Brand Sincerity

As mentioned previously, consumers appear to recognize that firms enact CSR initiatives with varying degrees of pure intent or altruism. Consumers can be aware of a firm's intentions to persuade them (Wei et al. 2008), or of the potential benefits that a firm can reap by improving its public image. Promotional efforts aimed at enhancing brand image typically accompany firms' CSR actions and, as a result, consumers may be suspicious about the sincerity of the firm's activities. Perceived sincerity is the extent to which consumers perceive a brand as caring and genuine in its actions (Hoeffler and Keller 2002), and greater perceived sincerity in CSR can lead to higher brand evaluations, purchase intent, and brand loyalty (Yoon, Gurhan-Canli, and Schwarz 2006; Alhouti, Johnson, and Holloway 2016). I predict that corrective and compensating actions will be perceived as more sincere CSR efforts than cultivating actions, and that this perceived sincerity will result in more favorable consumer response.

Consumers may perceive a company's CSR actions as sincere when the company addresses the perceived harm and implements preventative measures. In contrast, consumers are likely to perceive a company as insincere when they believe that the company did not sufficiently redress the damage caused by its actions (Alhouti et al. 2016). Corrective actions, in particular, demonstrate a firm's willingness to self-examine and make changes to products, supply chain, manufacturing operations, etc. Such changes may be challenging to implement or may even represent a risk to a firm's business in some cases. They are thus unlikely to be taken lightly by consumers, and should effectively signal true concern. I expect that announcements about corrective and compensating CSR actions, which both involve addressing such a harm, will increase consumer perceptions of brand sincerity, relative to cultivating CSR actions. Prior research has argued that consumers are likely to be suspicious of a brand's sincerity when the CSR activities have little to do with efforts aimed at reducing the negative effect of the firm's business operations (Yoon, Gurhan-Canli, and Schwarz 2006). Thus, consumers may discount the "good" deeds associated with cultivating CSR activities or even be cynical of them. The CSR activities may backfire, leading to negative evaluations of the company. More formally,

H3: The effect of CSR actions on consumer response will be mediated by perceptions of the focal firm's sincerity regarding the initiative, with corrective and compensating CSR perceived as relatively more sincere than cultivating CSR.

2.3 Data

I leverage two sources of data to examine the impact of CSR on brand sales: the Corporate Social Responsibility Newswire service (CSRwire.com) and the IRI dataset. CSRwire contains a searchable CSR news archive of more than 20,000 news items including, corporate- and brand-level CSR-related press releases, CSR reports, and other event announcements dating back to 1999. Through CSRwire, companies disseminate CSR information to a diverse global audience via a myriad of websites and reference portals, including Google, Reuters, LexisNexis, and Bloomberg (Griffin and Sun 2013; CSRwire 2018). Past research (e.g., Martin and Johnson 2010, Gopaldas 2014, and Du et al. 2017) has drawn on data from CSRwire to study the impact of CSR.

I source my data on brand sales from the IRI academic dataset (Bronnenberg, Kruger, and Mela 2008 provide a detailed description of the dataset). The IRI dataset comprises weekly aggregate store-level product sales as well as consumer panel data for 30 consumer packaged goods categories. The dataset provides a rich time series of sales information at the UPC level for various brands, and across 50 markets (designated market areas, or DMAs). A vast body of past research (e.g., Bronnenberg, Kruger, and Mela 2008; Sinapuelas et al. 2015; Ailawadi et al. 2017) has employed the IRI dataset to study the impact of marketing actions on brand sales.

I begin by tracking CSR initiative announcements from brands in the IRI dataset in the time period of my data, from 2001-2011. I first record the date of the CSR press releases drawn from CSRwire and the CSR/Sustainability initiative press announcements from brand websites in this time period. My earliest and most recent CSR announcements range between 01/2002 and 12/2011 (I provide a list of all the events/announcements in my analysis sample in Web Appendix B). I then extract sales information from the IRI dataset for brands that announce a CSR initiative (termed "treated" brands in the forthcoming discussion) for one year before and one year after the CSR announcement. Next, for the same time period, I also extract sales data for a collection of brands that, together with the treated brand, constitute the top 70 percent market share within the respective product category. I test for alternative definitions of my control group in the Robustness Checks section below. To the extent that these ("control") brands are comparable with the treated brand, they would serve as a useful baseline for studying the effect of the treated brand's CSR announcement on its brand sales.

My analysis sample includes 80 CSR initiatives across 55 brands, 21 product categories, and 48 DMAs. For each brand, I use weekly sales revenues aggregated (across stores) to the DMA level as my focal outcome of interest. To highlight the variation that I exploit in my analyses for matching treated units to counterfactuals, I provide the pre-announcement summaries for the brands that constitute my sample in Appendix A. Overall, my treated and control brands match up closely on the dependent variable (mean of log sales revenues). Finally, I note that of the 80 CSR announcements, information about the CSR action prominently appeared on the product packaging for 22 of the initiatives. My search of the Lexis-Nexis and Factiva databases for popular-press coverage of the textual content of the CSR announcements indicated that over 90% of the announcements in my sample were prominently featured and discussed in major local and national newspaper outlets, and on the exact date of the CSR announcement (as gleaned from CSRwire and brand websites). Thus, it is somewhat unlikely that my list of CSR announcements comprises events of which consumers were unaware.

2.4 Empirical Analysis

My research design relies on two useful sources of variation – (a) while some brands within a product category announce CSR initiatives, others do not, (b) CSR announcements in my data are spread over a wide time horizon (vs. being one-shot or clustered over a narrow time window). The variation in (a) helps me account for possible differences between brands that announce CSR initiatives and ones that do not (by allowing me to select only those brands as controls, that exhibit similar pre-announcement sales trajectories as the treated brand), while the sizable spread offered by (b) helps me partially mitigate the influence of broader macroeconomic trends (such as the Great Recession of 2008) that may have otherwise played a role in influencing brand sales pre- and post-intervention over a few specific years (Heerde et al. 2013; Srinivasan et al. 2011). I begin by comparing brand sales after the announcement of a CSR initiative to its pre-announcement equivalent for both the treated and control brands in my dataset. However, to assess the treatment effect of the CSR announcement on a given brand, I must compare the focal brands to appropriate counterfactual brands. To construct the basket of comparable control brands for each treated brand (i.e., the "donor pool" – Abadie, Diamond, and Hainmueller 2010), I first rank-order the untreated brands, in descending order of market share, and choose the set that, together with the treated brand, accounts for at least 70% of the market share within the category. Importantly, I excluded brands that announced a CSR initiative during the one year before and one year after the treated brand's CSR announcement from the control group.

Furthermore, I find that, on average, 65% of brands that form my control group also ended up announcing CSR initiatives at a later date (i.e., following my post-treatment observation window). This pattern is perhaps intuitive and to some extent, also showcases the increasing degree to which the relatively prominent CPG brands that are part of my dataset opt into engaging in CSR. Thus, my control group size ranges from 3 brands (in the facial tissue category) to 18 brands (in the cereal category), with an average size of 5.15 brands (across all categories).

To that effect, I employ the synthetic control method (Abadie and Gardeazabal 2003) to identify the causal effect of CSR on brand sales. In the synthetic control method, a weighted average of all available comparison units (the "counterfactual" unit) is constructed for comparison purposes. The logic is that a combination of available comparison units can be used to build a suitable counterfactual that is similar to the unit of interest, concerning pre-intervention outcomes (Abadie, Diamond, and Hainmueller 2010; Abadie, Diamond, and Hainmueller 2015). As I discussed earlier, the primary benefit of leveraging the synthetic control method is the reduced reliance of the estimation strategy on the existence of similar pre-period trends in outcomes (Abadie, Diamond, and Hainmueller 2010; Xu 2017; Tirunillai and Tellis 2017). In this paper, I use the generalized synthetic control (henceforth GSC) method, which generalizes the synthetic control method to multiple treatment units (Xu 2017).

Intuitively, in the GSC method, the treated units are linearly projected on to a multidimensional space spanned by the comparison units such that they are matched on the pre-treatment treated outcomes, as well as covariates. The comparison units are thus based on the estimated factors and factor loadings (both of which are estimated from the data) from this projection.[5] The loadings are adjusted to minimize the difference between the treated units and the comparison units. In other words, the GSC method enables the construction of a comparison group (the "synthetic control," or the counterfactual) that mimics the trends in the outcome variable for the treated unit in the pre-treatment period as closely as possible. This process renders the treated and control units as closely comparable to one another as possible, in the period running up to treatment, thereby minimizing concerns of unobserved selection into receiving treatment, to the extent that the unobserved drivers of selection into treatment are not related to my dependent variable (brand sales) – I discuss this issue in detail subsequently. The estimated average treatment effect on the treated is obtained by comparing the treated units in the post-treatment period to the projected post-treatment period outcomes of the counterfactuals.

The use of the GSC method addresses many of the methodological shortcomings of the difference-in-differences method, which relies heavily on the validity of the parallel trends assumption. Since this method links the synthetic control method with the linear fixed effect models, it allows the model specification to incorporate very detailed controls to account for differences in the cross-section – in the form of fixed effects for each brand/market combination, as well as the influence of common time trends – in the form

[5] The terms 'factors' and 'factor loadings' in the GSC method are borrowed from the literature on interactive fixed effects models in economics (Bai 2009). In this literature, the time-varying coefficients are also referred to as (latent) factors while the unit-specific intercepts are labeled as factor loadings.

of rigorous week fixed effects. In this way, a sizable chunk of the variation that is typically known to contaminate the treatment effect is controlled for non-parametrically via these rich fixed effects. A caveat of the generalized synthetic control method is its need for a granular dataset: as Xu (2017) mentions, the GSC method hinges on the researcher's ability to observe a reasonably long pre-treatment observation window (at least ten periods).

In this paper, I use a one-year long window of weekly sales revenue data (providing me with 52 pre-treatment observations) before the CSR announcement to facilitate the construction of the synthetic control group. Thus, as opposed to a control group consisting of an average of 5.15 brands with sales averaged across the entire United States for each brand, each control group in my case consists of an average of 5.15 brands for each of the 48 DMA regions (i.e., on average 247.2 brand-DMA groups). The use of a richer cross-section in the form of brand-DMA groups affords a larger amount of variation that enables the construction of a more robustly matched counterfactual. For example, for generating the synthetic control unit for a treated brand (e.g., Folgers) in a specific market (e.g., New York), the brand-DMA level specification facilitates the utilization of data from the control brands not only in New York, but also the data from the control brands from the remaining 47 DMAs in my analysis. This aids with the identification of the treatment effect (Xu, 2017).

For my analysis, let S_{it} denote the sales revenue per brand *i* in week *t*, (*t = 1, 2, 3, . . . , 104*) and DMA *j*. I omit a subscript for DMA for expositional clarity, although I estimate the model at the DMA level – thus, sales for each brand comprises a further *j=1...N* (48) DMA data points. I use the following model specification for brand sales:

$$S_{it} = \delta_{it} D_{it} + x'_{it}\beta + \lambda'_{it} f_t + \varepsilon_{it} \tag{1}$$

where D_{it} is the indicator variable, which equals 1 only for weeks following the CSR initiative announcement and only for the treatment brand. The coefficient δ_{it} captures the average treatment effect of the CSR initiative on a treated brand. The terms x_{it} represent a vector of observed covariates, and β represents the corresponding vector of unknown parameters. The term $f_t = [f_{it}, \ldots, f_{rt}]'$ represents a vector of r unobserved orthogonal factors and $\lambda_t = [\lambda_{it}, \ldots, \lambda_{rt}]'$consists of the corresponding factor loadings. Note that the number of factors is fixed during the period of analysis *(t = 1, 2, 3, . . . , 104)* while each brand-DMA group can have a different set of loadings on *r* factors. In this method, the brand-DMA fixed effects and week fixed effects can be considered special cases, corresponding to $f_{it} = 1$ and $\lambda_{it} = 1$, within the above-specified factor structure. I impose two-way fixed effects in all of my models in order to control for unobserved differences among brand-DMA groups and seasonal effects in driving sales.[6]

The generalized synthetic control method offers a significant advantage over the traditional synthetic control method in that it readily reports interpretable uncertainty estimates around the treatment effect. Traditional inference in the synthetic control method is performed via placebo tests – which involves a procedure of "synthetically" assigning

[6] We estimate the model by logging our dependent variable and covariates, and we add a small constant to get around instances of zeroes in the corresponding variables as we take logs.

treatment to control units, chosen one at a time at random from the donor pool (i.e., the set of control brands), to compute a distribution of treatment effects. This enables the researcher to assess whether the estimated treatment effect is larger than the collection of simulated treatment effects in placebo tests where the effect should not exist. On the other hand, the generalized synthetic control method automates this procedure of running placebo tests and provides readily interpretable uncertainty estimates in the form of standard errors and confidence intervals around the estimated treatment effect – while preserving the efficiency of the estimation algorithm (Xu 2017). More specifically, the uncertainty estimates around the treatment effect are obtained using a parametric bootstrap procedure via the re-sampling of residuals, conditional on observed covariates, and unobserved factors and factor loadings. This method also allows for the preservation of within-unit serial correlation, thus avoiding instances where I would underestimate standard errors due to the inherent but unaccounted serial correlation.

I use product price and advertising spending as covariates in the regression. I follow the approach adopted by prior work that has used the IRI dataset (e.g., Coibion, Gorodnichenko, and Hong 2015) for constructing product prices at the brand level by aggregating the price information available at the UPC/store format level. I collect monthly advertising spending information (in $) at the brand level from Kantar Media's Ad$pender database. To account for the endogeneity of product prices, I use the factor costs associated with product manufacturing/packaging as instruments. For example, I used producer price indices corresponding to plastic bottles – NAICS code 326160 (corn syrup – NAICS code 311221) to instrument for the price of coffee (cereal). The usage of factor costs as instruments for price is relatively standard. The rationale for the instrument's appropriateness straightforward – while factor costs associated with product manufacturing are likely to be correlated with prices, they are unlikely to be correlated with unobserved demand shocks. In my first stage regressions used to instrument for the endogeneity of price, all my instruments showed the correct sign. Since advertising spending may also be endogenous to sales levels, in the spirit of prior work (Chintagunta et al. 2010), I use future advertising spending as an instrument. Such an instrument meets the relevance condition, as current advertising spending is likely correlated with future advertising spending. This instrument also meets the exclusion restriction, as consumers' utility is not likely to be influenced by advertising spending in the future. Recognizing that finding perfectly appropriate instruments for advertising is an undoubtedly challenging prospect, I examine the robustness of my results to instrumenting vs. not instrumenting for the plausibly endogenous variable. I find very similar results in both cases, which is not surprising given that I include a rich set of highly granular fixed effects in the model, which do a thorough job of controlling for unobserved cross-sectional and time-varying influences affecting brand sales (thus rendering a statistically insignificant effect of the influence of firm advertising).

2.4.1 Unobserved Selection in the Decision to Engage in CSR

Central to the validity of my identification strategy is the comparability of the treated and untreated brands. My estimation of the sales effect of brands is likely to be biased if the firms that I observe deciding to engage in CSR are unique either in their expectations or realized benefits from firms that abstain from CSR engagement. Obviously, to the extent that say, only the larger and more prominent brands are the ones opting into CSR engagement, my effects may be susceptible to selection bias. To safeguard against such concerns, I first incorporate rich cross-sectional controls in the form of brand x market fixed effects in all my regressions. In this way, any time-invariant unobserved differences between treated and untreated firms (at the more granular local market level) are accounted for in all my analyses.

On the other hand, the unobserved drivers of firms' CSR engagement decisions may plausibly be time-varying, and in which case, remain unaccounted by these fixed effects. Intuitively, while one cannot reasonably expect to observe nor account for ALL plausible time-varying influences that determine the treated firms' CSR inclinations, the synthetic control method offers a unique benefit in this regard. Recall that the synthetic control unit is constructed by heavily weighting only the units in the pool of untreated brands that closely match the treated unit in terms of pre-period sales trends and other covariates. Thus, only the brands that demonstrate very similar sales trends as the treated brand are highly relied upon for comparison against the treated brand's post-CSR realized sales levels. The observations in the pool of untreated brands that demonstrate markedly different sales trends automatically receive a very low weight and, thus, play a negligible role in my inference of the treatment effect of CSR engagement. In this way, the influence of time-varying confounders to the treatment assignment decision is mitigated to the extent that such confounders influence my dependent variable of interest (brand sales) in the pre-treatment period (Xu 2017 p. 60) – which is precisely the focus of the unobserved selection argument. I further confirmed this by plotting the sales trends for my treated brands against those of my synthetic control and verified that the pre-treatment trends for the two match up very closely for all my models (Figure 2.1 and Figure 2.2, for example). Lastly, to further assess concerns with unobserved selection, I also compiled the incidence and timing of CSR engagement by brands in my raw data. Recall that a sizable proportion (65%) of my untreated brands also ended up opting into treatment in the period after my observation window; this reduces the likelihood that the brands that announce CSR actions are uniquely distinct from those that do not, in unobserved idiosyncratic ways. Taken together, these patterns increase my confidence that my results are unlikely to have been driven by unobserved selection into CSR-engagement by treated brands.

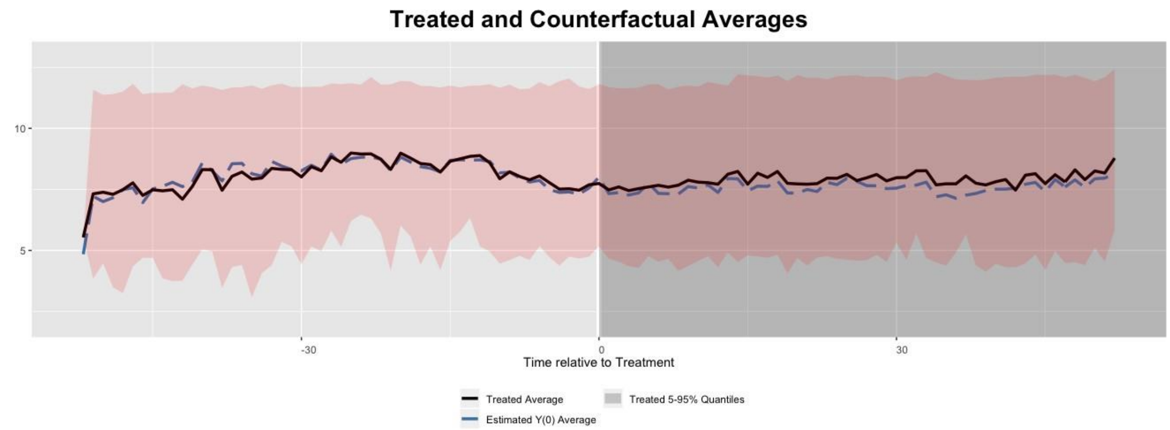

Figure 2.1 – Plot of the Treated Unit and the Synthetic Control - Green Mountain 2 (Corrective CSR)

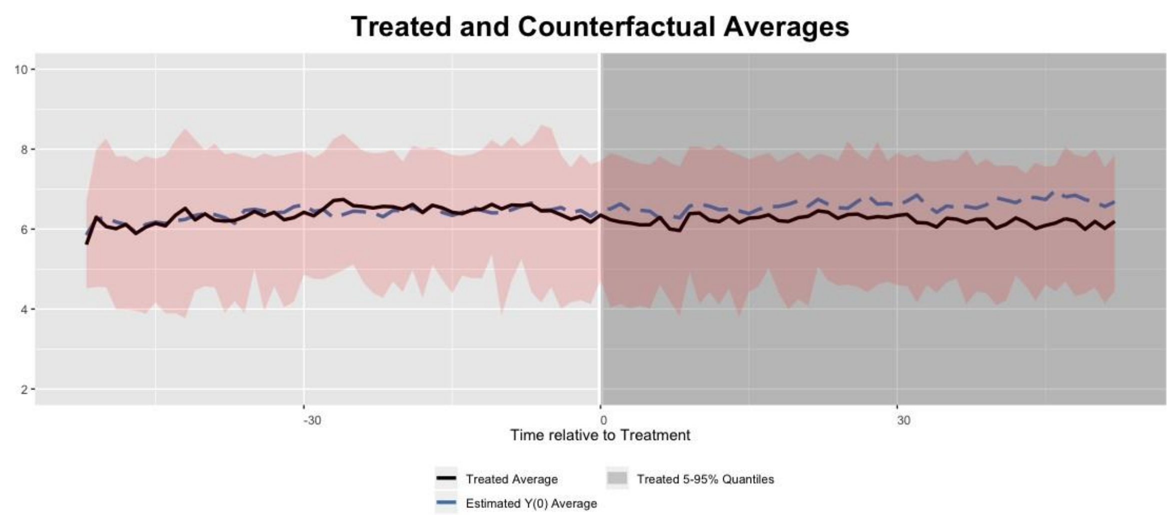

Figure 2.2 – Plot of the Treated Unit and the Synthetic Control - Seventh Generation 1 (Cultivation CSR)

2.5 Results

To begin, I plot my price data to ascertain that there were no material changes to my treated firms' pricing strategy in the immediate vicinity of the CSR announcement (e.g., brands offering price promotions coincidental to their CSR strategy); as such, I find no material price changes that coincided with CSR announcements by my treated brands. Thus, I feel more comfortable that my estimate of the treatment effect of CSR is not contaminated by purely coincidental price promotions. I present the results from the generalized synthetic control method in Appendix A. In all my models, I find that the coefficients corresponding to product price and advertising spending have the expected signs but are not significant. This is consistent with my expectations, as I had included flexible non-parametric controls in the form of fixed effects for every week in my data, in my regressions. Also, in line with expectations, not all brands witness tangible sales changes on account of CSR: although many brands saw a significant effect of CSR engagement, my analyses also indicate a statistically insignificant sales return for some of the brands in my sample.

More importantly, my results reveal that the effect of CSR on brand sales varies by the type of CSR action undertaken by firms. As I had hypothesized, the direction of the change in brand sales is generally positive for corrective CSR announcements and negative for cultivating CSR announcements. Since my dependent variable is specified in logarithms, I can compute the percentage change in the sales for the treated brand on account of CSR as $(\exp(\delta_{it}) - 1)$.

On average, the change in sales for brands engaging in corrective CSR appears to be in the order of 12.0%, while the corresponding numbers for cultivating CSR are -10.0%. The comparable value for compensating CSR was directionally positive, though not statistically significant (see Table 2.2).[7] Thus, these results support my expectations

[7] As such, we find that percentage change in brand sales in our analyses range from -27% to 73% for corrective CSR, -37% to 0% for cultivating CSR, and -30% to 194% for compensating CSR. As a slight departure from our expectation, we find a negative effect on brand sales of Yoplait's corrective CSR announcement that discussed their decision to stop using milk from cows treated with recombinant bovine growth hormone (rBGH). A possible explanation for this negative effect is that consumers may have perceived this particular action as a response to pressure from consumers, retailers, and smaller yogurt brands who were already rBGH-free (McKinney 2009).

outlined in hypothesis H1. Table 2.3 highlights the comparisons of the average treatment effects across the different CSR types. I find a statistically significant difference between the average treatment effects for corrective CSR vs. cultivating CSR, and for compensating CSR vs. cultivating CSR. In both cases, the treatment effect for cultivating CSR is smaller. The average treatment effect of cultivating CSR may be negative because such actions are likely to be viewed as disingenuous, as I discuss in more detail subsequently. However, I am unable to find a statistically significant difference between the effects of corrective CSR and compensating CSR.

Table 2.2 – Main Effect of CSR Type on Brand Sales

% change in Brand Sales due to CSR	Estimate	SE	t-value
Corrective	.120	.042	2.89**
Compensating	.123	.11	1.17
Cultivating	-.10	.020	-5.03**

***p<0.01, *p<0.05, + p<0.1*

Table 2.3 – Comparing CSR Types

	Corrective		Cultivating		
	Est.	**SE**	**Est.**	**SE**	**t-value**
% change in Brand Sales	.120	.042	.120	.042	5.10**

	Compensating		Cultivating		
	Est.	**SE**	**Est.**	**SE**	**t-value**
% change in Brand Sales	.123	.11	-.10	.020	2.70**

	Corrective		Compensating		
	Est.	**SE**	**Est.**	**SE**	**t-value**

% change in Brand Sales	.120	.042	.123	.11	.024

***p<0.01, *p<0.05, + p<0.1*

Retrospectively categorizing each case as positive, negative, or non-significant based on the observed sales effect of CSR, a categorical analysis (chi-squared test; PROC FREQ in SAS) of each CSR type was also significant ($\chi2= 23.83$, $p < .0001$). Cases of corrective CSR actions were significantly more likely to result in sales gains than decreases ($\chi2= 5.50$, $p = .019$) while cultivating actions were significantly more likely to result in decreased sales ($\chi2= 7.24$, $p = .007$). Compensating actions did not significantly differ from expected equal proportions ($\chi2= 2.80$, $p = .25$). I recognize, however, that several cases in my data set did not result in significant sales changes.

Following up on this result, I discovered that environmentally-relevant CSR initiatives were more likely to produce significant differences in sales than socially-oriented CSR initiatives (see Table 2.4). This finding is consistent with the greater relative importance consumers place on environmental versus social concerns (Öberseder et al. 2013). With the rising importance of climate change and growing concerns with the amount of environmental waste generated by companies, environmentally-focused initiatives represent a core CSR domain for consumers. Consumers rate environmental initiatives as more important than initiatives focused on the betterment of suppliers, society, and the local community, as these stakeholder groups are farther removed from the day-to-day activities of consumers (Öberseder et al. 2013).

Table 2.4 – Comparing the Effect of Environmental vs. Social CSR

% change in Brand Sales	Social Focus		Environmental Focus		
	Est.	**SE**	**Est.**	**SE**	**t-value**
All CSR Types	-.036	.020	.127	.073	-2.58**
Corrective	.035	.039	.199	.066	-2.09*
Compensating	.007	.055	.227	.193	-1.04
Cultivating	-.085	.020	-.160	.055	1.56^{+}

***p<0.01, *p<0.05, + p<0.1*

2.5.1 Moderating Role of Brand Reputation

I employ the estimates from my analyses of the field data to examine the existence of patterns consistent with my expectations based on my proposed theoretical framework as it relates to consumer brand reputation. To that effect, I intend to verify the existence of meaningful correlations (in a directional sense) in my results from the observational data. I then choose to delve deeper into the patterns observed in my analysis of the field data in a controlled experimental setting, which would do better justice to controlling for alternative explanations/confounds (e.g., via a manipulation as opposed to measurement of brand reputation). On the other hand, a unique benefit of my descriptive examination of the role of brand reputation in the field data is its enhanced external validity.

I first examine differences in the observed effect of CSR among the brands in my sample more carefully. Specifically, I ask whether there is a relationship between the observed impact of the CSR action undertaken by a brand and its reputation among consumers. Intuitively, CSR actions undertaken by more vs. less reputed brands are likely to be viewed differently by consumers. However, a challenge with trying to assess the existence of a relationship between brand reputation and CSR is access to brand reputational indicators in the historical time periods from before when the brand engaged in CSR (which ranges between 2001-2010 for my data). For this, I draw from a database of historical reputation scores at the brand level compiled by EquiTrend. As I am interested in examining the relationship between brand reputation and returns from CSR, I pool across brands and conduct these tests at the level of the CSR type (corrective, compensation, and cultivation).

The brands announcing CSR in my database exhibit a reasonably wide coverage of brand reputation scores (on a scale of 100, the minimum value was 41.98 for Busch beer, while the maximum value was 79.57 corresponding to Heinz ketchup). For each type of CSR announcement, I stratify brands into lower and higher reputation brands, based on a median split (corrective = 67.2, compensating = 63.2, cultivating = 65.5), based on their brand equity scores in the year prior to the CSR announcement. In about 50% of the cases, no brand equity score was available for the immediate pre-CSR announcement period. For those brands, I used the earliest available score, which most often corresponded to the reputation score from 5.3 years subsequent to treatment.[8] I present the results of this analysis in Table 2.5. The results indicate that lower reputation brands experience a statistically significant increase in brand sales compared with higher reputation brands for corrective CSR actions. The relationship is directionally similar for compensating CSR actions, but not significant. Similarly, for cultivating CSR actions, there is no statistically

[8] Overall, we find that the EquiTrend reputation scores are fairly stable over time for a given brand in our sample; thus, most of the variation is cross-sectional. For the brands in our analysis dataset, the average year-over-year change in reputation scores is a minuscule 1.86%. Thus, we feel more comfortable using scores from the earliest available period in cases where information for the immediate year preceding treatment was missing in the EquiTrend database.

significant difference between lower and higher reputation brands in the resulting change in brand sales on account of the CSR action. These results suggest that my expectations as articulated in hypothesis H2a was supported, but those in hypotheses H2b and H2c were not, although I find directionally consistent support.

Table 2.5 – Comparing Lower and Higher Reputation Brands

% change in Brand Sales	Lower reputation		Higher Reputation		
	Est.	**SE**	**Est.**	**SE**	**t-value**
All CSR Types	.067	.063	-.32	.023	1.49
Corrective	.156	.063	.036	.036	1.67^{+}
Compensating	.281	.242	-.005	.053	1.16
Cultivating	-.120	.031	-.093	.028	-.654

***p<0.01, *p<0.05, + p<0.1*

2.5.2 Robustness Checks

2.5.2.1 <u>Exclusion of Private Label Brands from the analysis</u>

Past literature has documented that store brands and private label brands markedly differ in terms of price, consumer familiarity/product experience, and quality perceptions (Steenkamp et al., 2010). Therefore, I try to examine the robustness of my results to the exclusion of private label brands from the control group. I present the results of this analysis for a subset of brands in Table 2.6. Note that the popularity of private label brands is somewhat specific to the product category. Private labels are generally more likely to be successful in highly commoditized product categories or low-involvement product categories (Koschate-Fischer et al. 2014). Consistent with this argument, I find a few minor differences to the inclusion of private label brands in the more commoditized product categories such as facial tissue and toilet tissue. However, overall, my results are substantively invariant to the inclusion/exclusion of private label brands from my control group.

Table 2.6 – Effect of CSR on Brand Sales (with Private Label)

% change in Brand Sales	Corrective	Compensating	Cultivating
Apple Jacks Cereal	.025**		
Seventh Generation Household Cleaner	.20**		
Greenworks Household Cleaner		.14**	
Maxwell House Coffee			-.066**

***p<0.01, *p<0.05*

2.5.2.2 Exploring Robustness to the Size of the Control Group

A potential concern with any analysis involving comparisons between treated and untreated units is that the effect may be sensitive to the composition of the control group. Recall that the synthetic control method relies on the availability of a rich enough collection of untreated brands that can be used for matching and comparison with the treated brand. As such, the literature does not offer detailed guidance on the criteria for choosing the size of the control group (donor pool). In theory, brands that do not closely mimic the pre-treatment trends witnessed by the treated unit (in the dependent variables, together with any covariates used for matching) will receive a small weight and, thus, be ignored in the inference scheme. Nevertheless, I examine the sensitivity of the results to my criterion used for including brands that constitute the donor pool (brands that form the top 70% of market share within the product category). I find that my results are replicated when I consider brands that form the top 80% of the market share within the category. I present results for a representative sample of brands in

Table 2.7. For highly concentrated categories, control groups comprising brands that account for the top 70% and the top 80% of the market share in the category were identical. In other cases, it led to the inclusion of a few smaller sized brands that formed the consumption fringe. In line with my intuition based on the synthetic control method's weighting scheme (detailed above), the inclusion of a larger pool of smaller market share brands does not materially influence my identification of the treatment effect of CSR on the treated brands.

Table 2.7 – Effect of CSR on Brand Sales (80% Market Share)

% change in Brand Sales	Corrective	Compensating	Cultivating
Apple Jacks Cereal	.017**		
Seventh Generation Household Cleaner	.16**		
Greenworks Household Cleaner		.21**	
Maxwell House Coffee			-.053**

***p<0.01, *p<0.05*

2.6 Examining the Mechanism behind the Effect of CSR

In this section, I briefly examine my predictions under experimental settings, with the primary goal of providing process evidence in support of my conclusions from the analysis of observational data. Specifically, the experiments serve to both replicate the field data results under more controlled conditions while introducing evidence for the mediating effect of perceived brand sincerity (see Figure 2.3). I predict that the effects of CSR actions on brand sales, as demonstrated in the empirical model, are attributable in part to differences in consumer's perceptions of the sincerity of the brand's actions. In all, a total of three studies were conducted using similar study designs but representing a variety of products, CSR initiatives (social and environmental), stimuli, and participants (total N = 893; see Table 2.8 for details). I present one study as an illustrative example of my general study design and procedure.

Table 2.8 – Overview of Studies

	Study 1	Study 2	Study 3
Distinguishing Feature	Sample size/online panel	Controls for impact btw. correct and compensate	Tests alternative process variables & individual differences
CSR Domain	Social (Labor)	Environmental	Environmental
Dependent Var.	Brand Attitude	Brand Attitude	Brand Attitude
Product Category	Coffee	Bottled Water	Bottled Water
Design	3 x 3	3 x 2	3 x 3
Participants	Online	Student	Student
N	547	165	181
Interaction	p < .001	p < .05	p < .05

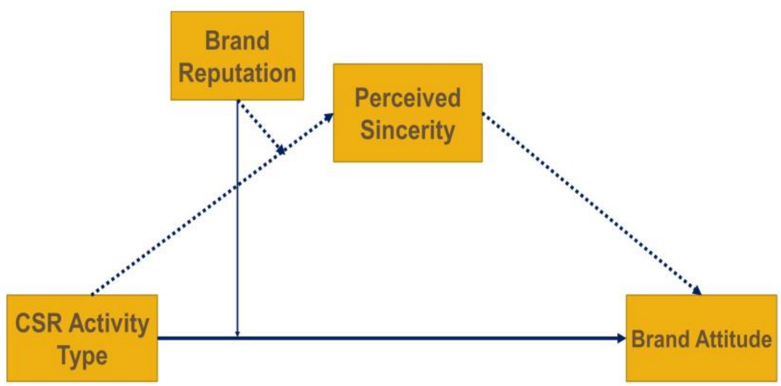

Figure 2.3 – Conceptual Framework

2.6.1 Study 1

Participants in Study 1 were 550 individuals recruited from an online panel (40% female, average age = 36.2). Each participant received $0.50 for their participation in the study.

2.6.1.1 <u>Procedure</u>

Participants read a description of a coffee chain that operated in multiple locations, had decent growth, and generally positive product evaluation (see Appendix B for verbatim stimuli). While all participants read the same basic information about the company, key details varied based on the participant's assigned condition (randomized and counterbalanced). In the favorable brand reputation condition, the company was also portrayed as behaving very fairly toward its suppliers. In the unfavorable brand reputation condition, it was instead made clear that the brand had unfairly leveraged its power to the detriment of its suppliers. Finally, in a third "low salience" condition, participants read only the basic description of the company, without any specific information regarding the brand's CSR standing. After reading this initial description of the company, participants rated their initial attitudes towards and perceptions of the brand using a five-item, seven-point scale ("unfavorable" to "favorable", "dislike very much" to "like very much", "negative" to "positive", "low quality" to "high quality", and simply "bad" to "good").

After they provided this initial rating, participants were then given one additional piece of information about the company regarding its recent engagement in one of three CSR initiatives. In the "corrective" condition, participants read that the company announced an initiative to ensure fairer trade practices among their coffee growers. In the “compensating” condition, the company announced it would donate a portion of its proceeds towards organizations that provided coffee growers with greater support, training, etc. Finally, in the “cultivating” condition, the company announced that it would begin donating a portion of the proceeds to local arts and music programs. In all conditions, information on the real monetary cost incurred by the company was provided and held constant, and a pretest (N = 46) confirmed that these three initiatives each elicited positive responses from consumers and did not differ significantly from one another when evaluated without industry or company details.

In sum, this study represents a 3 (Brand Reputation: Favorable, Unfavorable, Low-salience) x 3 (CSR Initiative: Correct, Compensate, Cultivate) study design. After they saw this additional piece of information, participants were asked to rate their attitudes towards the company, using the same five-item scale as before. In addition, participants provided their perceptions of the brand’s sincerity, rating their level of agreement with three statements; “I feel that this initiative demonstrates the company’s genuine interest in the public’s well-being”, “I feel that the company’s real intentions are sincere”, and “I feel like the company truly cares about the issue they’ve addressed.” Each of these measures was collected using seven-point scales anchored on “strongly agree” and “strongly disagree.” Finally, participants completed an attention check, provided their age and gender, after which the study concluded.

2.6.1.2 Results

Three individuals failed the attention check by incorrectly responding to basic information given to them about the brand and the brands’ CSR initiatives, resulting in a final sample of 547 participants. The means of pre-CSR announcement attitudes (α = .971) and post-CSR announcement attitudes (α = .972) were calculated, and the difference between them (change in attitudes) taken as my primary dependent variable. An ANOVA on attitude change showed a significant interaction ($F(4,538) = 11.92$, $p < .001$) and significant main effects of both brand reputation ($F(2,538) = 28.46$, $p < .001$) and CSR type ($F(2, 538, 31.18$, $p < .001$). Consistent with the results of my empirical model, corrective CSR had the most positive effect on brand attitude change ($M = .881$) while cultivating CSR had the least ($M = .156$; see Table 2.9 and Figure 2.4 for detailed results and contrasts).[9]

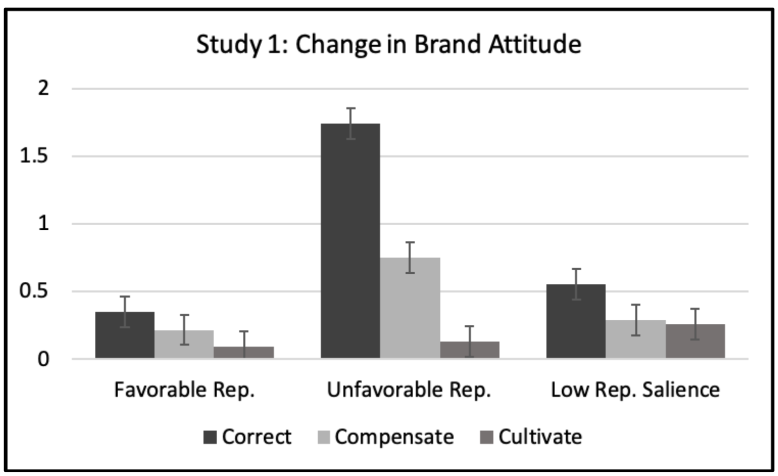

Figure 2.4 – Change in Brand Attitudes

[9] Although the experimental results are primarily intended to be interpreted according to the relative comparisons across conditions, we do note that the mean attitude change from cultivating CSR is indistinguishable from zero. While the empirical models indicate that cultivating CSR actions likely have a deleterious effect on the change in consumer brand purchase intentions, the non-negative absolute effect in this experiment is likely an unanticipated artifact pertaining to the details of the stimuli or the instruments employed.

Table 2.9 – Change in Brand Attitudes and Contrasts

Study 1: Change in Brand Attitude			
	Favorable Rep.	Unfavorable Rep.	Low Rep. Salience
Correct	0.347[a,x]	1.740[x,c,d]	0.556[x,b]
Compensate	0.217[x]	0.750[x,c,e]	0.291[x]
Cultivate	0.090[a]	0.130[d,e]	0.261[y,b]

a,b = significantly different from each other at $p < .10$ level

c,d,e = significantly different from each other at $p < .01$ level

x (y) = significantly different from zero at $p < .01$ (0.05) level

Study 1: Contrast Statistics			
	Favorable Rep.	Unfavorable Rep.	Low Rep. Salience
Correct vs. Zero	t = 4.48, p < .001	t = 11.01, p < .001	t = 6.31, p < .001
Compensate vs. Zero	t = 3.21, p = .002	t = 5.27, p < .001	t = 2.94, p = .005
Cultivate vs. Zero	t = .947, p =.35	t = 1.19, p = .24	t = 2.28, p = .026
Correct vs. Compensate	t = .807, p =.42	t = 6.55, p < .001	t =1.58, p =.116
Correct vs. Cultivate	t = 1.67, p = .096	t = 10.01, p < .001	t = 1.79, p = .075
Compensate vs. Cultivate	t = .819, p =.41	t = 3.88, p < .001	t =.181, p = .86

These effects were most pronounced when brand reputation was relatively less favorable. In the favorable brand reputation condition, there was only a marginal difference in the change in attitudes between the most (corrective) and least beneficial CSR types (cultivating). In the unfavorable brand reputation condition, corrective action led to significant improvements in attitudes towards the company ($M_{corrective} = 1.74$; $t = 11.01$, $p < .001$), and was significantly higher than both the compensating ($M_{compensating} = .750$; $t = 6.55$, $p < .001$) and cultivating conditions ($M_{cultivating} = .130$; $t = 10.01$, $p < .001$). While it was not the primary condition of interest, results from the low-salience condition also showed a marginal contrast between corrective and cultivating CSR (see Figure 2.4). Even without any knowledge of a brand's CSR reputation, participants showed greater responsiveness to corrective CSR overall.

2.6.1.3 Process

For ease of interpretation and consistency across studies, I restrict my analysis of process to my focal examination of the underlying differences between higher and lower reputation brands. The three measures of sincerity ($\alpha = .969$) were averaged, and an ANOVA on sincerity displayed a significant interaction (F (2,370) = 3.22, $p = .041$) and significant main effects of both brand reputation (F (1, 370) = 206.4, $p < .001$) and CSR type (F (2, 370) = 6.81, $p = .001$). Overall, a higher reputation company was viewed as more sincere in its CSR intentions ($M_{higher} = 5.56$) than a lower reputation company ($M_{lower} = 3.40$), and corrective CSR actions were seen as the most sincere, while cultivating actions were seen as the least sincere ($M_{corrective} = 4.82$, $M_{compensating} = 4.47$, $M_{cultivating} = 4.14$). An indicator coded bootstrap analysis (PROCESS macro; Hayes and Preacher 2014) revealed that, relative to cultivating actions, the (moderated) effect of cultivating CSR actions on attitude change, relative to corrective actions, was mediated by perceived sincerity (a_1 x b_1 = -.116, 99% C.I. = -.2439 to -.0221, $p < .01$), as the effect of sincerity on attitude change was significant (β = .218, t = 3.94, p = .0001). The index of moderated mediation for compensating actions, however, was not significant (a_2 x b_1 = -.0432, 90% C.I. = -.1542 to .0466, $p > .10$). In sum, participants responded most favorably to a brand addressing its negative externalities in its CSR activities, as they perceived this type of activity to be demonstrating genuine concern.

2.6.1.4 Discussion.

In sum, the results from a series of four laboratory experiments additional support for hypotheses H1 and H2a and, more importantly, support for hypothesis H3. Participants consistently viewed corrective CSR actions most favorably as they were perceived to represent sincere efforts on the part of the brand, and cultivating activities least positively as they were viewed as relatively less sincere.

2.7 Discussion and Conclusion

In modern times, CSR is playing an increasingly important role in brand strategy as more firms use socially responsible practices as a brand differentiator. Notably, brands engaging in CSR have many initiatives at their disposal. My research offers insights into how consumer perceptions of these different CSR initiatives vary and how, consequently, these perceptions can influence consumer brand evaluations and product choices in a retail setting. Extant research has argued that CSR engagement alone does not necessarily benefit brands, suggesting that not all CSR is created equally. My findings, based on analyses of actual observational data on firm sales, as well as laboratory experiments, show that both the type of CSR engagement as well as consumers' prior knowledge of the brand matter. In particular, my results suggest that brands with lower reputations are more likely to benefit from CSR actions that are corrective. When firms undertake corrective CSR initiatives, consumers perceive the remedial actions implemented as sincere. As a result, consumers are more likely to support these brands. Alternatively, consumers see cultivating actions as less sincere, heightening the potential for backlash. These findings are consistent with recent industry reports suggesting that CSR can be a differentiator in consumers' minds, but only if consumers perceive the brand as sincere (Cone Communications 2017).

My results also reveal that the realized effect from corrective and compensating CSR is smaller for higher reputation brands, likely due to a ceiling effect. Nevertheless, my findings that higher reputation brands are unlikely to witness sizeable benefits from CSR should not be taken to imply a need for such firms to feel discouraged from engaging in CSR. Consumers likely expect such higher reputation brands to continue "doing good." While I document the existence of short-term changes in brand sales from CSR – with corrective actions seemingly benefiting brands the most, "doing good" could also offer longer-term benefits to firms in the form of brand attachment or loyalty. Overall, my findings highlight the importance of conceptualizing CSR in a manner that takes into account consumer perceptions of firms' attempts to redress societal harms perceptibly associated with their brands. Based on these findings, I offer several contributions to marketing theory and practice.

I contribute to the literature on Corporate Social Responsibility in Marketing by addressing two significant research gaps. First, to my knowledge, this is the first study to offer evidence of a causal link between firm-initiated CSR actions and ensuing brand sales.

While prior work has demonstrated the existence of a relationship between CSR and indicators of firm financial performance or consumer stated intentions, my work is unique in that it focuses on studying the downstream impact of CSR on measures of firm performance that center around the consumer (such as brand sales). Importantly, investigating the effect of CSR on brand sales allows me to avoid the attitude-behavior gap that often arises in the study of ethical consumption.

For my causal identification of the treatment effect of CSR engagement on consumer purchase behavior, I employ the generalized synthetic control method, which offers a novel way of constructing comparison benchmarks that are plausibly the most comparable with treated units. Second, I provide a consumer-centric framework for assessing the downstream performance consequences of three distinct (but collectively exhaustive) types of CSR. I thus offer a notable departure from prior work, which has predominantly examined CSR either a global construct or only in the form of one or more specific initiatives. By drawing from work on consumer-brand relationships and the literature on forgiveness, my framework provides insight for brand managers looking to adopt CSR initiatives that resonate with their consumers.

Notably, on average, corrective and compensating CSR actions provide a sales boost to participating firms, whereas cultivating CSR actions contribute to a drop in sales. Further, I show that this effect differs according to consumers' prior perception of the brand, as proxied for by brand reputation, with these effects. The results suggest that, for brands with lower reputations, corrective CSR actions are tied to an overall increase in brand sales. This pattern of increasing brand sales is directionally similar for lower reputation brands that undertake compensating CSR actions. In contrast, these effects are less pronounced for brands with relatively favorable reputations. I find that not all CSR actions result in a statistically significant impact on brand sales: CSR initiatives that are environmentally-oriented (versus socially-oriented) are more likely to witness a significant sales impact, possibly because consumers rate environmental initiatives as among the ones addressing the most critical CSR concerns.

After demonstrating the existence of the effect of CSR using actual sales data, I explore the mechanism behind the effect in a controlled laboratory setting. My objective here is to provide some insight into why consumers may be more or less likely to respond to brand-level CSR actions. I track changes in consumer attitudes towards brands that announce CSR initiatives, following such announcements. Brands described as having less favorable reputations experience a greater lift in brand attitudes compared with higher reputation brands, for both corrective and compensating CSR actions. For cultivating CSR actions, there was no significant difference in brand attitude change between lower and higher reputation brands. The results reveal that consumer perceptions of brand sincerity significantly mediate the relationship between CSR type and brand attitude. In this way, my findings on the mechanism underlying consumer response not only support but also enrich my results from the observational data.

Overall, this research adopts a multi-method approach by combining observational data analyses and experimental methods to offer empirical evidence of how different types of CSR affect brand sales. While prior work has argued for the importance of the congruence between a brand and its announced CSR initiative, this study suggests that the type of CSR initiative undertaken is also highly material. I argue that differences in the perceived sincerity of a brand's CSR efforts may translate to realized differences in consumer brand evaluations/intentions. Finally, brands do not engage in CSR in a vacuum. When consumers learn about a brand's CSR initiatives, they internalize this with their prior knowledge of the brand.

My work also has some limitations. First, a firm's level of resource investment (both in terms of financial resources and effort) into the CSR rollout process may play a role in influencing sales returns as well as the ensuing profitability; this may differ for different types of CSR. Although some CSR announcements reveal the amount of money and time devoted to the brand's CSR initiative, many do not. Typically, information on firm investments are either proprietary (not publicly disclosed) or hard to quantify, or both. This precludes my ability to explicitly account for possible differences in financial resources or time committed to each CSR event at the firm level. Thus, I partially account for this in two ways – one, by including time-varying advertising spending at the brand level (but not specifically focused on CSR) as a covariate in my regressions, and two, by maintaining the brand's identity constant in my experimental analyses. The assumption in the former case would be that the firm's advertising spending is perfectly able to capture systematic firm investments that arise from and coincide with CSR announcement/rollout; this may be justifiable in some cases while not in others. Second, this study focuses on CSR announcements and not CSR implementation. Though rare, some brands may announce CSR initiatives without actually carrying them out. As such, I am less concerned about such a phenomenon in my data, given that I am focusing on prominent brands in the CPG space. Thus, given the size, age, promotion, and widespread available ability of the branded products, it is unlikely that the announced initiatives in my analysis dataset were not implemented.

For marketers, the findings from my research show that firm decisions to engage in CSR present both opportunities as well as challenges; this is especially true for brands with weaker reputations. Consumers are likely to respond more favorably to CSR efforts when such brands “clean up their own mess.” Thus, engaging in corrective CSR actions appears to enhance consumer perceptions of sincerity, especially for brands with lower reputations. The announcement of corrective CSR actions by lower reputation brands likely offers new information to the consumer that projects the firm in a positive light, which enhances the likelihood that it translates into favorable brand purchase intentions. Alternatively, brands engaging in cultivating CSR actions are likely to be perceived as relatively insincere.

Lastly, the fact that consumers, as a whole, are perceptive to differences in CSR, and are willing to put their money where they feel it matters most bears some optimism for the future of sustainable marketing. Overall, it is both encouraging and promising to note that business, consumer, social, and environmental interests can align in the form of businesses genuinely reducing their adverse impact for global betterment.

CHAPTER 3. CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE: DOES THE CHIEF MARKETING OFFICER MATTER?

3.1 Introduction

Corporate social responsibility (CSR) is no longer an afterthought for many firms. Organizational customers and consumers increasingly expect firms to engage in responsible business practices. Chief marketing officers (CMOs), who have been called the voice of the customer in the C-suite, are thus poised to help firms respond to ever-growing CSR expectations. Consequently, in recent years, CMOs across various industries have begun to take note of just how important CSR is to its customers. For example, the CMO of the personal computing stalwart, Dell, noted that its customers are looking for help to reduce the waste generated from electronics usage (Neisser 2016). The CMO of Innisfree Hotels, a hotel development and management company, explained how the company's CSR program helped it stand out to its business customers ("Corporate Social Responsibility" n.d.). The CMOs of TekRevol, a mobile app company, and the consumer healthcare giant Johnson & Johnson described the importance of identifying the values and issues of concern to their customers and communicating the company's efforts on those issues (Raza 2019; The Nielsen Company (US), LLC 2015). Such anecdotal evidence suggests that, given the CMO's' customer-facing role, she/he may help firms design initiatives that resonate with customers. By responding to customer needs, the CMO may play an instrumental role in a firm's ability to generate positive returns from CSR.

The existing literature offers three perspectives for understanding how the CMO may aid a firm in reaping returns from CSR. First, prior work highlights the following

CMO responsibilities that may influence firm performance: gathering and interpreting market information about competitors and customers, determining the level of investment in marketing activities, and developing and managing relationships with external stakeholders, including customers. Indeed, the CMO plays a critical role in incorporating customers' perspectives into a firm's marketing strategy by helping to clarify and satisfy customers' needs, which may also include values-based needs (Wang, Saboo, and Grewal 2015). Second, marketing scholars show that marketing capability helps firms leverage their CSR efforts. Specifically, high marketing capability enables firms to gather information on customers, which can help in the design and implementation of activities that align with customers' expectations (Mishra and Modi 2016). Third, the extant academic research on the impact of CSR on firm financial performance demonstrates a small, positive overall effect (Margolis, Elfenbein, and Walsh 2009). In various instances, researchers have found that the effect of CSR can be nonexistent or even negative. Thus, scholars are moving towards a more nuanced understanding of how some firms garner higher financial returns from their CSR programs (Brower, Kashmiri, and Mahajan 2017).

Against this backdrop, I draw from stakeholder theory and the psychology literature on negativity bias to address the following research questions, (1) Does CMO presence have a positive effect on CSR and, thereby, firm financial performance? (2) If so, is this effect stronger for certain types of CSR? To address these questions, I consider the following. First, I assess the impact of the CMO on the firm financial performance, through CSR, using an overall net measure of CSR. Stakeholder theory suggests that firms must deliver value to stakeholders to perform well financially (Donaldson and Preston 1995). The CMO is an indicator of the firm's commitment to marketing and addressing customer concerns within the firm. This commitment suggests that the firm is also likely to address customers' CSR needs and translate the value of its CSR program to its stakeholders (Mishra and Modi 2016).

Second, I focus on the differential effect of CMO presence on two types of CSR orientations, enhancing CSR strengths and reducing CSR concerns, and thus on firm financial performance. Whereas CSR strengths refer to a firm's actions in improving societal well-being, CSR concerns represent a firm's actions that harm societal well-being (Kang, Germann, and Grewal 2016; Mishra and Modi 2016). According to the literature on the negativity bias, individuals attend to negative information more than positive information. It thus follows that a firm's socially irresponsible behavior will loom larger in the minds of customers than a firm's socially responsible (Jayachandran, Kalaignanam, and Eilert 2013). Therefore, the CMO is likely to be aware of this impact on customers and aid in the design of programs the help reduce socially irresponsible behaviors.

To examine this relationship, I compiled a panel dataset of more than 300 firms over the time period from 2000 to 2011. Specifically, for data on CMO presence, CSR performance measures, and firm performance, I utilize secondary data sources including COMPUSTAT, corporate websites, Capital IQ, EXECUCOMP, firm's 10-Ks and proxy statements obtained from SEC's EDGAR database from COMPUSTAT. The final dataset comprises 2,351 observations over 12 years.

This study makes theoretical contributions to the CMO and CSR literature in three ways. First, to the best of my knowledge, this research is the first empirical work to link the CMO to the relationship between CSR and financial performance (see Table 3.1). The extant literature that investigates CSR in the context of marketing factors and financial performance is scant (Mishra and Modi 2016). While this body of research is growing, researchers have not paid much attention to the CMO in this context. Second, in identifying this relationship, my study provides further support for the importance of the CMO to a firm's bottom line. The CMO is the top management team (TMT) member primarily responsible for guiding and managing the marketing domain within a firm and maintaining relationships with external stakeholders. Given this unique position, it is vital to investigate how the CMO contributes to the enhancement of firm financial performance, while also taking heed to stakeholders' growing emphasis on environmental and social consciousness. Third, I disaggregate the CSR construct, distinguishing between two types of CSR orientations (enhancing strengths vs. reducing concerns) as well as multiple CSR domains (i.e., community, diversity, employee, environment, product). As such, I add to the emergent body of literature that considers CSR as a multifaceted construct.

In the next section, I develop the conceptual framework and hypotheses linking CMO presence to CSR and firm financial performance (see Figure 3.1). I then examine these relationships empirically using my panel dataset. I conclude with a discussion of my findings, implications for theory and practice, and limitations.

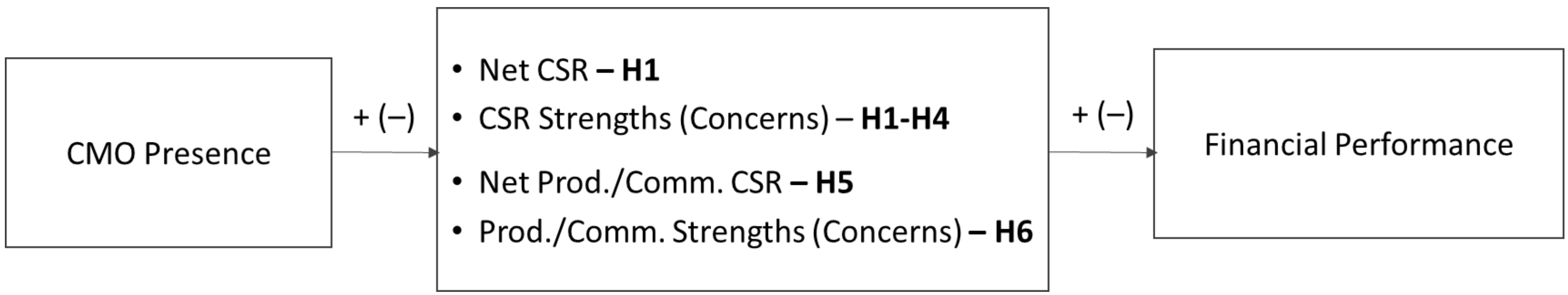

Figure 3.1 – Conceptual Model

Table 3.1 – Summary Literature on CMO, CSR, and Financial Performance

Research Article	Variables			Key Findings
	CMO	CSR	Firm Performance	
This Study	**Yes**	**Yes**	**Yes (Tobin's Q)**	**CMOs help firms to effect greater financial rewards from CSR by enhancing CSR strengths and reducing CSR concerns.**
Nath and Mahajan (2008)	Yes	No	Yes (Tobin's Q)	CMO presence exerts no impact on firm performance.
Boyd, Chandy, and Cunha (2010)	Yes	No	Yes (Stock price)	The appointment of a CMO when customer power is low increases firm value.
Nath and Mahajan (2011)	Yes	No	Yes (Sales growth)	CMOs with additional sales responsibility have a positive effect on sales growth.
Germann, Ebbes, and Grewal (2015)	Yes	No	Yes (Tobin's Q)	Firms with a CMO experience a 15% higher firm performance than those without a CMO.
Nath and Mahajan (2017)	Yes	No	No	CMO turnover is less likely given CMO insider-ness, increases in sales growth, and increases in industry growth and stability.
Luo and Bhattacharya (2006)	No	Yes	Yes (Tobin's Q and stock return)	CSR increases firm performance through customer satisfaction.

Table 3.1 continued

Servaes and Tamayo (2013)	**No**	**Yes**	**Yes (Tobin's Q)**	**When customer awareness is high, CSR enhances firm value.**
Kang, Germann, and Grewal (2016)	No	Yes	Yes (Tobin's Q)	Firms that engage in CSR seemingly altruistically realize significant financial returns.
Mishra and Modi (2016)	No	Yes	Yes (Stock returns)	Marketing capability positively complements the relationship between stock returns and CSR with benefits to stakeholders.
Brower and Mahajan (2013)	Yes	Yes	No	There is no statistically significant relationship between CMO presence and CSR breadth.
Ozturan and Grinstein (2017)	Yes	Yes	No	Socially responsible CMOs generate enhanced marketing department performance.

3.2 Conceptual Development

3.2.1 CSR and Stakeholder Theory

The extant literature points to a small, positive relationship between a firm's engagement in CSR, or discretionary business practices and contributions of corporate resources intended to improve societal well-being, and firm financial performance (Mishra and Modi 2016). Stakeholder theory offers useful insights for understanding this relationship. At the time of its introduction, stakeholder theory provided an alternative to the prevailing notion that managers have a duty to shareholders. According to stakeholder theory, values are a part of doing business, and managers must take into account the interests of groups and individuals who can affect or be affected by a firm's activities (Freeman 1984). Furthermore, stakeholders play a critical role in the provision of resources to the firm (e.g., customers provide revenue, employees provide skill, and suppliers provide raw materials). Maintaining a balance among the needs of various stakeholders is vital to the health of the firm.

A recent survey of consumers underscores the stakeholder theory viewpoint within the context of CSR. Amid growing customer expectations of corporate socially responsible behavior, the survey shows that CSR initiatives are becoming a relevant factor for consumer purchase intent, loyalty, and switching behavior (Cone Communications 2017). By addressing customer concerns about social responsibility, firms deliver value to their customers, which results in a variety of desirable customer behaviors.

Findings from the academic literature also align with stakeholder theory. Marketing scholars find that CSR influences firm performance positively, primarily due to CSR's positive effect on several customer outcomes (Kang, Germann, and Grewal 2016). For instance, there is a positive effect of CSR on consumer evaluations of the firm and consumer purchase intent, customer loyalty, and customer satisfaction (Mohr and Webb 2005; Du, Bhattacharya, and Sen 2007; Luo and Bhattacharya 2006).

Positive customer response can lead to increased firm financial performance due to accelerated cash flows, increased volume of cash flows, and reduced cash flow vulnerability. Specifically, stronger customer loyalty and positive brand evaluations are likely to lead customers to respond faster to marketing efforts, leading to accelerated cash flows. Customer willingness to pay a premium, intention to increase business, repurchase intentions, and loyalty can increase revenues and reduce the cost of doing business due to the existing customer relationship. Finally, customer satisfaction, loyalty, and the dampened impact of negative information on brand evaluations render customers less susceptible to competitors. As such, a firm's cash flow is less vulnerable. In the following section, I discuss the CMO's roles within the firm to establish the relationship between the CMO, CSR, and firm financial performance.

3.2.2 The CMO and Corporate Social Responsibility

As customers begin to value CSR, the CMO may consider this changing perspective to shape marketing strategy. In support of this logic, prior work provides evidence of a positive relationship between CMO presence and CSR (Luo, Wieseke, and Homburg 2012). Furthermore, research suggests that CMOs who prioritize socially responsible marketing practices increase the marketing department's influence, which generates better marketing department performance (sales, profits, customer engagement, etc.) (Ozturan and Grinstein 2017). Indeed, more significant marketing department influence not only improves marketing department performance, but also enhances financial outcomes (Feng, Morgan, and Rego 2015).

While these findings offer valuable insight, there remains a dearth of research examining the relationship between the CMO and CSR. Considering the CMO's role as the customer advocate in the TMT may offer useful insight into her/his potential influence on the CSR and financial performance relationship. Scholars distinguish between three dimensions of the CMO's role: the relational role, the informational role, and the decisional role (Boyd, Chandy, and Cunha 2010). The relational role refers to developing and managing a firm's relationships with external stakeholders. In this role, the CMO may recognize that various stakeholder identities may become salient when a customer makes a purchase. Some of these identities, such as concerned citizen and community member, are related to social and environmental concerns (Luo and Bhattacharya 2006). In the informational role, the CMO identifies new market opportunities that the firm should undertake. The CMO can identify the CSR initiatives that resonate best with customers. Finally, in the decisional role, the CMO is responsible for determining which investments a firm makes related to the marketing function, which can include implementation of the marketing activities associated with CSR initiatives (e.g., investing in specific CSR activities, making product changes). The CMO can ensure that CSR initiatives confront issues that are most relevant to customers, resulting in higher purchase intent, customer loyalty, etc. Taken together, I expect positive financial rewards to accrue to the firm because of the CMO's positive effect on CSR. Formally,

H1: The CMO has a positive indirect effect on financial performance through CSR.

Firms may engage in CSR in many ways. For instance, the retailer Walmart has worked with the National Fish and Wildlife Foundation to preserve and restore wildlife habitat, one of the most extensive corporate conservation programs in history (Gunther 2015). At the same time, Walmart is working with its suppliers to reduce greenhouse gas emissions associated with its supply chain (Wal-Mart Stores, Inc. 2017). Thus, firms may act proactively to contribute to societal well-being by preventing pollution, donating to community programs, or adopting fair hiring practices. Yet, they may also work to reduce their harmful impact by lowering their socially irresponsible practices. Specifically, firms may reduce their use of hazardous materials or commit to increasing workers' pay to a living wage. Therefore, I distinguish between enhancing CSR strengths, whereby firm actions advance societal well-being and reducing CSR concerns, whereby firm actions reduce its instances of societal harm. (Kang, Germann, and Grewal 2016).

For the reasons outlined in the previous section, I expect that the CMO will have a positive effect on financial performance by increasing CSR strengths. Nevertheless, I posit that CMO presence will exert differential effects on enhancing CSR strengths and reducing CSR concerns, and thereby firm financial performance. This reasoning stems from the notion that the possible negative effects resulting from not reducing CSR concerns are likely to hold greater weight than the potential advantages of increasing CSR strengths. Support for this assertion comes from psychological research on negativity bias. Research shows that individuals respond to negative events (i.e., events that can result in adverse effects) with intense physiological changes.

Moreover, negative information, as opposed to positive or neutral information, is more effective at drawing an individual's attention. However, positive events do not evoke such intense physiological arousal (Taylor 1991). Research suggests that when individuals evaluate positive and negative events concurrently, the summary evaluation is typically more negative than the sum of the subjective values of the individual assessments. Also, individuals interpret negative stimuli as more elaborate than similar positive stimuli (Rozin and Royzman 2001).

Further support for the effect of negativity bias comes from the marketing literature. Marketing scholars find that, in general, consumers react negatively to socially irresponsible behavior, while only consumers who are supportive of a given CSR issue respond positively to a firm's CSR (Sen and Bhattacharya 2001). Although firms often invest in CSR strengths to mitigate the effects of past CSR concerns, research suggests that this strategy is not effective at compensating for the negative impact of CSR concerns (Kang, Germann, and Grewal 2016). Other work provides evidence of the asymmetrical effect of CSR strengths and CSR concerns on firm financial performance, with CSR concerns exerting a stronger negative impact on financial performance compared to the positive impact of CSR strengths (Jayachandran, Kalaignanam, and Eilert 2013).

Drawing from the work on negativity bias, I posit that customers are likely to react more intensely to the adverse outcomes associated with firm behavior than to the positive outcomes related to firm behavior. According to the popular press, marketers are well aware of the potentially disproportionate harm that may ensue from a negative news story. The CMO's informational and decisional roles within the firm suggest that she/he may invest in specific initiatives (e.g., product changes that cut down on environmental impact, divesting from marketing towards vulnerable groups or communities) that reduce the harmful effects of the CSR concerns. By mitigating the negative effect of CSR concerns on financial performance, CMO presence is likely to have a positive influence on financial payoffs to the firm. The documented differential effects of CSR strengths and CSR concerns suggest that the CMO's positive effect on financial performance will be greater through CSR concerns than through CSR strengths. More formally,

H2: The CMO has a positive indirect effect on financial performance by increasing CSR strengths.

H3: The CMO has a positive indirect effect on financial performance by decreasing CSR concerns.

H4: The positive indirect effect of the CMO on financial performance through CSR concerns is greater than the positive indirect effect of the CMO on financial performance through CSR strengths.

3.2.3 The CMO and specific CSR domains

I further examine the CMO's influence on enhancing CSR strengths and reducing CSR concerns through the lens of five distinct CSR domains: community support (e.g., charitable giving, support for education), diversity (e.g., work/life benefits, women and minority contracting, employment of disabled), employee support (e.g., union relations, health and safety), environment (e.g., beneficial products, pollution prevention), and products (e.g., product quality, benefits to economically disadvantaged).

As the TMT member in charge of generating, disseminating, and responding to information about customer concerns throughout the organization, the CMO should exert the most considerable influence on CSR activities in domains that are most important to customers. Of the five domains described above, activities within the domains of product and environmental CSR domain are most likely to influence customers, which in turn can affect firm financial performance.

Investment in CSR in the product domain is most likely to offer a direct benefit to the customer. Furthermore, customers can more readily evaluate CSR claims in the product domain (Jayachandran, Kalaignanam, and Eilert 2013). Indeed, researchers find that, under certain circumstances, consumers respond positively to green product enhancements and may even be willing to pay more for environmentally-friendly products (Griskevicius, Tybur, and Van den Bergh 2010; Newman, Gorlin, and Dhar 2014). Moreover, consumers perceive products produced using fair-trade standards to be healthier than those produced using traditional production methods (Schuldt, Muller, and Schwarz 2012).

Similarly, for the environmental domain, brands positioned on environmental-friendliness, compared with those positioned on dimensions other than environmental-friendliness, reap advantages in terms of quality perceptions, value, and loyalty (Du, Bhattacharya, and Sen 2007). Other work shows that consumers may prefer environmentally-friendly products, which allow them to signal their prosocial behavior to others (Griskevicius, Tybur, and Van den Bergh 2010). Also, CSR activities in the environmental domain can reduce the negative impact of a product crisis on consumer brand evaluations and purchase intentions and enhance product evaluations (Klein and Dawar 2004; Chernev and Blair 2015). Furthermore, environmental CSR activities have a positive impact on organizational customer loyalty (Homburg, Stierl, and Bornemann 2013).

Whereas customers may value diversity, employee, and community CSR, activities in these domains are likely to provide the most value to other stakeholders. For example, CSR in the diversity domain can reduce regulatory scrutiny and thus can increase shareholder value. Employee-based CSR can help firms retain and attract talented workers. Community-based CSR typically involves philanthropic interaction with the broader community and targets secondary stakeholders such as non-profit organizations. Moreover, charitable donations can often lead to tax breaks for the firm, which can benefit shareholders (Homburg, Stierl, and Bornemann 2013; Mishra and Modi 2016). Even though customers may view firms engaged in any of these domains favorably, I expect customers to place more importance on efforts in the product and environmental CSR domains because efforts in these domains more directly target and benefit them.

H5: The positive indirect effect of the CMO on financial performance through CSR is strongest for the product and environmental CSR domains (compared to the diversity, employee, and community CSR domains).

As aforementioned, the negativity bias suggests that consumers are more likely to be sensitive to negative events, specifically, information about a firm's CSR concerns. Thus, I expect the CMO to have the strongest positive effect on firm financial performance due to her/his effect on reducing CSR concerns in the domains most relevant to customers: product and environmental CSR. More formally, I offer the following mediated hypothesis:

H6: The positive indirect effect of the CMO on financial performance through product and environmental CSR concerns is greater than the positive indirect effect of the CMO on financial performance through product and environmental CSR strengths.

3.3 Data and Methodology

3.3.1 Sample and Measures

I collect cross-sectional time-series data (i.e., panel data) for the time period from 2000 to 2011. I start with all firms in the COMPUSTAT database. For this set of firms, I add data on CMO presence, CSR performance measures, and firm performance measures, as well as control variables. To do so, I use various secondary data sources, including COMPUSTAT, corporate websites, LinkedIn, Capital IQ, EXECUCOMP, firm's 10-Ks, and proxy statements obtained from SEC's EDGAR database. Drawing upon prior literature, I observe firms with sales of at least $250 million in the year 2006, the midpoint of my period of observations (Nath and Mahajan 2008; German, Ebbes, and Grewal 2015). Such firms are much more likely to have a CMO than smaller firms. Furthermore, I retain firms without missing data on the various factors of interest. The final dataset has 2,351 firm-year observations, with 368 firms over 12 years and a cross-section of industries. The sample consists of all publicly traded firms from 43 different two-digit SIC code industries.

3.3.1.1 CMO Measure

I closely follow Nath and Mahajan (2008; 2011) and German, Ebbes, and Grewal (2015) to identify whether a top executive marketing function exists in the company by searching for an executive in the TMT with the term "marketing" or "branding" in her/his title in CAPITAL IQ, EXECUCOMP, or through company websites and 10-K reports. The actual titles include senior vice president marketing, executive vice president marketing, chief marketing officer, chief branding officer, chief customer officers, chief experience officer, chief client officer, or chief marketing and sales officer. Thus, I measure the presence of a CMO level executive in any given firm across the sample time frame as a dichotomous variable equal to 1 (zero otherwise). Consistent with prior work, on average, 35% of firms in my sample had CMO-related executive positions in a given year (ranging from 28% to 40% in my sample of 12 years).

3.3.1.2 Corporate Social Responsibility Measures

I obtain corporate social responsibility performance data from the MSCI ESG Social Ratings database. This database has been used widely in academic research (e.g., Kotchen and Moon 2012; Kang, Germann, and Grewal 2016). I consider data on a firm's CSR strengths and CSR concerns in five key social issue areas: community, diversity, employee, environment, and product.[10] Each area consists of several different CSR strength indicators and several different CSR concern indicators. Overall, the database covers 80 different indicators. The database provides an annual binary summary of a firm's CSR strengths and CSR concerns for each indicator within the issue areas. For example, the community score comprises six CSR concern indicators (e.g., investment controversies, negative economic impact) and eight CSR strength indicators (e.g., charitable giving, support for education, support for housing). In Table 2.1, I provide all CSR strength and CSR concern indicators in the five domains of interest for this study (community, diversity, employee, environment, and product).

Table 3.2 – CSR Domains Descriptive Statistics

Issue Area	Mean (S.D.)	Type	Categories
Community	.30 (.72)	Strengths	Charitable Giving, Innovative Giving
			Non-U.S. Charitable Giving
			Support for Housing
			Support for Education
			Indigenous Peoples Relations
			Volunteer Programs
			Other Strengths
	.086 (.31)	Concerns	Investment Controversies
			Negative Economic Impact
			Indigenous Peoples Relations
			Tax Disputes
			Other Concerns
Diversity	1.16 (1.49)	Strengths	CEO
			Promotion
			Board of Directors
			Work/Life Benefits
			Women & Minority Contracting

[10] The database includes other CSR domains such as corporate governance and human rights. Given my definition of CSR and drawing on prior work, I do not include corporate governance as it pertains to suppliers of finance and the assurance receiving a return on investment and thus has minimal bearing on customer-relevant social and environmental issues (Servaes and Tamayo 2013). In addition, I do not include CSR ratings for activities that are not relevant for most firms in the sample, such as the human rights records of firms operating in politically unstable countries (Mishra and Modi 2016).

Table 3.2 continued

			Employment of the Disabled
			Gay & Lesbian Policies
			Other Strengths
	.38 (.57)	Concerns	Controversies
			Non-Representativeness
			Other Concerns
Employee Relations	.52 (.86)	Strengths	Union Relations
			No-Layoff Policy
			Cash Profit Sharing
			Employee Involvement
			Retirement Benefits Strengths
			Health and Safety Strengths/Other Strengths
	.60 (.80)	Concerns	Union Relations
			Health and Safety Concerns
			Workforce Reductions
			Retirement Benefits Concerns
			Other Concern
Environment	.37 (.85)	Strengths	Beneficial Product and Services
			Pollution Prevention
			Recycling
			Clean Energy
			Communications
			Management Systems
			Other Strengths
	.26 (.69)	Concerns	Hazardous Waste
			Regulatory Problems
			Ozone Depleting Chemicals
			Substantial Emissions
			Agricultural Chemicals
			Climate Change
			Other Concern
Product	.12 (.36)	Strengths	Quality
			R&D/Innovation
			Benefits to Economically Disadvantaged
			Other Strengths
	.37 (.77)	Concerns	Product Safety
			Marketing/Contracting Concern
			Antitrust
			Other Concern

I follow Kotchen and Moon (2012) and total the firm's scores of all CSR strength and CSR concern items across all social issue categories to determine each firm's respective scores. Therefore, in each sample year, I calculate two sets of scores for each firm; one represents the firm's overall CSR strength score while the other represents its CSR concern score. Finally, following Kotchen and Moon (2012) and Kang, Germann, and Grewal (2016) I standardize the scores due to the varying number of categories within each social issue area across the years, as well as the varying number of firms included in the MSCI ESG Social Ratings database. To achieve this, I calculate the average CSR strength (concern) score within a year, and subtract it from the focal firm's CSR strength (concern) score for that year. I then divide the value by the standard deviation of the average CSR strength (concern) score within a year. The result is a standardized overall CSR strength (concern) score for each firm and year combination. I calculate a net CSR score by subtracting the standardized CSR concern score from the standardized CSR concern score (Servaes and Tamayo 2013). I follow the same procedure to create CSR strength scores, CSR concern scores, and net CSR scores for each of the CSR domains.

3.3.1.3 Financial Performance Measure

The CMO function has both short and long-term performance implications for firm marketing and financial performance (Boyd, Chandy, and Cunha 2010; German, Ebbes, and Grewal 2016). Similarly, CSR efforts require both short-term and continued investment efforts to produce any benefits to the intended stakeholders and the company as a result. Therefore, the literature suggests that to assess the implications for firm performance of those two variables, I require a measure that is both forward-looking and comparable across different firms and industries. Consistent with Nath and Mahajan (2008) and German, Ebbes, and Grewal (2016), I use Tobin's q as my performance measure. Tobin's q is the ratio of a firm's market value to the replacement cost of its set of assets (Tobin 1969). As such, it is also forward-looking, and a capital market-based measure of firm value. It combines capital market data and accounting data, and as such, accounts for the (1) abnormal returns from the firm's collection of assets, and (2) expected market risk (Amit and Wernerfelt 1990).

3.3.1.4 Control Variables

Consistent with past research on CSR and on the CMO, I include controls for innovation, differentiation, firm size, return on assets, sales growth, leverage, and CEO tenure. I capture innovation as R&D intensity, or total spending on R&D as a percentage of total assets, and differentiation as advertising intensity, or the ratio of advertising to total assets, both of which may affect Tobin's q and CSR strategy (Luo & Bhattacharya 2006; Servaes and Tamayo 2013). I include firm size controls, computed as the logarithm of the total number of employees, to account for the possible tendency of larger firms to have a CMO. Return on assets (ROA) and sales growth control for the effects of past performance, which may affect the financial performance measure. I also include firm leverage to gauge the degree of the financial indebtedness of a firm. I also include CEO tenure to account for CMO presence due to changes in the TMT. Finally, I include firm and time fixed effects to account for unobserved time-invariant firm effects and time trends. I present the descriptive statistics in Table 3.3.

Table 3.3 – Descriptive Statistics

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. CMO presence	.33	.47	1												
2. Tobin's q	2.15	1.25	.16	1											
3. Net CSR	-.18	.19	.036	.14	1										
4. CSR strengths	1.11	.15	-.042	-.056	.50	1									
5. CSR concerns	1.30	.20	-.069	-.20	-.72	.25	1								
6. Innovation	.046	.059	.23	.31	.043	-.0092	-.055	1							
7. Differentiation	.030	.049	.041	.034	.020	.0073	-.17	-.17	1						
8. Log (number of employees)	2.32	1.54	-.25	-.085	.096	.081	-.042	-.37	.084	1					
9. Return on assets	.059	.11	-.019	.42	-.48	-.062	.0035	-.15	-.022	.13	1				
10. Sales growth	.062	.17	.076	.31	-.075	.016	-.044	.025	-.80	-.051	.29	1			
11. Leverage	.17	.18	-.050	-.13	.030	.042	.0020	-.20	-.0027	.16	-.12	-.12	1		
12. CEO tenure	8.25	7.44	.054	.020	-.035	-.027	.017	-.0002	-.097	-.15	.013	.068	-.065	1	
13. Tobin's q (t-1)	2.33	1.33	.15	.81	.18	-.062	-.21	.28	.020	-.063	.45	.32	-.13	.027	1

3.3.2 *Data Analysis Approach*

The choice to have a CMO function in the organization is endogenous, as CMO presence may be correlated with the error term due to omitted variables; therefore I use an instrumental variables (IVs) approach to correct for the endogeneity concern. Consistent with Angrist and Pischke (2009), I attempt to locate an instrument that meets the instrument relevance criterion and the exclusion restriction. I follow Germann, Ebbes, and Grewal (2015) and use CMO prevalence in the sample firms' two-digit Standard Industrial Classification (SIC) code industry groups. Specifically, the instrumental variable for firm *i* is the number of firms with a CMO function in the two-digit SIC code other than the focal firm divided by the number of SIC codes (43 SIC codes in the sample). In terms of instrument relevance, I claim that CMO prevalence within the focal firm's industry correlates with CMO presence in the focal firm. Focal firms and industry peers are faced with the same market and economy-wide conditions since they operate in the same industry. Furthermore, firms that have the CMO function are relatively large and invest in advertising, again making it more likely that they are similar in their choice to have a CMO.

Meeting the exclusion restriction requires that the IV is uncorrelated with potential omitted variables that affect the focal firm's CSR outcomes. As Germann, Ebbes, and Grewal (2015) demonstrate, industry peers are unlikely to collectively observe or measure firm-level omitted variables such as corporate culture, and further cannot act on those variables strategically. Therefore, the IV should be uncorrelated with the potential omitted variable, thus meeting the exclusion restrictions.

I use a probit regression to estimate CMO presence as a function of the IV as well as controls for innovation, differentiation, firm size, return on assets, sales growth, leverage, and CEO tenure. CMO presence acts as a dichotomous dependent variable equal to 1 if the firm had a CMO present in that fiscal year and 0 otherwise. The resulting correction factor, also known as the inverse Mills ratio, denoted as lambda (λ) is the ratio of the probability density (pdf) to the cumulative density function (cdf) for CMO presence. I then include the inverse Mills ratio as a control function in the subsequent models.

Following the selection of the instrumental variable, I performed the empirical analysis as follows. First, I estimated the effect of CMO presence on net CSR while simultaneously estimating the impact of net CSR on firm performance within a Structural Equation Modeling framework (e.g., SEM) with instrumental variables. This structure is an appropriate test of mediation as this method requires simultaneous estimation of the equations. Some marketing scholars view it as superior to other methods of testing mediation. The simultaneous fitting of both paths results in smaller standard errors and less bias, as each effect is partialled out of the other effects (Iacobucci 2009). I also specify cluster robust standard errors. Formally, I specify the following system of equations to test H1:

$$\begin{aligned} Net\ CSR_{it} &= \beta_0 + \beta_1 CMO_{it} + \beta_2 Controls_{it} + \beta_3 F_{it} + \beta_4 Y_{it} \\ &\quad + \beta_5 InverseMillsRatio_{it} + \varepsilon_{it} \end{aligned} \tag{2}$$

$$
\begin{aligned}
&Financial\ Performance_{it} \\
&\qquad = \beta_0 + \beta_1 Net\ CSR_{it} + \beta_2 CMO_{it} + \beta_3 Controls_{it} + \beta_4 F_{it} \\
&\qquad + \beta_5 Y_{it} + \beta_6 InverseMillsRatio_{it} + \varepsilon_{it}
\end{aligned} \tag{3}
$$

Where *i* represents the individual firm, and *t* is the fiscal year of observation; $Net\ CSR_{it}$ represents the net CSR score; CMO_{it} is an indicator variable for CMO presence; $Financial\ Performance_{it}$ is the measure of financial performance, Tobin's q; $Controls_{it}$ represents a vector of control variables including innovation, differentiation, firm size, ROA, sales growth, leverage, and CEO tenure; F_{it} and Y_{it} are firm and year fixed effects, respectively; $InverseMillsRatio_{it}$ is the inverse Mills ratio calculated from the instrumental variable model.

The second set of analysis estimates the impact of CMO presence on CSR strengths and CSR concerns, and thereby financial performance (i.e., hypotheses H2, H3, H4). Employing a similar SEM structure as above, I specify equations 4 and 5. Again, I use cluster robust standard errors and the same set of control variables. Formally, I specify the following models:

$$
\begin{aligned}
&CSR\ strength(concerns)_{it} \\
&\qquad = \beta_0 + \beta_1 CMO_{it} + \beta_2 Controls_{it} + \beta_3 F_{it} + \beta_4 Y_{it} \\
&\qquad + \beta_5 InverseMillsRatio_{it} + \varepsilon_{it}
\end{aligned} \tag{4}
$$

$$
\begin{aligned}
&Financial\ Performance_{it} \\
&\quad = \beta_0 + \ \beta_1 CSR\ strength(concerns)_{it} + \beta_2 CMO_{it} \\
&\quad + \beta_3 Controls_{it} + \beta_4 F_{it} + \beta_5 Y_{it} + \beta_6 InverseMillsRatio_{it} \\
&\quad + \varepsilon_{it}
\end{aligned} \tag{5}
$$

Where $CSR\ strength(concerns)$ represents a firm's score on CSR strengths or concerns. All other variables are the same as reported above.

For the final set of analyses, I examine the indirect effect of CMO presence on financial performance through net CSR, CSR strengths, and CSR concerns for each of the five CSR domains. I use the same analysis approach as described above to model the following equations:

$$
\begin{aligned}
&CSR\ domains_{it} \\
&\quad = \beta_0 + \beta_1 CMO_{it} + \beta_2 Controls_{it} + \beta_3 F_{it} + \beta_4 Y_{it} \\
&\quad + \beta_5 InverseMillsRatio_{it} + \varepsilon_{it}
\end{aligned} \tag{6}
$$

$$
\begin{aligned}
&Financial\ Performance_{it} \\
&\quad = \beta_0 + \ \beta_1 CSR\ domains_{it} + \beta_2 CMO_{it} + \beta_3 Controls_{it} \\
&\quad + \beta_4 F_{it} + \beta_5 Y_{it} + \beta_6 InverseMillsRatio_{it} + \varepsilon_{it}
\end{aligned} \tag{7}
$$

Where $CSR\ domains$ represents a firm's score in the five CSR domains on net CSR, CSR strengths, or CSR concerns. All other variables are the same as reported above.

3.4 Results

The results provide support for several of my hypotheses. First, Table 3.4 presents the results of estimating Equations 2, 3, 4, and 5. I find that CMO presence increases net CSR ($\beta = .035$, $p < .05$) and that net CSR increases Tobin's q ($\beta = .65$, $p < .05$). Furthermore, I find that the indirect of CMO presence on Tobin's q through net CSR is positive ($\beta = .023$, $p < .1$) in support of H1. With regard to CSR strengths and CSR concerns, I find that the indirect effect of CMO presence on Tobin's q through CSR strengths ($\beta = .023$, $p < .1$) and the indirect effect of CMO presence on Tobin's q through CSR concerns ($\beta = .029$, $p < .05$) to be significant. Thus, I find support for H2, H3, and H4.

Table 3.4 – Estimation Results

	Coefficient (SE)
CMO Presence → Net CSR	.035 (.016)*
Innovation	6.56 (1.33) **
Differentiation	-3.82 (1.84) **
Log (number of employees)	-.56 (.13) *
Return on assets	1.55 (.26) **
Sales growth	.61 (.16) **
Leverage	.57 (.40)
CEO tenure	.011 (.0047) *
Net CSR → Tobin's q	.65 (.13) **
Innovation	.090 (.19)
Differentiation	1.07 (.64) $^{+}$
Log (number of employees)	-.17 (.029) **
Return on assets	.12 (.052) *

Table 3.4 continued

Sales growth	-.033 (.044)
Leverage	.073 (.052)
CEO tenure	-.0016 (.0016)
CMO Presence → Net CSR → Tobin's q	.023 (.012) +
CMO Presence → CSR strengths	.010 (.0045) *
Innovation	6.56 (1.33) **
Differentiation	-3.82 (1.84) **
Log (number of employees)	-.56 (.13) *
Return on assets	1.55 (.26) **
Sales growth	.61 (.16) **
Leverage	.57 (.40)
CEO tenure	.011 (.0047) *
CSR strengths → Tobin's q	2.25 (.47) **
Innovation	.090 (.19)
Differentiation	1.07 (.64) +
Log (number of employees)	-.17 (.029) **
Return on assets	.12 (.052) *
Sales growth	-.033 (.044)
Leverage	.073 (.052)
CEO tenure	-.0016 (.0016)
CMO Presence → CSR strengths → Tobin's q	.023 (.012) +
CMO Presence → CSR concerns	-.029 (.011) **
Innovation	6.56 (1.33) **
Differentiation	-3.82 (1.84) **
Log (number of employees)	-.56 (.13) *
Return on assets	1.55 (.26) **

Table 3.4 continued

Sales growth	.61 (.16) **
Leverage	.57 (.40)
CEO tenure	.011 (.0047) *
CSR concerns → Tobin's q	-.99 (.419) **
Innovation	-.064 (.13)
Differentiation	-.76 (.46) +
Log (number of employees)	.12 (.021) **
Return on assets	.082 (.037) *
Sales growth	.023 (.031)
Leverage	-.052 (.037)
CEO tenure	-.0016 (.0012)
CMO Presence → CSR concerns → Tobin's q	.29 (.013)*

***p<0.01, *p<0.05, + p<0.1 (two-tailed tests)*

The final set of hypotheses (H5 and H6) tests the differential impact of CMO presence through the CSR domains of community, diversity, employee, environment, and product issues. Contrary to my predictions, I only find evidence of a *negative* indirect effect of CMO presence on financial performance through net CSR in the environmental domain and through CSR concerns in the diversity domain (see Table 3.5). Thus, I do not find support for H5 or H6.

Table 3.5 – Estimation Results for CSR Domains

	Coefficient (SE)
Community	
CMO presence → Net CSR	-.0020 (.032)
Net CSR → Tobin's q	-.19 (.048)**
CMO presence → Net CSR → Tobin's q	.00038 (.00061)

Table 3.5 continued

CMO presence → CSR strengths	-.010 (.028)
CSR strengths → Tobin's q	-.204 (.047)
CMO presence → CSR strengths → Tobin's q	.0021 (.0059)
CMO presence → CSR concerns	.052 (.044)
CSR concerns → Tobin's q	.007 (.061)
CMO presence → CSR concerns → Tobin's q	-.00004 (.00004)
Diversity	
CMO presence → Net CSR	.090 (.058)
Net CSR → Tobin's q	-.0025 (.024)
CMO presence → Net CSR → Tobin's q	-.0023 (.0022)
CMO presence → CSR strengths	-.052 (.44)
CSR strengths → Tobin's q	-.034 (.029)
CMO presence → CSR strengths → Tobin's q	-.0017 (.0021)
CMO presence → CSR concerns	-.023 (.030)
CSR concerns → Tobin's q	.0018 (.0025)
CMO presence → CSR concerns → Tobin's q	-.078 (.006) +
Employee	
CMO presence → Net CSR	.11 (.062) +
Net CSR → Tobin's q	-.037 (.030)
CMO presence → Net CSR → Tobin's q	-.0041 (.0041)
CMO presence → CSR strengths	.053(.043)
CSR strengths → Tobin's q	-.12 (.048)*
CMO presence → CSR strengths → Tobin's q	-.0064 (.0056)
CMO presence → CSR concerns	-.057 (.049)
CSR concerns → Tobin's q	-.031 (.031)
CMO presence → CSR concerns → Tobin's q	.0018 (.0022)
Environment	
CMO presence → Net CSR	.099 (.047)*
Net CSR → Tobin's q	-.097 (.033)**
CMO presence → Net CSR → Tobin's q	-.0096 (.0054) +
CMO presence → CSR strengths	.081 (.047)*
CSR strengths → Tobin's q	-.10 (.036)**
CMO presence → CSR strengths → Tobin's q	-.0085 (.0057)

Table 3.5 continued

CMO presence → CSR concerns	.0062 (.050)
CSR concerns → Tobin's q	-.018 (.017)
CMO presence → CSR concerns → Tobin's q	-.00011 (.00092)
Product	
CMO presence → Net CSR	.12 (.043)**
Net CSR → Tobin's q	-.033 (.041)
CMO presence → Net CSR → Tobin's q	-.0039 (.0053)
CMO presence → CSR strengths	.016 (.019)
CSR strengths → Tobin's q	-.16 (.093) +
CMO presence → CSR strengths → Tobin's q	-.0025 (.0032)
CMO presence → CSR concerns	-.011 (.049)
CSR concerns → Tobin's q	-.10 (.038)*
CMO presence → CSR concerns → Tobin's q	.0012 (.0050)

$**p<0.01$, $*p<0.05$, $+ p<0.1$ (two-tailed tests)

3.4.1 Robustness Checks

I assess the robustness of my findings to alternative estimations. First, I examine the impact of CMO presence on sales growth, an alternative measure of firm financial performance. In this case, I do not include sales growth as a control variable. I find that CMO presence does not have a significant indirect effect on sales growth. These findings are not surprising, as prior work investigating the effect of the CMO presence on firm financial performance does not observe a main effect of CMO presence on sales growth.

I also note that measures of firm CSR strengths and CSR concerns are on ordinal scales with higher numbers representing a higher ranking; however, the distance between adjacent levels is unknown or uninformative. Thus, I also specify an ordered logit estimation in the first stage of my mediation model due to the nature of the CSR dependent variables. Except for CSR strengths, the results remain largely unchanged. Past research offers some guidance for this finding. Scholars show that CSR strengths can lead to a null effect on financial performance. They argue that stakeholders are more likely to punish CSR failures than they are reward CSR successes (Jayachandran, Kalaignanam, and Eilert 2013). I provide a representative sample of these analyses in Table 3.6.

Table 3.6 – Robustness Checks

	Coefficient (SE)
Sales Growth Dependent Variable	
CMO presence → Net CSR	.035 (.016)*
Net CSR → Sales growth	-.020 (.027)
CMO presence → Net CSR → Sales growth	-.0072 (.001)
CMO presence → CSR strengths	.010 (.0045)**
CSR strengths → Sales growth	-.071 (.094) +
CMO presence → CSR strengths → Sales growth	-.0072 (.001)
CMO presence → CSR concerns	-.025 (.011)*
CSR concerns → Sales growth	.029 (.38)
CMO presence → CSR concerns → Sales growth	-.0072 (.001)
Model with Ordered Logit in First Stage	
CMO presence → Net CSR	.20 (.0877)**
Net CSR → Sales growth	.13 (.069)**
CMO Presence → Net CSR → Sales growth	.65 (.13) +
CMO presence → CSR strengths	3.31 (3.31)
CSR strengths → Sales growth	2.24 (.47) **
CMO presence → CSR strengths → Sales growth	7.43 (.11)
CMO presence → CSR concerns	-.022 (.10)*
CSR concerns → Sales growth	-.91 (.19)**
CMO presence → CSR concerns → Sales growth	.20 (.11) +

***p<0.01, *p<0.05, + p<0.1 (two-tailed tests)*

3.5 Discussion

Firms are increasingly grappling with the financial implications of climate change and shifting social norms. As such, firms are no longer relegating CSR to the sidelines. In fact, firms are integrating CSR into their strategic decision-making processes. To this end, much of the marketing literature examines the effects of CSR on various firm outcomes and consumer response, delving into CSR's strategic implications. While there have certainly been fruitful efforts in the marketing literature, researchers have given little focus on how a firm's key decision-makers influence the strategic direction of a firm's CSR efforts. In recognition of the growing strategic importance of CSR, my research provides insights into the role of one key decision-maker, the CMO. I demonstrate that the CMO helps firms reap financial benefits from CSR, highlighting the significance of the CMO to the integration of CSR into firm strategy.

The current study represents one of the first attempts to link the CMO to CSR and to examine the CMO's contribution to firm performance through the effect on CSR. This work draws on stakeholder theory as well as prior work on the CMO-financial performance link, and the CSR-financial performance literature. The sample of over 300 brands across a variety of industries allows for the assessment of the proposed relationships. I argue and find evidence for the indirect positive effect of the CMO on financial performance, through net CSR, CSR strengths, and CSR concerns. Thus, a key contribution of this work is the finding that CSR offers another means by which the CMO can influence business results. Traditionally, the business community associates the marketing function with benefit production rather than cost reduction. In my data, though, I see that CMO presence reduces CSR concerns, which provides a boost to the bottom line. A recent report entitled "The

Sustainable CMO" highlights this point. The authors note that CMOs are working to understand and mitigate the risks faced by their brands. They further express the importance of applying "extra vigilance to supply chain issues upfront versus reacting to a negative news breaking and seeing a new crisis unfolding" (RF Binder 2019).

Taking into account the various CSR domains, I also posited that the CMO would have a more substantial effect on the CSR domains most relevant to consumers, product and environment, and thereby financial performance. However, I did not find support for this set of hypotheses. One possible reason for this finding is that CSR domain may not be very important to consumers as a whole. While an individual consumer may prefer one issue domain or another, this preference may not be as important as, for example, a firm's overall reduction of harm to society and the environment.

3.5.1 Theoretical Contributions

First, to the best of my knowledge, I know of only two other studies that investigate the CMO in conjunction with the CSR. In a study of the drivers of CSR breadth, Brower and Mahajan (2013) examine CMO presence as one contributing factor. While this study assesses the impact of CMO presence on CSR performance, in terms of breadth of CSR activity engagement, there is no analysis of the financial implications of this relationship. Ozturan and Grinstein (2017) consider the effect of a socially responsible CMO on the marketing department's effectiveness. This study uses survey data and focuses on the socially responsible CMO, not CMO presence more generally. Furthermore, their outcome of interest is self-reported marketing department performance. In contrast, my research is the first study to empirically show that CMO presence influences a firm's CSR strategy and, in turn, firm financial performance.

Second, this research contributes to the literature linking the CMO to firm financial performance. Over the last decade, researchers have worked towards quantifying the effect of the CMO on firm financial performance. While early findings were equivocal and contingent upon certain factors, the most recent findings suggest a positive relationship between CMO presence and firm financial performance (Germann, Ebbes, and Grewal 2015). I expand upon these empirical findings by demonstrating that the CMO can influence CSR and thus affect firm financial performance. This work is meaningful for understanding how CMO presence can enhance firm financial performance. This work also helps to resolve some of the prior conceptual ambiguity. In particular, I demonstrate that a CMO may influence two types of CSR orientation (enhancing CSR strengths and reducing CSR concerns), resulting in positive effects on firm performance. Further, prior empirical work has focused on the relationship between CSR and financial performance, CMO presence and financial performance, and marketing actions and CSR. I take a holistic approach, linking these relationships, and thereby offering new insights.

Third, I add to the growing body of literature that examines CSR as a multidimensional construct. Even as marketing scholars recognize the diverse dimensions comprising CSR, past research primarily conceptualizes CSR either as an aggregate measure or as one specific activity or area. I consider not only multiple CSR domains (community, diversity, employee, environment, product) but also provide a conceptualization that accounts for the impact that CSR orientation (enhancing CSR strengths and reducing CSR strengths) may have on society. This nuanced approach aids in understanding the boundary conditions surrounding the CMO's impact on firm financial outcomes.

Fourth, my work contributes to the literature that considers the role of the marketing function in creating firm value and enhancing firm financial performance. I show that the CMO, the embodiment of the marketing function within the TMT, is critical for not only gleaning customer insights but also converting those insights into quantifiable performance. I provide further evidence of the importance of marketing's role in the upper echelons of the firm.

3.5.2 Managerial Contributions

As firms take an increasingly strategic approach to CSR, understanding how CSR affects firm financial performance is crucial. My findings thus offer strategic guidance for marketing departments, CMOs, TMTs, and corporate boards. First, I show that CMO presence can enhance firm financial performance through CSR. This is a key finding since recent surveys indicate that many marketing departments devote little attention to CSR (Ozturan and Grinstein 2017). The lack of focus on CSR appears to represent an underutilized opportunity for the marketing function. The results of the current study highlight the importance of a firm's marketing department for the overall financial success of the firm.

Furthermore, while prior work has provided evidence of the CMO's positive effect on firm financial performance, my study offers a substantive contribution by showing how the CMO effects such change. Such findings directly benefit CMOs, who are increasingly tasked with demonstrating how marketing spending delivers against the firm's bottom-line

(Dalhstrom 2014). I also find that CMOs help firms to leverage CSR for firm performance in a nuanced way. Specifically, I offer specific guidance to TMTs by showing that the CMO's effect on firm performance differs across CSR orientations. The CMO affords a firm the most substantial financial rewards when she/he is most in tune with the concerns of the firm's customers. Customers are more likely to be concerned with and responsive to negative firm performance vis-à-vis society and the environment. Thus, the CMO's efforts are best spent on spearheading CSR initiatives that reduce the firm's harmful effects on the environment and associated with its products.

3.5.3 Limitations and Future Research Opportunities

Despite the significant findings of my study, I acknowledge several limitations that offer avenues for future research. First, my study is geographically and culturally limited as it centers on United States-based firms. Further investigations of the CMO-CSR-financial performance relationship could concentrate on firms within Europe, for instance, where marked differences in environmental and social regulations and levels of CSR exist compared with those of the United States (Strand 2013). In addition, industry surveys suggest that customers in the developing world, who face distinct environmental and social concerns, may be particularly responsive to a firm's CSR efforts. Exploring firms within this context is likely to provide useful insights into the CMO's effect on the CSR-financial performance link. Thus, taking an international perspective would be highly relevant for extending the generalizability of my findings.

Second, I examine the CMO's impact on financial performance at the corporate level. Future endeavors should investigate the CMO's effect across brands within a firm.

It would be useful to understand how brand-specific factors might influence the CMO’s ability to leverage CSR for enhanced financial performance. Although I measure financial performance, the CMO has an impact on other critical firm outcomes through CSR. I encourage future studies to examine these linkages, for example, CMO-CSR-brand equity. Finally, my use of secondary data allowed me to analyze an important pathway. It would be useful to understand CMOs perspectives on their impact on CSR. Thus, I encourage researchers to examine these relationships through CMO interviews.

CHAPTER 4. SOCIETAL BENEFITS: A BRAND EQUITY VIEW ON CSR

4.1 Introduction

Increasingly, consumers expect businesses to operate in a socially responsible manner. According to Nielsen, "demonstrating corporate social responsibility is no longer an option; it's an understood best practice for companies that hope to earn favor with consumers" (The Nielsen Company 2015). Consumers thus expect brands to make progress on environmental and social needs in addition to traditional product-related needs (Rodriguez and Bharadwaj 2017). In response, many brands have not only expanded their corporate social responsibility (CSR) programs but also worked to increase the visibility of their actions to consumers. Not surprisingly, some brands are thriving. For example, Unilever has devoted a considerable portion of its marketing spending to communicating to consumers its headway on a number of issues, including sourcing of raw materials, reducing families' hot water usage, and fighting against hunger (Jack 2015; Unilever 2017). Unilever's Sustainable Living brands, which include Ben and Jerry's and Dove, drove over 75% of Unilever's growth in 2018 up from 60% in 2016 (Unilever 2017; Unilever 2019). Nonetheless, consumers do not always respond positively to brands' CSR-related products. Indeed, there are numerous examples from practice and academia, showing that brands do not benefit automatically from their engagement with social and environmental issues, representing an interesting paradox.

On the one hand, the academic literature finds an overall positive effect of CSR on firm financial performance due to increased consumer loyalty, purchase intent, and positive attitudes towards a firm and its products (Orlitzky, Schmidt, and Rynes 2003; Sen and

Bhattacharya 2001; Olsen, Slotegraaf, and Chandukala 2014). Moreover, researchers argue that CSR can enhance specific brand associations, apart from the traditional product-related brand associations, which can generate greater brand equity and higher brand evaluations (Brown and Dacin 1997; Becker-Olsen, Cudmore, and Hill 2006). On the other hand, consumers do not perceive all CSR initiatives the same. Research suggests that factors such as low fit between CSR initiatives and brand, consumer perceptions of attribute tradeoffs, and lack of verifiability of CSR claims can lead to lower than expected and sometimes adverse effects on consumer response (Becker-Olsen, Cudmore, and Hill 2006; Newman, Gorlin, and Djar 2014; Jayachandran, Kalaignanam, and Eilert 2013). Taken together, I submit that understanding when CSR provides consumers with value, beyond that of product-related value, can help brands reap financial rewards from CSR.

Thus, I draw from the customer-based brand equity framework (Keller 1993) to examine three aspects of the relationship between CSR claims and consumer choice. First, I investigate the role of CSR claims in offering value in terms of socially- or environmentally-focused brand associations, or societal benefits, and their effect on consumer choice of socially responsible products. The customer-based brand equity framework highlights the importance of brand benefit associations given the value they create for consumers. With consumer consciousness of environmental and social issues on the rise, consumer associations about a brand’s relation to society can affect brand equity (Hoeffler and Keller 2002). Second, I assess whether CSR claims are more likely to increase choice through societal benefits, for claims linked to a brand’s business practices, or its philanthropic efforts. Research suggests that these two types of CSR claims are distinct as one targets the brand’s primary stakeholders, while the other targets secondary stakeholders. Given the different stakeholder groups, these two types of CSR claims vary in diagnosticity with clear implications for societal benefits and, ultimately, consumer choice. Third, I focus on the boundary conditions of centrality (business process CSR claims) and fit (philanthropic CSR claims) to explain when societal benefits are likely to exert the most substantial positive impact on consumer choice. In sum, my results implicate the mediating role of societal benefits and the moderating roles of CSR type, centrality, and fit to provide further clarity on the CSR-consumer choice relationship.

My empirical assessment comprises a large-scale discrete choice experiment (484 Brazilian participants) across four different types of soft drink brands and four types of CSR messages. Although it is not the primary focus of this study, the Brazilian context is of significance. Research suggests that as emerging economies witness more significant economic development, brands operating in these locales are likely to see increased consumer demand for CSR initiatives that address social and environmental imperatives (Jamali and Neville 2011).

My investigation makes four key contributions to the marketing and CSR literature. First, to the best of my knowledge, this is the first study to investigate the effect of societal benefits at the brand level. Specifically, I suggest that societal benefits exert discernible effects on consumer choice, which are separate from traditional functional benefits. As such, I contribute to brand equity literature. Understanding how CSR claims affect societal benefits offers marketers valuable insight into another means for growing their brand equity. Table 4.1 provides an overview of prior work in this area and positions this research. Third, I distinguish between two types of CSR claims, those that target a brand's internal business practices and those that target its external community stakeholders. I seek to demonstrate that these different types of CSR claims bring to bear differential effects on societal benefits. Finally, I provide an additional explanation for the potential negative effects of CSR. I suggest that the payoffs of societal benefits are strongly contingent on not only the type of CSR, but also the fit between the brand and the CSR activity, and the centrality of CSR activity to the brand's products.

Next, I draw on prior work to develop the conceptual framework and hypotheses that capture the CSR-societal benefits-consumer response relationship and the boundary conditions of CSR type, centrality, and fit. I then describe the experimental design. I conclude with a discussion of my findings, implications for theory and practice, and limitations.

Table 4.1 – Representative Research on CSR and Brand/Product Associations

Study	Multiple CSR Claims	Functional Benefits	Societal Benefits	Consumer Response
Luchs et al. (2010)	No	Yes	No	Yes
Van Doorn and Verhoef (2011)	No	Yes	Yes	Yes
Newman et al. (2014)	Yes	Yes	No	No
Olsen et al. (2014)	No	No	No	Yes
Chernev and Blair (2015)	No	Yes	No	No
This study	**Yes**	**Yes**	**Yes**	**Yes**

4.2 Hypothesis Development

4.2.1 Societal Benefits

Scholars conceptualize CSR in a variety of ways: as a social obligation, as a stakeholder obligation, and as concrete managerial processes. Since I examine the effects of CSR claims on the perceptions of a key stakeholder group, consumers, I adopt a CSR definition that draws from the stakeholder perspective and has been widely used in the marketing literature. I suggest that CSR comprises discretionary business practices and contributions of corporate resources intended to improve societal well-being (Mishra and Modi 2016). Firms thus invest corporate resources in specific CSR activities within domains, including community support, diversity, employee support, environment, and products. Specific CSR activities may include investments in education and health programs, employee diversity and workers' rights initiatives, development of environmentally-friendly products, and pollution control (Sen and Bhattacharya 2001).

Thirty years of research suggests that, on average, consumers respond (e.g., attitudes, purchase intent, loyalty intentions, trust, and product evaluations) positively to CSR, across a range of domains, activities, and consumption settings (Sen, Du, and Bhattacharya 2016). Thus, brand managers have increasingly begun to introduce products that are associated with a brand's CSR initiatives, and their messaging about these products communicates a variety of CSR claims. Yet, there is sufficient evidence that consumers do not just blindly accept CSR claims and purchase a brand's CSR-related products. Under certain circumstances, CSR may have neutral or even negative effects on consumer response (Yoon, Gurhan-Canli and Schwarz 2006; Ellen, Mohr, and Webb 2006; Chernev and Blair 2015). The potential positive and negative impact of CSR on consumer response, and thereby financial performance, suggests that CSR may also significantly affect a brand's equity (Hoeffler and Keller 2002).

Developing, measuring, and managing brand equity is vital to the overall strategy of many firms (Keller 2012). Brand equity provides a firm with several potential advantages: enhanced customer loyalty, improved advertising and promotion effectiveness, greater insulation from product competition, larger margins, and growth into new product categories (Keller and Lehmann 2006). One of the most widely accepted conceptualizations of brand equity is customer-based brand equity, defined as the differential effect of brand knowledge on consumer response to the marketing of the brand (Keller 1993).

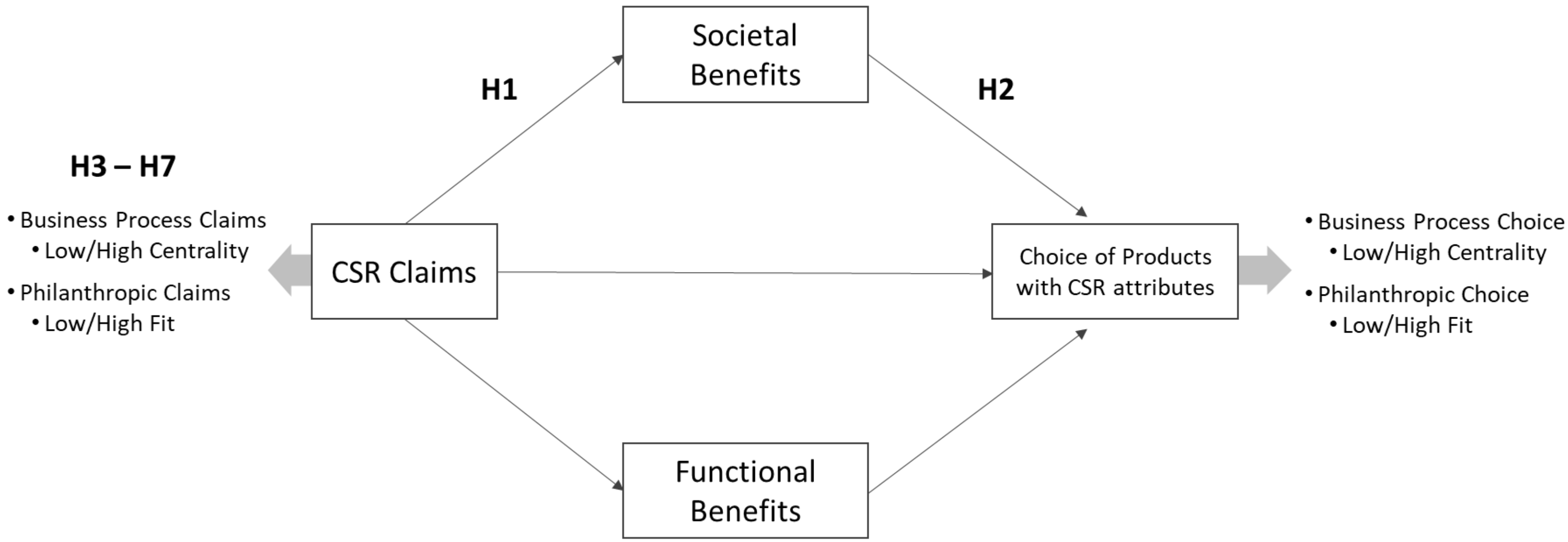

Figure 4.1 – Conceptual Model

Central to the concept of customer-based brand equity is the brand-knowledge structures in the minds of customers. Brand knowledge relates to the personal meaning of a brand stored in consumer memory, based on awareness of the brand and the various associations linked to the brand (Keller 2003). Typically, brand equity represents the associations developed from brand attributes, or descriptive features that characterize a brand's product or service, and consumers' perceived benefits of the brand (Keller 1993; Chen 2010). In this work, I focus on the specific brand association of brand benefits as they get at the heart of a consumer's decision to choose a particular brand. Specifically, brand benefits are the personal value that consumers attach to the brand's purchase or consumption. Traditionally, benefits fall into three categories: functional, experiential, and symbolic benefits. Functional benefits correspond to the intrinsic advantages of the product and basic motivations involving the desire to solve a problem. Experiential advantages concern the experience of using the product and motivations, such as sensory pleasure and cognitive stimulation. Symbolic benefits relate to the extrinsic advantages of using a product and motivations of social approval and self-esteem (Keller 1993; Keller 2003).

Notably, prior work on customer-based brand equity implies that only benefits that offer personal value are relevant to consumers. However, the extant CSR literature demonstrates that consumers hold CSR associations, which relate to the character of the company concerning societal issues. Brown and Dacin (1997) show that CSR associations directly enhance consumer evaluations of the firm. Similarly, Chen (2010) shows that green brand image, or "a set of perceptions of a brand in a consumer's mind that is linked to environmental commitments and environmental concerns," is positively related to green brand equity. Taken together, I define societal benefits, as the value to the environment and society that consumers attach to the brand's purchase or consumption.

Although various brand benefits can have an impact on consumer response, much of the previous literature focuses on functional benefits. I submit that, in addition to functional benefits, societal benefits play a role in consumer choice of products with attributes associated with CSR. Because the product is at the center of brand equity, brands must meet consumers' expectations of functional benefits at the very minimum. Thus, given the importance of functional benefits to consumer response, I focus specifically on the effect of societal benefits separate from that of functional benefits.

In addition, I distinguish between CSR claims and CSR attributes. CSR claims, akin to more general product claims, are assertions about product attributes or beneficial performance consequences put forth for public acceptance (Munch, Boller, and Swasy 1993). CSR attributes refer to features, which may be internal or external aspects of the product (Keller 1993), that characterize a brand's socially responsible product. My conceptual model (Figure 4.1) outlines how CSR claims exert a separate effect on societal benefits and that, in turn, societal benefits distinctly influence consumer response to products with CSR attributes.

A brand's CSR claims provide consumers with additional information about the brand related to its involvement with societal or environmental issues. It has thus been noted that information about CSR activities can give insight into the brand's value system. Brand values and norms embodied by CSR initiatives can appeal to the needs of the individual as not only a consumer but also a member of other stakeholder groups with community and environmental concerns (Luo and Bhattacharya 2006). Greater knowledge about brand values and norms from CSR claims thereby enhances the value to the environment and society that consumers attach to the brand's purchase or consumption, resulting in increased perceptions of a brand's societal benefits.

When consumers can meet their values-related needs in addition to those related to the consumption experience, they are more likely to have a stronger relationship with the brand (Bhattacharya, Korschun, and Sen 2009). Viewed this way, a brand's societal benefits are expected to satisfy consumer needs in addition to those satisfied by functional benefits and result in an increased choice of the brand's products with CSR attributes. More formally,

H1: CSR claims have a positive effect on societal benefits.

H2: Societal benefits have a positive effect on consumer choice of products with CSR attributes.

Considering CSR as a complex construct is critical, as different CSR activities have different effects on consumer response. Thus, I do not expect the positive effect of CSR claims on societal benefits to engender invariably higher consumer choice of products with CSR attributes. I now consider key circumstances under which the positive relationship between a CSR claim and societal benefits is likely to have a positive impact on consumer choice. This, I argue, suggests that societal benefits are a dimension of customer-based brand equity that a brand must carefully manage.

4.2.2 Business Process CSR claims and Philanthropic CSR

Researchers have argued that an important consideration for CSR is whether the focus is on internal business processes or external philanthropic endeavors. Business process CSR centers on activities within a firm's core business operations, while philanthropic CSR centers on activities that promote human welfare and goodwill outside of the firm's core business operations (Peloza and Shang 2011; Homburg, Stierl, and Bornemann 2013). Moreover, I make the distinction between claims and attributes for each type of CSR. I conceptualize each type of CSR claim consistently with its corresponding CSR attribute. Thus, business process CSR claims are assertions about CSR attributes related to the brand's core business operations, whereas philanthropic CSR claims are assertions about CSR attributes that center secondary stakeholders outside core business operations.

Business process and philanthropic CSR claims differ concerning not only their relatedness to the brand's core business operations but also their diagnosticity. Business process CSR claims purport benefits to society involving verifiable actions toward stakeholders. For instance, initiatives related to using energy-efficient manufacturing processes, developing products with fewer pollutants, and supporting employee wellness programs target specific stakeholders (i.e., regulators, consumers, and employees). Because these stakeholders may be more likely to hold brands accountable for their CSR claims, brands may be more likely to carry out these claims. Philanthropic CSR claims typically target a wide range of external stakeholders (e.g., local communities, victims of natural disasters), making this type of CSR claim relatively less accessible to direct evaluation. Such claims are also susceptible to misuse by managers (Mishra and Modi 2016). I posit that consumers will likely perceive greater societal benefits from a brand's business process CSR claims than from its philanthropic CSR claims. I expect that, on average, a brand's business process CSR claims will lead to an increase in societal benefits and, thus, a positive effect on consumer choice of its products business process CSR attributes. In contrast, I expect that, on average, a brand's philanthropic CSR claims will not affect societal benefits, leading to a weaker positive effect on consumer choice of its products with philanthropic CSR attributes. Therefore,

H3: Business process CSR claims have an indirect positive effect on consumer choice of a brand's products with business process CSR attributes, through societal benefits.

H4: Philanthropic CSR claims have a direct positive effect on consumer choice of a brand's products with philanthropic CSR attributes.

H5: Business process claims exert a greater positive effect on consumer choice than philanthropic CSR claims.

4.2.3 The Moderating Effects of Centrality and Fit

While I argue that CSR claims increase societal benefits, resulting in greater consumer choice, I recognize that various activities comprise each type of CSR. Research shows that CSR may lead to lower consumer attitudes and purchase intent (Luchs et al. 2010; Newman, Gorlin, and Djar 2014). Thus, I argue that differences within business process and philanthropic CSR affect societal benefits and thereby consumer choice differently.

Research shows that business process CSR claims do not invariably result in positive consumer response. In some instances, consumers may be less likely to choose socially responsible products due to inferences that brands compensate for the advantages on one attribute with disadvantages on another product attribute. This is particularly pertinent for business process CSR attributes. While business process CSR claims comprise assertions about activities within a firm's core business operations, these activities may vary in critical ways. One crucial way, discussed in the literature, relates ultimately to the degree to which the business process CSR attribute is central to the product's composition. Research offers evidence that consumer perceptions of tradeoffs are more likely to occur for CSR attributes that are inherent to a product's composition (Newman, Gorlin, and Djar 2014; Chernev and Blair 2015). Literature within psychology on centrality helps to account for this occurrence. According to centrality theory, attributes of an object shape how people define the concept of an object with attributes being more influential to people's mental representations of an object. Therefore, the centrality of an attribute refers to the extent to which it is integral to the mental representation of an object (Sloman, Love, and Ahn 1998). When business process CSR claims are linked to CSR attributes that are less central to product composition, consumers should infer fewer product tradeoffs. Therefore, I expect such business process CSR claims to have a greater positive effect, through societal benefits, on choice of products with business process CSR attributes than business process CSR claims linked to more central CSR attributes. Formally,

> **H6: The less central the CSR claim, the greater the positive effect of business process CSR claims on consumer choice of products with business process CSR attributes, through societal benefits.**

Philanthropic CSR claims, which are harder to diagnose than business process CSR claims, present consumers with considerable asymmetries of information. Not surprisingly, consumers are prone to skepticism about company motives for engaging in this type of CSR. Past work points to enhancing consumer perceptions of the fit between a CSR initiative and the brand as a critical means of reducing consumer skepticism. Perceived fit refers to the perceived similarity between a CSR cause and the brand (Becker-Olsen, Cudmore, and Hill 2006; Ellen, Mohr, and Webb 2006). Business process CSR claims are, by definition, tied to activities within a firm's core business operations. Thus, on average, business process CSR claims should have higher fit than philanthropic CSR claims. Yet, philanthropic CSR claims, which target a variety of issues and a disparate group of stakeholders outside a firm's core business operations, are likely to vary more on fit.

Research shows that relatively high fit initiatives lead to higher consumer perceptions of greater expertise and lower consumer skepticism (Becker-Olsen, Cudmore, and Hill 2006; Ellen, Mohr, and Webb 2006). Yet, research also finds that high fit between the brand and CSR may increase consumer perceptions that the CSR initiative will benefit the firm (Forehand and Grier 2003). For philanthropic CSR claims, which are less accessible for direct evaluation, increased salience of firm-serving benefits may not have a substantial positive effect on societal benefits. For low fit CSR claims, consumer perceptions of brand expertise are likely to be relatively low. With firm expertise low, consumers may infer that the brand is sincerely participating in the initiative and that others will actually benefit. If the brand is sincerely involved, then consumers may place more weight on societal benefits, engendering a higher likelihood of choosing the products with philanthropic CSR attributes. I thus assert that the positive effect of philanthropic CSR claims on consumer choice of products with philanthropic CSR attributes through societal benefits is more likely to occur when CSR cause-brand fit is lower. Thus,

H7: The lower the CSR claim fit, the greater the positive effect of philanthropic CSR claims on consumer choice of products with philanthropic CSR attributes, through societal benefits.

4.3 Methodology

I focus on a single industry, the non-alcoholic beverage industry in Brazil. While country and cultural differences are not the focus of the current study, I note that focusing on the Brazilian context offers practical and theoretical advantages. In recent decades, the economies of countries such as China, India, South Africa, the Philippines, and Brazil have witnessed significant growth just as multinational corporations have sought out opportunities in new markets. As a result, many of the social and environmental issues facing these countries have received increased attention. Thus, many consider CSR as a way of guiding firms' efforts towards contending with these challenges. Furthermore, the vast majority of prior work in CSR considers developed countries. Examining the effects of CSR in broader contexts extends the external validity and confidence in these phenomena (Jamali and Neville 2011).

4.3.1 Design and Sample

The non-alcoholic beverage industry includes categories such as carbonated soft drinks, bottled water, juice, and tea. The non-alcoholic beverage industry is a relevant context since this industry is currently facing the impact of changing consumer attitudes towards environmental and social issues. As such, many brands are promoting environmental and social improvements in product ingredients, manufacturing, packaging, and community-based charitable programs.

I test the proposed theoretical framework using data collected from March 2016 to April 2016 by a professional firm specializing in online market research. The resulting sample is composed of 484 respondents. I focus on five brands across four sub-categories (carbonated soft drinks (2 brands), bottled fruit juice (1 brand), bottled water (1 brand), and tea (1 brand)) from a leading non-alcoholic beverage company in Brazil. I use information on four CSR initiatives that the beverage company highlighted in its annual report from the previous year. These issues include water conservation and access, employment opportunity access, healthy living and wellbeing, and environmentally friendly packaging and recycling.

Respondents participated in the online survey and were randomly assigned to evaluate one of the five brands. To select participants with some knowledge of the brand, participants reported their familiarity with the brand by answering the question, “How familiar are you with each of the following brands?” (1 = “not at all,” and 7 = “to a very great extent”). I eliminated participants who responded with a “1” or “2” from the study. For each brand, I assigned participants to one of five product claim conditions – four CSR claims or a control, non-CSR claim. Participants were asked to rate their general attitudes towards the brand and how well they agreed with descriptions of functional and societal benefits associated with the brand. In the four CSR claim conditions, I showed participants social media messages describing a brand’s efforts in water conservation and access, environmentally friendly packaging and recycling, employment opportunity access, and healthy living and well-being. In the control condition, I showed participants non-CSR promotional social media messages (e.g., informing people of a new brand app or encouraging people to take pictures with the brand’s products). See Appendix D for stimuli.

Before and after presenting the social media message, I measured participants’ perceptions of functional and societal benefits to assess the effect of the message on the participants’ baseline benefits measures. I measured functional and societal benefits using four and three scaled items, respectively, anchored on “strongly disagree” and “strongly agree" (Chernev and Blair 2015; Low and Lamb 2000; Perez and del Bosque 2015). A two-item scale assessed brand fit (Koschate-Fischer et al. 2012). I included controls for variables likely to provide an alternative explanation for the effect of CSR claim on consumer choice through societal benefits. Specifically, I asked participants to indicate their age, education, and gender. To control for respondents' degree of familiarity with a brand, I included a measure of respondents' frequency of consumption. Finally, I included a measure of CSR orientation to control for variations in participants' existing opinions about CSR (Korschun, Bhattacharya, and Swain 2014). All of the measures surpassed the recommended thresholds for Cronbach's alpha (Nunnally 1978).

Table 4.2 – Variables, Measures, and Descriptive Statistics

Variable	Description	Mean	SD
Claim	0=Control/1=Exposure to any CSR claim	.82	.39
	0=No/1= Exposure to business process claim	.37	.49
	0=No/1= Exposure to philanthropic claim	.34	.47
	0=No/1= Exposure to environmental claim	.19	.39
	0=No/1= Exposure to water claim	.19	.39
	0=No/1= Exposure to employment claim	.19	.39
	0=No/1= Exposure to healthy living claim	.15	.36
Societal benefit (pre)	Contributes to improve the wellbeing of people	4.69	1.31
(α= .84)	Cares protects the natural environment		
	Has a positive impact in the community		
Societal benefit (post)	Contributes to improve the wellbeing of people	5.13	1.32
(α= .89)	Cares and protects the natural environment		
	Has a positive impact in the community		
Functional benefit (pre)	It gives me pleasure	5.85	.91
(α= .81)	Goes well with food		
	Is great tasting		
	Is very refreshing		
Functional benefit (post)	It gives me pleasure	5.87	1.31
(α= .85)	Goes well with food		
	Is great tasting		

Table 4.2 continued

	Is very refreshing		
Consumer choice	0=No/1=Choice of product with any CSR attribute	.53	.19
	0=No/1=Choice of product with business process CSR attributes (environmental packaging or water access promotion)	.58	.19
	0=No/1=Choice of product with philanthropic CSR attributes (employment or healthy living promotion)	.48	.21
Frequency of consumption	Bottled water (1=Never/5=About once per day)	5.61	1.43
	Carbonated beverage (1=Never/5=About once per day)	5.27	1.29
	Juice (1=Never/5=About once per day)	4.88	1.39
	Tea (1=Never/5=About once per day)	5.14	1.46

Table 4.3 – Sample Statistics

Gender	
Female	41.53%
Male	58.47%

Age	
15-19	2.07%
20-24	16.53%
25-29	30.58%
30-34	29.96%
35-39	20.87%

Education	
Less than High School	.21%
High School	11.20%
Some College	16.39%
College graduate	41.08%
Post-graduate	31.12%

Conjoint Analysis. With the same respondents, I then conducted a discrete choice conjoint analysis to measure consumer choice of products with CSR attributes, my dependent variable. I used conjoint analysis because it allows participants to select from a set of products with various attributes to determine preferences indirectly. One can determine the relative importance of an attribute from global responses to a set of alternatives through estimates of each attribute. Finally, since there are trade-offs between the product attributes, the choice situation is relatively realistic and less prone to social desirability bias (Jaeger, Hedderley, and MacFie 2001; Pracejus and Olsen 2004).

I asked participants to imagine that they were at a restaurant and deciding on a non-alcoholic drink to go with the meal. In this study, I considered combinations of four beverage product attributes with between two and four attribute levels that were relevant and realistic based on marketing documents (e.g., websites, annual reports), expert interviews, and prior work (Louviere and Islam 2008). See Table 4.4 for details. I employed orthogonal, fractional factorial design to reduce the potential for participant fatigue. Of the 48 possible combinations, participants saw nine choice sets comprising three different attribute level combinations as well as an option stating, "I would not select any of these choices." Each participant saw products from the same brand that they were randomly assigned to in the previous stage in the experiment. To determine the utility estimates, I used a multinomial logit (MNL) model specification, which is commonly used. Under the MNL model, the probability that a participant will choose one of the m alternatives, c_i, from choice set C is:

$$p(c_i \mid C) = \frac{\exp(U(c_i))}{\sum_{j=1}^{m} \exp(U(c_i))} \tag{8}$$

where $U(c_i)$ is the utility for alternative c_i, a linear function of the attributes. The probability is thus a function of the utility of the alternative divided by a function of the sum of the exponential utilities of all alternatives in the set. I use a Cox proportional hazard regression to fit the model and provide maximum likelihood estimates for the attributes of interest by defining a censoring variable. In the choice-based conjoint study, I consider that the choice from a choice set is observed, and all other choices in the set are unobserved or censored (Jaeger, Hedderley, and MacFie 2001).

Table 4.4 – Attributes and Attribute Levels

Attribute	1	2	3	4
Promotion	With a promotion for a free drink	With a promotion to expand access to clean drinking water for people in need	With a promotion to expand access to healthy and active lifestyles for people in need	With a promotion to expand access to education and employment for people in need
Ingredients	With the regular ingredients	Made with environmentally friendly ingredients	Enriched with vitamins and minerals	
Packaging	In the regular packaging	In an environmentally friendly package		
Calories	With the regular amount of calories	Low calories		

4.4 Results

To test my hypotheses, first, I examined the influence of any CSR claims on societal benefits. The results indicate that CSR claims significantly influenced societal benefits (β=

.44 $p > .05$). Further analysis examined the mediation of societal benefits using structural equation modeling (SEM) (Iacobucci 2009; Zhao, Lynch, and Chen 2010). I tested a model of the effect of CSR claims on consumer choice with societal benefits and functional benefits as parallel mediators. Whereas the results demonstrated no mediation effect of functional benefits, the mediation effect of societal benefits were significant ($\beta = .0075$ $p > .1$). Thus, the results lend support to H1 and H2.

I then tested the differential indirect effects of business process and philanthropic CSR claims on consumer choice of a brand's product with business process, or philanthropic CSR attributes through societal benefits. As predicted, the results show that societal benefits mediate the relationship between business process CSR claims and choice of products with business process CSR attributes ($\beta = .010$ $p = .10$). In contrast, societal benefits do not mediate the relationship between philanthropic CSR claims and choice of products with philanthropic CSR attributes. However, there is no direct effect of philanthropic CSR claims on choice of products with philanthropic CSR attributes. The results offer support for H3 and H5, while only partial support for H4.

This study examines two types of business process CSR messages, environmental packaging and water access, and their respective effects on consumer choice of products with environmentally friendly packaging and a promotion to expand water access. In support of H6, I find that the effect of business process CSR claims on choice likelihood via societal benefits is greater for business process CSR claims that are less central to the product's composition. Societal benefits mediated the positive impact of the water access claim on consumer choice of products with a promotion to expand water access ($\beta = .016$ $p < .1$). Although the indirect effect of the environmental packaging message through societal benefits on choice of products with environmental packaging attributes was not statistically significant, the direct effect of this message on choice was positive (β= .033 p =.10).

My study also includes two types of philanthropic CSR messages, employment opportunity access, and healthy living and wellbeing. I now look at how these messages affect consumer choice of products with corresponding CSR attributes, specifically promotions to expand access employment opportunity access and healthy living and wellbeing. I find that societal benefits mediate the relationship between philanthropic CSR claims and consumer choice of products with corresponding CSR attributes when the fit between the brand and message are lower. The employment opportunity message led to an increase in consumer choice of products with a promotion to expand access to employment through societal benefits (β= .014 p < .05). There was no significant influence of the healthy living and wellbeing message on products with this type of CSR attribute via societal benefits. These results support my hypothesis as the lower fit philanthropic CSR claim exerted a positive effect on societal benefits and indirectly increased consumer choice.

Table 4.5 – Mediation Effects

	Hypothesis	Coefficient (SE)
CSR claims → Societal benefits	H1	.44 (.050)**
Societal benefits → Choice	H2	.017 (.12) $^{+}$
CSR claims → Societal benefits → Choice		.0075 (.004) $^{+}$
Business Process CSR claims → Societal benefits	H3	.55 (.059)***
Societal benefits → Choice		.019 (.12) $^{+}$
Business Process CSR claims → Societal benefits → Choice		.010 (.006) $^{+}$
Philanthropic CSR claims → Choice	H4	.28 (.019)

Table 4.5 continued

Business Process CSR claims versus Philanthropic CSR claims → Choice	H5	
Centrality - Low		
Business Process CSR claims → Societal benefits	H6	.61 (.075)**
Societal benefits → Choice		.026 (.15)+
Low Centrality Business Process CSR claims → Societal benefits → Choice		.015 (.009) +
Centrality - High		
Business Process CSR claims → Societal benefits		.50 (.069)**
Societal benefits → Choice		.007 (.020)
Business Process CSR claims → Societal benefits → Choice		.004 (.007)
Fit - Low		
Philanthropic CSR claims → Societal benefits	H7	.44 (.050)**
Societal benefits → Choice		.017 (.12)*
Low Fit Philanthropic CSR claims → Societal benefits → Choice		.014 (.006)*
Fit - High		
Philanthropic CSR claims → Societal benefits		.40 (.064)**
Societal benefits → Choice		-.019 (.019)
Philanthropic CSR claims → Societal benefits → Choice		-.007 (.008)

$^{**}p<0.01$, $^{*}p<0.05$, + $p<0.1$ (two-tailed tests)
Control variables are not reported but included in the analysis

4.5 Discussion

In 2018, Danone North America met the necessary environmental and social performance requirements to become a Certified B Corp, the largest of its kind in the world, and the eighth Danone subsidiary to do so. The brand's goal is to help make socially responsible business mainstream (Kongs 2018). The commitment of one of the largest food and beverage companies to social responsibility highlights the importance of CSR to brands, presumably due to a global shift in consumer expectations. Notably, this rise in consumer CSR expectations is occurring across the global spectrum of socio-economic development, within developed countries and developing countries alike. According to the 2015 Cone Communications Global CSR Survey, consumer CSR expectations are highest in developing countries such as Brazil. These consumers are most likely to purchase socially responsible products (Cone Communications 2015). Yet, even as consumers expect brands to improve their business practices and invest in environmental and social issues, there is no guarantee that consumers will respond positively to these brand efforts. Research and examples from industry show that consumers may react not only indifferently but also at times negatively. With the breadth of activities that fall under the umbrella of CSR, it is not surprising that consumer response is so varied. For brands, managing the potential risks and rewards of CSR hinges, in part, on understanding *how* to connect with consumers, which can facilitate greater brand equity and, therefore, brand performance.

The present study is an effort to explore the impact of CSR on brand associations and consumer response as well as factors that influence those relationships. Drawing from the customer-based brand equity framework and the established literature on CSR, I identify societal benefits as an important brand association that mediates the relationship between CSR claims and consumer choice of products with CSR attributes. My sample of 484 Brazilian consumers helps in determining whether consumers ascribe value to a brand’s CSR efforts. Furthermore, I assess when this value prompts consumers to choose a brand’s CSR-related products. This work contributes to the literature, most notably by showing that a brand’s social and environmental efforts can create unique brand associations that affect consumer choice. While prior research has focused on the effect of CSR engagement on perceived benefits and consumer response, this body of work generally considers benefits to consumers (e.g., warm glow feelings, social approval, healthfulness) (Van Doorn and Verhoef 2011; Green and Peloza 2014; Habel et al. 2016). The current work is distinct in offering empirical evidence of the effect of consumer perceptions of a brand's benefits to society and the environment and factors that moderate their effect.

I first propose and find that CSR claims increase societal benefits and that societal benefits have a positive effect on consumer choice of socially responsible products, separate from functional benefits. In my analysis, I examined the combined effect of various CSR claims on choice of a product with any of the associated CSR attributes. Yet, brands are interested in not only the overall effectiveness of their CSR messaging but also the impact of specific marketing messages on the purchase of specific socially responsible products. Therefore, a contribution of this work is my finding that business process CSR and philanthropic CSR exert differential effects on societal benefits and consumer choice. Whereas on average, business process CSR claims increase societal benefits, philanthropic CSR claims do not. Consistent with prior work on the diagnosticity of different types of CSR engagement (Mishra and Modi 2016), I find that business process CSR has a greater positive effect on consumer choice of products with CSR attributes.

Contrary to my hypothesis, I find no effect of philanthropic CSR claims on consumer choice of products with philanthropic CSR attributes. One possible explanation for this is that philanthropic CSR engagement may vary widely in terms of issue and target beneficiary. As this type of CSR engagement is unrelated to a brand's core business activities, there may be greater variance in consumer perception of the appropriateness of the CSR claim for the brand and its products, resulting in an overall null effect.

Taking into account the wide variation in business process and philanthropic CSR claims and attributes, I considered circumstances under which each type of CSR engagement strengthens societal benefits and thereby increase consumer choice CSR-related products. Guided by prior work on centrality and consumer lay theories about product attribute tradeoffs (Sloman, Love, and Ahn 1998; Newman, Gorlin, and Djar 2014), I contended and found that business process CSR claims enhance choice of products with relatively less central business process CSR attributes, through societal benefits. In addition, prior work shows that consumers may perceive lower fit CSR initiatives as more sincere due to reduced salience of firm-serving motives (e.g., to increase profits or sales, to promote the brand) (Yoon, Gurhan-Canli and Schwarz 2006). I thus proposed and found that relatively low fit philanthropic CSR claims enhance societal benefits and hence consumer choice of products with philanthropic CSR attributes.

4.5.1 Theoretical Implications

These findings offer several significant contributions to marketing theory. Notably, I show that in addition to brand associations tied to consumers' functional needs, brands elicit associations linked to society's needs. This is an important finding as prior work linking CSR to brand equity has focused on the personal value that consumers derive from brands. Nevertheless, it has been argued that, in addition to meeting consumers' personal needs, the long-run survival of a firm requires that its actions are consistent with the welfare of society (Handelman and Arnold 1999). I show that consumers also recognize the value that brands can provide to society. These findings thus demonstrate that brands can connect to consumers by not only meeting their personal needs but also understanding that consumers are also members of communities and society whose concerns extend beyond their personal interests. Second, I treat CSR as a multidimensional construct, by differentiating between business process CSR claims and philanthropic CSR claims. In recent years, scholars have suggested that studying the complexities of CSR requires a more fine-grained approach to the CSR construct. I show that business process CSR claims, which target a brand's primary stakeholders, have a stronger positive effect on societal benefits than philanthropic CSR claims, which target secondary stakeholders. Moreover, I highlight the variation within business process CSR and philanthropic engagement by focusing on centrality and fit as moderators. Finally, we conducted this study in Brazilian, which aids in extended the generalizability of findings from the CSR literature as the majority of published research studies consider only the Western context.

4.5.2 Managerial Implications

In spite of the growing demand for CSR, consumer response to brands that engage in CSR has not always been positive. To "do well" by "doing good," marketers should consider societal benefits as an additional brand association that should be established and maintained in terms of favorability, strength, and uniqueness. This work shows that societal benefits play a role in consumer choice. While brands have focused much of their efforts on building brand equity by appealing solely to consumers' self-interest, I show that consumers are attuned to brands' relationships with society as well. Doing so is likely to become ever more crucial as climate change inevitably offers consumers constant reminders of the impact that business has on society and the environment.

I also demonstrate that the type of CSR engagement and specific activity can influence consumer perceptions of societal benefits. Because consumers are sensitive to brand messaging about CSR, focusing on CSR initiatives that have more quantifiable results is likely to reduce consumer skepticism and lead to positive outcomes. For CSR initiatives that do not lend themselves as easily to direct evaluation, brands should consider initiatives that reduce the salience of the brand's self-interest. Just as consumers expect brands to act in a socially responsible manner, they expect brands to do so sincerely. Supporting philanthropic CSR initiatives too closely aligned with the brand may lead consumers to suspect that self-interest is the only motivator of the brand. For example, a sugary beverage brand that donates to causes that support healthy lifestyles may raise suspicions. For this high-fit philanthropic CSR initiative, consumers may presume that if the brand cared about the issue, it would make changes to its business practice (Yoon, Gurhan-Canli, and Schwarz 2006). Finally, CSR engagement is no longer a consumer expectation associated with the middle and upper class of developed countries. Indeed, recent surveys show that consumers in developing countries are among the most motivated and committed when it comes to CSR expectations and the purchase of socially responsible products. Consequently, this work offers further evidence of the importance of CSR to consumers in this context.

4.5.3 Limitation and Future Directions

The current study is subject to several limitations. First, I focus on one product category – non-alcoholic beverages, and in one country – Brazil. It will be useful to investigate this framework within other product contexts and within different countries to enhance the generalizability of these findings. Specifically, it may be helpful to identify other boundary conditions related to product category (e.g., luxury) or country market characteristics (e.g., degree of environmental regulations) that may affect the relationships within this framework. Second, given the importance of functional benefits and the product category, this study contrasts functional benefits with societal benefits. However, brands offer experiential, symbolic, and emotional benefits. In product categories (e.g., associated with greater involvement, identity relevance, conspicuousness), these benefits are likely to play a greater role. Comparing the effect of societal benefits to these other established benefits would be a fruitful endeavor. Finally, the impact of societal benefits on other brand effects could also be investigated. For instance, future work could investigate how societal benefits affect brand personalities and how this effect might differ depending on brand age.

APPENDIX A. EFFECT OF CSR ON BRAND SALES

Change in Brand Sales due to CSR (δ_{it})	**Corrective**	**Compensate**	**Cultivate**
Apple Jacks Cereal	.024**		
Clorox Household Cleaner	.082*		
Coca-Cola	.16*		
Cottonelle Toilet Tissue	-.011		
Dove Deodorant	.28**		
Frito	.11**		
Froot Loops Cereal	.66		
Green Mountain	.31**		
Heinz (Plant-based bottles) Ketchup	-.0074	Heinz (Low sodium)	
Ketchup	.024		
Hellmann's Light Mayonnaise	-.032		
Hunts Ketchup	.053*		
Kleenex Facial Tissue	-.0087		
Maxwell House Coffee	.53**		
Nescafé Coffee	.044		
Parkay Margarine	-.054		
Pepsi	.050		
Seventh Generation Household Cleaner	.19**	Post Shredded Wheat	-.038
Seventh Generation Detergent	-.38**		
Stonyfield Farms Yogurt	.10**		
Stonyfield Farms Yogurt	.27**		
Tom's of Maine Deodorant	.55**		
Trix Cereal	-.023		
Windex	.027		
Yoplait Yogurt	-.14**		
Big Sky Beer	-.046		

Busch Beer	.028	
Campbell’s Soup	-.023	
Clorox Household Cleaner	.079**	
Greenworks Household Cleaner	-.020	
Dannon Yogurt	-.012	
Degree Deodorant	-.36**	
Garnier Shampoo	1.08**	
Gillette Razor	.20**	
Greenworks Household Cleaner	.21**	
Heineken	-.069**	
Heinz	.078*	
Huggies Diapers	-.089**	
Kashi Cereal	-.063*	
Kashi Pizza	.22**	
Pepsi	.018**	
Seventh Generation Detergent	.063**	
Starbucks	-.26	
Tom’s of Maine Deodorant	.058**	
Aveda Shampoo		.008
Biolage Shampoo		.039
Bounty Paper Towels		-.33**
Campbell’s Soup		-.25**
Campbell’s Soup		-.25**
Cheerios		.018**
Cheerios		-.19**
Chobani Yogurt		-.39*
Coca-Cola		-.018
Coors		-.01
Coors		-.14**

Crest	.060
Dr. Pepper	-.009
Head & Shoulders Shampoo	-.015
Heinz	-.049
Maxwell House Coffee	-.088**
Miracle Whip Mayonnaise	-.15**
Nature's Path	-.14**
Nature's Path	-.11**
Pampers Diapers	.12
Pantene Shampoo	-.076
Pantene Shampoo	-.36**
Pepsi	-.077
Pepsi	-.053
Puffs	-.057
Seventh Generation Household Cleaner	-.38**
Seventh Generation Household Cleaner	-.46**
Seventh Generation Diapers	-.11
Shedd's Country Crock Margarine	-.16*
Sparkle Paper Towels	-.21**
SunChips	.85
Tide	.031
Tostitos Chips	-.05*
Viva Paper Towels	.043

***p<0.01, *p<0.05, + p<0.1 (two-tailed tests)*

APPENDIX B. STIMULI USED IN CHAPTER 2 STUDIES

Study 1 Stimuli

Unfavorable Brand CSR Reputation Condition: “Recently, a regional coffee chain I will refer to as ‘Hill Country Coffee’ has steadily made gains in popularity, sales, locations, and market share. Their products and service are highly rated, and their locations are chic, convenient and comfortable. They attract a broad customer base. However, it is becoming increasingly understood that Hill Country has been treating their supplying farmers rather poorly. Their foreign-based network of individual growers has been markedly underpaid and pressured into very one-sided contracts. For the moment, these contracts essentially limit the farmers to accepting the unfair prices Hill Country will pay or not selling anything at all. As a result, many of the farmers are barely getting by, while Hill Country has been able to keep a very healthy profit margin.” Favorable Brand CSR Reputation Condition: “Recently, a regional coffee chain I will refer to as ‘Hill Country Coffee’ has steadily made gains in sales, locations, and market share. Their products and service are highly rated, and their locations are chic, convenient and comfortable. They attract a broad customer base. In addition, it is becoming increasingly understood that Hill Country is very good to their supplying farmers. Their foreign-based network of individual growers have been very kindly compensated and are provided with very fair contracts. For the moment, these contracts essentially ensure that the farmers have a good outlet for their product at equitable prices provided by Hill Country. As a result, many of the farmers have been able to provide for their families as they have hoped, while Hill Country has been able to keep an adequate profit margin on their domestic sales.” Corrective Condition: “Even after all this, the CEO announced that in an effort to be better citizens, the company had made changes at several levels of the company and set a goal to ensure that 100% of their coffee be fair-trade certified within 3 years. In addition, the company would ensure good compensation for all of its farmers and suppliers. It is estimated that the company will spend several million dollars on this initiative." Compensating Condition: "Even after all this, the CEO announced that in an effort to be better citizens, the company would be donating a portion of proceeds to various education, training, supply, and subsidy programs that aid coffee farmers internationally. It is estimated that the company will spend several million dollars on this initiative." Cultivating Condition: "Even after all this, the CEO announced that in an effort to be better citizens, the company would be donating a portion of proceeds to the arts and music scenes of their local communities. It is estimated that the company will spend several million dollars on this initiative."

Study 2 and Study 3 Stimuli

Introduction: "Thank you for choosing to take this survey. In this study, I am interested in your opinion regarding an actual, relatively recent decision involving a brand of regionally sold bottled spring water. To protect company privacy, I will refer to the brand as "Aqua Springs." Please answer honestly, as your responses are completely anonymous." Unfavorable Brand CSR Reputation Condition: "Aqua Springs sources its water from carefully selected natural springs. Aqua Springs is available in a variety of sizes, including half-pint (8 oz.), single-serve (16.9 oz.), and five-gallon bottles for the home or office. Its most popular item is the single-serve (16.9 oz.) bottle. The average weight of an empty single-serve (16.9 oz.) plastic bottle is 20 grams, meaning Aqua Springs uses the highest amount of plastic per bottle in the industry, making Aqua Springs one of the highest net contributors to pollution and waste from plastics." Favorable Brand CSR

Reputation Condition: “Aqua Springs sources its water from carefully selected natural springs. Aqua Springs is available in a variety of sizes, including half-pint (8 oz.), single-serve (16.9 oz.), and five-gallon bottles for the home or office. Its most popular item is the single-serve (16.9 oz.) bottle. The average weight of an empty single-serve (16.9 oz.) plastic bottle is 10 grams, meaning Aqua Springs uses the lowest amount of plastic per bottle in the industry, making Aqua Springs one of the lowest net contributors to pollution and waste from plastics.” Low-salience Brand CSR Reputation Condition: “Aqua Springs sources its water from carefully selected natural springs. Aqua Springs is available in a variety of sizes, including half-pint (8 oz.), single-serve (16.9 oz.), and five-gallon bottles for the home or office. Its most popular item is the single-serve (16.9 oz.) bottle. The average weight of an empty single-serve (16.9 oz.) plastic bottle is 10 grams.

Corrective Condition: “Aqua Springs is aware of the increased national mindfulness regarding the environmental footprint of plastic waste. In an effort to demonstrate its commitment to social responsibility, an upcoming press release will announce the bottled water brand’s most recent initiative. Aqua Springs will introduce a new lightweight single-serve (16.9 oz.) bottle that reduces the amount of plastic per bottle by 30%. It is estimated that this change will cost Aqua Springs approximately $150,000 annually, but will reduce the amount of plastic waste added to landfills by about 1 million pounds each year.” Compensating Condition: “Aqua Springs is aware of the increased national mindfulness regarding the environmental footprint of plastic waste. In an effort to demonstrate its commitment to social responsibility, an upcoming press release will announce the bottled water brand’s most recent initiative. A portion of the proceeds from the sales of single-serve (16.9 oz.) bottles will be donated to a program focused on reclaiming and recycling plastic bottles. It is estimated that this change will cost Aqua Springs approximately $150,000 annually, but will reduce the amount of plastic waste added to landfills by about 1 million pounds each year.” Cultivating Condition: “Aqua Springs is aware of the increased national mindfulness regarding the environmental footprint of plastic waste. In an effort to demonstrate its commitment to social responsibility, an upcoming press release will announce the bottled water brand’s most recent initiative. A portion of the proceeds from the sales of single-serve (16.9 oz.) bottles will be donated to help local schools. It is estimated that this change will cost Aqua Springs approximately $150,000 annually, but will contribute to educational programs for local students.”

APPENDIX C. CSR ANNOUNCEMENTS FROM CHAPTER 2

Brand	Date	CSR Announcement Description
Apple Jacks Cereal	6/4/2009	The Kellogg Company announced that it will add fiber to its Apple Jacks cereal.
Aveda Shampoo	4/28/2009	Aveda today announced it has become the first beauty company in the world to receive a Cradle to Cradle (C2C) sustainability endorsement.
Big Sky Brewing Beer	7/8/2010	Big Sky Brewing announced that it has signed a three-year contract for Water Restoration Certificates – an innovative water stewardship program.
Biolage Shampoo	4/27/2010	Biolage's Thank You Program launched a year-long initiative to show its dedication to stylists and salon owners, as well as to give back to the community and the Earth.
Bounty Paper Towels	7/26/2010	Bounty announced that it will award one school with a $25,000 classroom makeover and 10 finalists with $5,000 grants to use toward transforming their school art rooms.
Busch Beer	8/21/2007	River Network and Busch Beer announced plans to help to protect the rivers and watersheds of Oregon, Washington and Idaho.
Campbell's Soup	10/7/2008	Campbell Soup Company announced a $10 million pledge to the City of Camden's neighborhood revitalization efforts, job training initiatives and projects to benefit youth.
Campbell's Soup	6/4/2009	Campbell Soup Foundation announced that it will donate $400,000 to fund summer camp programs Camden, NJ.
Campbell's Soup	5/4/2010	Campbell Soup Company announced four sustainability and corporate citizenship goals, including goals to reduce childhood obesity and water consumption.
Cheerios Cereal	1/15/2007	Cheerios launched a significant commitment to childhood literacy, which includes cereal box offers for classic children's books, monetary support for national literacy initiatives and a variety of resources to help families make reading a priority.
Cheerios Cereal	5/21/2008	Cheerios partnered with the National Heart, Lung, and Blood Institute and WomenHeart through The Heart Truth campaign

		to raise awareness and provide education about the risk of heart disease in women
Chobani Yogurt	10/17/2011	Chobani sponsored a Food Drive Challenge and working with local schools to gather food donations for local food pantries.
Clorox Household Cleaner	2/9/2009	The Clorox Company announced plans to expand communication of the ingredients in many of its products.
Clorox Household Cleaner	6/9/2011	The Clorox Company previewed its plans to launch a new mobile product ingredient application and website that will give consumers immediate access to product ingredient information.
Clorox Household Cleaner	1/12/2009	Clorox’s initiative aims to increase communication about product ingredients, by having ingredients posted on the web site for all of its household cleaning products.
Coca-Cola Soda	3/7/2006	The Coca-Cola Company announced that it has officially joined the United Nations Global Compact, the world’s largest voluntary corporate citizenship initiative.
Coca-Cola Soda	2/22/2011	The Coca-Cola Foundation donated $1 million to the Community Foundation of Greater Atlanta to support an effort to re-open the city’s previously closed recreation centers and provide educational tutoring programs.
Coors Beer	3/10/2008	Coors Brewing Company supplied more than $600,000 in medical supplies and equipment in Mexico through its support of Project C.U.R.E. – a non-profit medical relief organization for more than 120 nations throughout the world.
Coors Beer	9/06/2006	Coors Light presented New York-based Hispanic Federation with a $25,000 donation to support Hispanic Federation’s Get out the Vote and Citizen Information programs
Cottonelle Toilet Tissue	8/5/2009	Cottonelle brand announced stronger fiber sourcing standards that will increase conservation of forests globally.
Crest Toothbrush	12/4/2006	Crest donated Crest SPINBRUSH brand toothbrushes 100,000 disadvantaged children during the holiday season.
Dannon Yogurt	10/5/2006	The Dannon Company established the Dannon Next Generation Nutrition Grants in 2006 to promote childhood nutrition education and contribute up to $120,000 to nonprofit organizations.
Degree Deodorant	6/1/2011	Degree Women launched the “Get into the Move” application on Facebook to encourage users to move and engage in fitness

		activities.
Dove Deodorant	1/19/2011	Girl Scouts of the USA and Dove partnered to deliver Girl Scout leadership and self-esteem programming to millions of girls nationwide and abroad.
Dr. Pepper Soda	8/9/2010	Dr. Pepper Snapple Group, Inc.announced the launch of a new corporate philanthropy program, ACTION Nation to foster physically active, engaged, and sustainable communities.
Frito Chips	10/5/2011	PepsiCo’s Frito-Lay North America division celebrated its Casa Grande, Arizona, facility that reached "near net zero," run primarily on renewable energy sources and recycled water, while producing nearly zero landfill waste.
Foot Loops Cereal	6/4/2009	The Kellogg Company announced a plan to add fiber its ready-to-eat cereals, including Froot Loops.
Garnier Shampoo	4/11/2011	Garnier announced an exclusive partnership with TerraCycle, one of the fastest-growing green companies specializing in making consumer products from post-consumer materials.
Gillette Razors	6/29/2005	The Gillette Company (NYSE:G) today named seven Boston-area social service organizations as the first grant recipients in a program that will provide $800,000 this year to prevent homelessness in Boston.
Green Mountain Coffee	11/20/2007	The Global Reporting Initiative (GRI) has responded to the demand for increased transparency in food production by facilitating a working group to provide sector-specific sustainability indicators for food processing activities.
Green Works Household Cleaner	1/15/2009	Green Works invites individuals to nominate eco-friendly community projects for a Green Heroes grant.
Head & Shoulders Shampoo	12/5/2011	Head & Shoulders unveiled The Good Girlfriend Guide, an e-manual of positive girlfriend-to-girlfriend advice, and is working with the non-profit organization Women’s Empowerment, which will receive all proceeds from the eBook.
Heinz (Plant-based bottles) Ketchup	2/23/2011	Heinz will use bottles made from petroleum-based materials and up to 30% plant-based materials in all 20-ounce ketchup bottles.
Heinz (Low sodium) Ketchup	2/4/2010	Heinz will reduce sodium by 15 percent in its core line of ketchup.
Heinz Ketchup	09/02/2009	The H.J. Heinz Company Foundation announced that it will sponsor a nutrition mapping project conducted by the World

		Food Program in Bangladesh to address that country's nutritional deficiencies in an efficient and sustainable manner.
Heinz Ketchup	01/15/2002	The H.J. Heinz Company Foundation will donate $20,000 to the Tony Hawk Foundation to develop public skateboard parks in low-income areas nationwide.
Hellmann's Light Mayonnaise	2/24/2010	Hellmann's announced that its Light Mayonnaise recipe in North America will feature 100% certified cage-free eggs in the United States.
Huggies Diapers	6/17/2010	Huggies will donate up to 20 million diapers in the U.S. to ten local diaper banks across the country.
Hunts Ketchup	5/17/2010	Hunt's announced that it has removed high fructose corn syrup from every bottle of its ketchup products.
Kashi Cereal	11/15/2010	Kashi and RecycleBank announced a new partnership designed to encourage more sustainable forms of consumption, raise awareness for America Recycles Day and inspire more people to recycle.
Kashi Pizza	9/5/2008	Sundance Channel and Kashi Company announced a new branded entertainment platform with a short-form series, reflecting Kashi's commitment to helping people make positive changes in their own lives, the series profiles seven change agents across the U.S. who are dedicated to promoting healthy lifestyles and greater connections to the natural world.
Kleenex Facial Tissue	10/10/2011	Kleenex tissue includes fiber sourced from suppliers who have been independently certified to follow the highest standards in forestry management to protect forests and habitat.
Maxwell House Coffee	1/27/2010	Maxwell House coffee brand changed from steel cans to composite paperboard that weighs less, uses 50 percent recycled content, and eliminates 8.5 million pounds of packaging.
Maxwell House Coffee	12/27/2011	Kraft Foods and its brands, including Maxwell House, announced it will donate more than 25 million meals to Feeding America.
Maxwell House Coffee	1/27/2010	Kraft Foods recently changed its Maxwell House, Yuban and Nabob coffee brands from steel cans to composite paperboard that weighs 30 percent less and uses 50 percent recycled content.
Miracle Whip Mayonnaise	12/10/2011	Kraft Foods and its brands, including Miracle Whip,

		announced it will donate more than 25 million meals to Feeding America.
Nature's Path Cereal	4/22/2009	Nature's Path has awarded a $100,000 grant from its EnviroFund to the Amazon Conservation Team.
Nature's Path Cereal	11/21/2007	Nature's Path Organic Foods celebrated the ten year anniversary of its EnviroKidz Giving Back Fund, which has donated a total of over $1.2 million Canadian to deserving non-profit organizations.
Nescafé Coffee	9/2/2010	Nescafé announced a $350 million investment in sustainability with plans, among others, to source 90,000 tonnes of coffee beans from farms that comply with Rainforest Alliance and Sustainable Agriculture Network principles.
Pampers Diapers	4/7/2008	For every Pampers diaper "One-Pack = One Vaccine" sticker purchased in the U.S. and Canada, Pampers will provide UNICEF with funding for one life-saving tetanus vaccine in the developing world
Pantene Shampoo	7/13/2006	Pantene's campaign encourages people to grow, cut, and donate their hair to make wigs for women who have lost hair due to cancer treatment.
Pantene Shampoo	9/23/2010	Pantene will donate to help Children's Safe Drinking Water (CSDW) provide two billion liters of clean water in the developing world every year by 2020.
Parkay Margarine	10/4/2004	Parkay reformulated its products to remove trans fats.
Pepsi Soda	7/5/2007	PepsiCo announced that it will shine a spotlight on recycling at the Live Earth New York concert and will make it easy for people to recycle their bottles and cans while offering information about how they can make recycling a part of their everyday lives.
Pepsi Soda	1/14/2010	The PepsiCo Foundation announced it will donate $1 million to the earthquake victims in Haiti.
Pepsi Soda	1/22/2008	PepsiCo announced a major new grant made by the PepsiCo Foundation to the Earth Institute at Columbia University, one of the world's premier institutions dedicated to global sustainable development.
Pepsi Soda	6/16/2009	The PepsiCo Foundation and United Nations World Food Programme (WFP), announced a strategic partnership aimed at enhancing the ability of WFP to deliver food and relief to

		the most vulnerable communities around the globe.
Post Shredded Wheat	1/13/2005	Kraft Foods Inc. announced two new initiatives to increase the visibility of many of the more nutritious products in the company's portfolio, including Post Shredded Wheat.
Puffs	7/19/2011	Procter & Gamble Company will donate two cents to Communities In Schools to raise funds and increase awareness of the student dropout crisis in the U.S. for coupons redeemed for products, including Puffs.
Seventh Generation Household Cleaner	11/7/2008	Seventh Generation announced a commitment to obtain 100% of its palm oil from certified sustainable sources by 2012.
Seventh Generation Household Cleaner	4/15/2010	Seventh Generation has partnered with Women's Action to Gain Economic Security (WAGES) to create a worker-owned residential green cleaning service to benefit workers, households and the environment at large.
Seventh Generation Detergent	11/17/2011	Seventh Generation has announced that a new reformulation of its best-selling laundry liquid has received one of the first-ever USDA BioPreferred labels.
Seventh Generation Detergent	7/25/2006	Seventh Generation is partnering with Greenpeace to train and empower dedicated students to become the next generation of leaders in the global movement for change.
Seventh Generation Diapers	1/11/2011	Gifts In Kind International with Seventh Generation announced a new campaign that aims to raise and distribute 10 million Seventh Generation diapers for families in need.
Shedd's Country Crock Margarine	6/22/2011	Country Crock has partnered with Wounded Warrior Project, an organization established to raise awareness and provide aid for injured service members.
Sparkle Paper Towels	10/20/2005	Sparkle was a sponsor of the Keep America Beautiful's Great American Cleanup, which helps to improve neighborhoods through clean-ups, green-ups, fix-ups, educational programs, and heightened awareness of the value of clean, green, communities.
Stonyfield Farms Yogurt	10/13/2010	Stonyfield Farms launched new packaging made from plants for its multipack cups.
Stonyfield Farms Yogurt	10/29/2004	Recycline and Stonyfield Farm have announced that their innovative partnership has led to the recycling of more than 1 million Stonyfield Farm yogurt cups into new, Recycline Preserve brand products.

SunChips	4/21/2009	SunChips and National Geographic announced the launch of the Green Effect, a national initiative that encourages consumers to take their own small steps toward helping the planet by awarding five $20,000 grants to help consumers turn their green ideas into reality.
Tide Detergent	2/4/2010	All profits from Tide vintage t-shirt sales during the month of February will be donated to disaster relief in Haiti, and Tide will match donations up to $250,000.
Tom’s of Maine Deodorant	3/18/2010	Preserve, the leading recycled products company, partnered with Tom’s of Maine to transform deodorant packaging into recycled products
Tom’s of Maine Deodorant	7/29/2009	Tom’s of Maine launched its new 24-hour, long-lasting deodorant, which combines a natural, vegetable-based formula, never tested on animals, and environmentally sensitive packaging.
Tostitos Chips	11/22/2010	Tostitos announced the creation of the Tostitos Cesar Chavez Latino Scholarship Fund to benefit Latino students in the state of Arizona.
Trix Cereal	6/24/2004	In response to changing consumer needs, General Mills continues its tradition of innovation by offering reduced-sugar versions of three of its most popular kids’ cereals. New reduced-sugar Trix, Cinnamon Toast Crunch, and Cocoa Puffs provide the sweet taste and fun flavors kids love, with 75 percent less sugar than the original cereals. The reduced-sugar cereals were developed using a blend of sugar and Splenda(R), a non-caloric sweetener made from sugar.
Viva Paper Towels	9/13/2006	VIVA will also donate a minimum of $100,000 to Breast Cancer Research Foundation and will host an online auction of NASCAR memorabilia with proceeds benefiting BCRF.
Windex Household Cleaner	1/16/2008	SC Johnson has used its patented Greenlist process to continuously improve the ingredients used in Windex glass cleaner - and other SC Johnson products - to improve their environmental profiles.
Yoplait Yogurt	2/9/2009	General Mills announced it will eliminate milk sourced from cows treated with the synthetic hormone also referred rBGH, in the production of its Yoplait® yogurts.

APPENDIX D. SAMPLE OF STIMULI USED IN CHAPTER 4

Environmental Claim	Starting today we will package our products in environmentally friendly bottles made in part from plants!	We have significantly increased the use of environmentally friendly packaging in our portfolio.
Water Claim	Starting today we will invest part of our profits to help expand access to clean drinking water among communities in need!	We are launching a new initiative to help people identify ways to reduce water waste in our community. Want to join?
Employment Claim	Starting today we will invest part of our profits to help expand access to education and employment for women!	We are launching a new initiative to help young women get access to employment opportunities in our community. Want to join?
Healthy Living Claim	Starting today we will invest part of our profits to help expand access to wellness programs among communities in need!	We are launching a new initiative to help people in need achieve a healthy and active lifestyle in our community. Want to join?
Control Claim	We want to see you enjoying the great taste of Dasani! Send us your picture and get a chance to win free products.	Starting today we will have an app that will help you get all the information you want about our delicious products.

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