

# **Consumer Perceptions of Corporate Social Responsibility Campaigns: The Impact on Organizational Reputation and Buying Behavior**

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## **Abstract**

*Corporate social responsibility (CSR) is a growing trend in corporate communications as more organizations are committing to philanthropic and social efforts as an integral part of their business models. Using an online survey, this study examines the relationship between CSR and organizational reputation and consumer buying behavior. More specifically, a CSR campaign conducted by Starbucks is used to understand the impact on perceptions of reputation, potential changes in behavior, and differences in responses based on age groups. Key findings of this study include that CSR campaigns have the ability to improve organizational reputation; however, it is more likely for CSR campaigns to positively impact perceptions of organizational reputation than consumer buying behavior.*

## **I. Introduction**

Corporate Social Responsibility (CSR) is a growing trend in the communications world. From social media posts to earned media coverage, organizations have committed to philanthropic and social efforts as an integral part of their business models. These CSR initiatives can help an organization's image by showing its values as opposed to just highlighting skills and abilities (Kim, 2013). Additionally, consumers may reward socially responsible businesses with their purchase behavior, and businesses can shift consumer beliefs, attitudes, and intentions with proactive CSR campaigns (Becker-Olsen, Cudmore, & Hill, 2006). As business mindsets are shifting, studies have shown a positive relationship between the inclusion of CSR initiatives and improved financial performance (Waddock & Graves, 1997).

In the case of Starbucks, the corporation has published an annual "social responsibility report" since 2002 to highlight its sustainable efforts as well as its commitment to responsible actions following reputational failures (Global Responsibility Report Goals & Progress, n.d.). In its *Global Social Impact 2017 Performance Report*, the introduction refers to the arrest of two African-American men who waiting for a friend at a Philadelphia Starbucks. In response to this incident, Starbucks created a CSR and crisis communication initiative in which the organization closed more than 8,000 U.S. stores on May 29, 2018 so staff members could participate in racial-bias training (Global Responsibility Report Goals & Progress, n.d.). While this response received mainstream media coverage, other CSR campaigns, such as Starbucks' commitment to hiring 25,000 veterans by 2025, have less awareness beyond owned media channels. The purpose of these

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CSR campaigns can be to improve public image and increase news coverage, but organizations should also consider how the response from the audience regarding CSR campaigns may influence consumer perceptions and behaviors. As prominent companies like Starbucks commit to more frequent CSR campaigns, it is worthwhile to dedicate research to the potential impacts and reactions by consumers toward specific initiatives.

The purpose of this study is to determine if CSR campaigns have an impact on consumer attitudes in regard to either reputation or buying behavior. In terms of reputation, studies show that organizations with established credibility through CSR are likely to have less detrimental reputational effects following a corporate crisis compared to those with negative CSR associations (Kim, 2013). Consumers have often chosen to boycott socially irresponsible companies but have not shown increased likelihood to change their buying behavior for companies that are socially responsible. However, there is a stronger relationship between the knowledge consumers have about specific CSR efforts and changes in buying behavior (Mohr, Webb, & Harris, 2001).

Furthermore, this study will analyze differing responses to CSR efforts among demographic groups. If corporate social responsibility does indeed provide the opportunity to both improve reputation and increase buying behavior, then corporations should prioritize the development of CSR campaigns. Since the Millennial generation has an increased affinity for social activism among corporate actors, understanding the buying behavior and attitudes of specific demographic groups can help maximize targeted corporate communication efforts (McGlone et al., 2011).

Many studies have focused on campaign content analysis and in-depth interviews to understand the extent and value of CSR from both the business and consumer perspective. However, this study will use an isolated example of a CSR campaign conducted by Starbucks and survey methodology to gather data related to consumer opinions. Participants in this study were provided with background information regarding the Starbucks CSR campaign and asked to complete a questionnaire regarding their existing buying habits and reputational perceptions. This study also collected demographic data to understand the direct impacts of CSR awareness on various consumers.

## II. Literature Review

As CSR continues to grow in public awareness and importance in business, it is important to examine the reach of these practices. Identifying working definitions of CSR establishes necessary context for designing the survey instrument used in this study. Additionally, previous research concerning the relationship between CSR and Millennials, organizational reputation, and consumer buying behavior will shape this study.

CSR has been defined as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local community, and society at large” (McGlone, Spain, & McGlone, 2011). Other definitions capitalize on the “social” aspect of CSR and qualify it as “a company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society” (Mohr et al., 2001). The first, more comprehensive definition referenced is more relevant to this study as it includes a simple and clear view of the CSR concept.

The Millennial generation has been identified as having been born between 1979 and 2001, between 1980 and 2000, or between 1982 to 2002 (McGlone et al., 2011). Millennials are categorized as a generation that prioritizes social issues, and studies have found this age group expects organizations to not only commit to philanthropy but also to incorporate CSR into business models (McGlone et al., 2011). As employees, a majority of Millennials care about how the company they work for addresses social and community involvement. As consumers, Millennials expect organizations to be active members of the community and commit to social values that are represented both internally and externally (McGlone et al., 2011). While the existing research identifies qualities of the Millennial generation regarding CSR, there are no studies that focus on the habits of other demographics concerning organizational reputation and buying behavior based on CSR campaigns. This research hopes to obtain data from other age groups that could indicate differences in their relationship between CSR and organizational reputation and buying behavior.

Corporate reputation is also becoming a more prominent interest, but just as with the research

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regarding Millennials, consistent definitions are difficult to come by (Barnett, Jermier, & Lafferty, 2006). For this study, reputation is defined as “the way key external stakeholder groups or other interested parties actually conceptualize the organization” (Lange, Lee, & Dai, 2010). Based on previous studies, the public has identified that they have little trust in big businesses, and therefore socially responsible practices can have a large impact on organizational reputation (Mohr et al., 2001). Consumers consistently prove to have a more positive reputational perception of a company if it contributes to a cause they care about. Additionally, consumers that are socially and politically active are even more inclined to associate a positive reputational image with organizations that execute CSR campaigns (Mohr et al., 2001). In times of corporate crisis when organizational reputation is at risk, companies with established CSR associations are more likely to suffer less reputational damage due to their position as a company with “virtue-related dimensions” as opposed to just “skill-focused dimensions” (Kim, 2013). This existing research is helpful to this study, as the Starbucks case was created in reaction to a corporate crisis and further establishes the company’s commitment to socially responsible practices.

Existing research has found a positive correlation between CSR initiatives and a company’s financial performance. A key feature is the ability of CSR campaigns to influence buying behavior among consumers. For this study, consumer buying behavior is defined as a pattern of activities involving the “purchase and use of goods and services which resulted from the consumers’ emotional and mental needs and behavioral responses” (Stallworth, 2008, p. 9). Previous research has suggested that, for some consumers, CSR may be influential in purchasing a product, paying higher prices for a product, trying a new brand, or switching brands (Mohr et al., 2001). In general, a gap exists in CSR research regarding specific target demographics, especially age groups, and their responsiveness to CSR as related to reputation and buying behavior. This research will benefit both consumers and corporations in better understanding the scope of CSR initiatives as well as the effectiveness of campaign tactics.

### III. Methods

Specifically, this study uses a CSR campaign conducted by Starbucks to evaluate consumer opinions on organizational reputation and buying behavior. In 2017, Starbucks announced a goal of hiring 25,000 veterans by 2025. This campaign began after the company was under fire earlier that year for announcing its plan to hire 10,000 refugees in the next five years (Taylor, 2017). The hashtag “Boycott Starbucks” began circulating on social media as customers thought that the corporation was hiring refugees instead of veterans. Despite Starbucks’ response in which they corrected that assumption, the chain’s reputational perception from consumers fell by two-thirds only one month after the refugee hiring announcement (Taylor, 2017). The news of the CSR campaign to hire 25,000 veterans by 2025 came after the reputational “crisis” and is present on Starbucks’ owned media channels.

This study addresses the following research questions:

**RQ1:** Are CSR campaigns effective in improving organizational reputation and consumer buying behaviors? Can Starbucks improve its reputation and consumer buying behavior with a CSR campaign?

**RQ2:** Does the relationship between CSR and organizational reputation and buying behavior differ by age group?

This study employed an online survey using the Qualtrics platform, allowing distribution through the internet to a diverse audience. The research design is similar to a study conducted by Ramasamy and Yeung (2009). Surveying the general public, with a focus on Millennials, provided the opportunity to examine responses from various demographic groups. This research employed a volunteer sample in which participants were able to opt-in to the online survey. A link to the survey was distributed through the researcher’s social media channels including Facebook, LinkedIn, and Instagram. Based on the nature of the researcher’s social media following, there was a strong likelihood that a majority of respondents would be college students, however, the research was not limited to that population as the Facebook and LinkedIn platforms allowed for older age groups to access the survey.

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Data were collected from March 22, 2019 to March 31, 2019, resulting in 192 responses. A total of 153 responses with completed demographic information was analyzed in this study. The size of the response is comparable to the returned sample reported by Ramasamy and Yeung (2009), in which they received 136 survey responses in Shanghai and 121 responses in Hong Kong.

For the purpose of this study, the independent variable is the Starbucks case, and the dependent variables are organizational reputation and buying behavior. Survey questions were developed in order to measure these variables. The survey was constructed similarly to the study by Ramasamy & Yeung (2009), in which the survey included statements such as "I would pay more to buy products from a socially responsible business," "I consider the ethical reputation of businesses when I shop" and "I avoid buying products from companies that have engaged in immoral actions." These statements were used to measure responsiveness to CSR, buying behavior, and perceptions of reputation in relation to CSR campaigns.

The definition of organizational reputation for this study is "the way key external stakeholder groups or other interested parties actually conceptualize the organization" (Lange, Lee, & Dai, 2010). Before the example CSR campaign conducted by Starbucks was presented to the participants, questions measuring reputation and buying behavior were asked. Regarding reputation, participants were asked to evaluate the values of the company and their opinion of Starbucks' reputation using a numerical scale from 1-5 (1 being the worst, 5 being the best).

Once the Starbucks CSR campaign and relevant background information were introduced (Figure 1), further questions measuring reputation and buying behavior were included in the survey. To measure perception of reputation in relation to the CSR campaign, a seven-point Likert scale ranging from strongly disagree to strongly agree was utilized to measure favorability of Starbucks' reputation following the information about their CSR initiative. Additionally, participants were also asked to choose from qualities such as convenience, cost, quality, CSR initiatives, and donations to charity, that may increase their likelihood of having a favorable opinion of Starbucks' reputation.

**Figure 1: Background and goals of Starbucks' CSR campaign**

Many companies, such as Starbucks, have made commitments to "give back" through CSR campaigns and initiatives. The example below illustrates Starbucks' CSR campaign in which they have committed to hiring 25,000 veterans by 2025. Utilizing this example, please respond to the following survey questions.

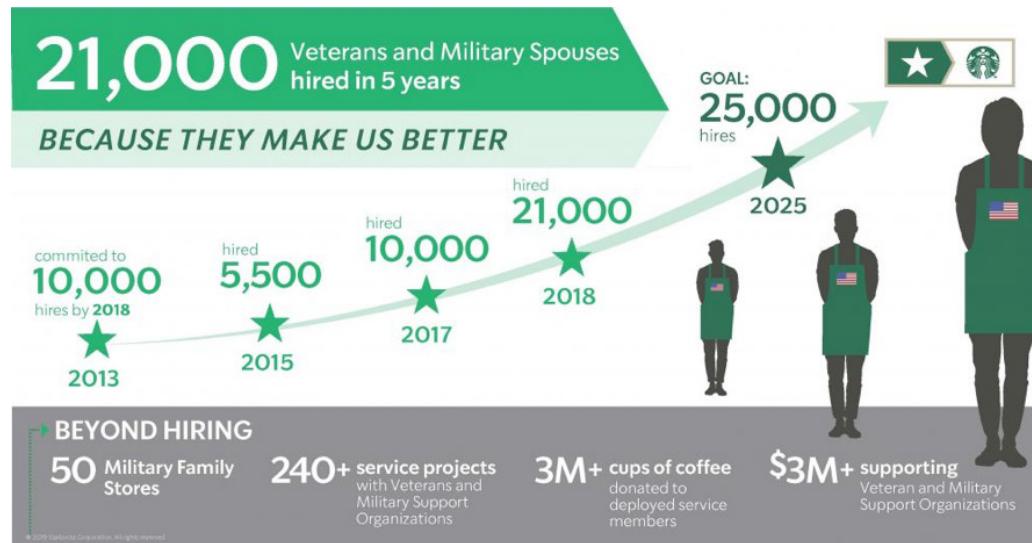


Image source: <https://stories.starbucks.com/press/2018/starbucks-hires-twice-as-many-veterans-as-its-2018-commitment/>

Consumer buying behavior is defined as a pattern of activities involving the “purchase and use of goods and services which resulted from the consumers’ emotional and mental needs and behavioral responses” (Stallworth, 2008). In order to measure existing buying behavior, respondents were asked how often they purchase products from Starbucks each month. To gain perspective on buying behavior as related to the CSR campaign, participants recorded their likelihood to purchase products from Starbucks as well as their likelihood to choose Starbucks over a competitor based on their response to the CSR. Participants were also asked to consider a list of qualities (convenience, cost, quality, organizational reputation, CSR initiatives, donations to charity) and respond based on the choices that increase their likelihood of purchasing Starbucks products.

By employing a variety of question styles beyond simply the Likert scale format as seen in the study conducted by Ramasamy & Yeung (2009), as well as including an example campaign to create the basis for the participants’ responses, the research design allowed for a wide range of data to fully understand the factors that play into consumers’ perceptions of reputation and their buying behavior.

## IV. Findings

Data were collected from the general population with the predication that there would be a large proportion of Millennial respondents due to the survey being distributed on the researcher’s social media channels. Approximately one-third of respondents could be considered Millennials: 25% of respondents ( $n=38$ ) were ages 18-24, and 5.9% ( $n=9$ ) were 25-34. In addition, 17.1% of the respondents ( $n=26$ ) were ages 35-44, and 24.3% ( $n=37$ ) were 55-64. More than 80% of respondents were female ( $n=122$ ), and 96% of those surveyed were white ( $n=146$ ). Just under one-third of respondents had earned a Bachelor’s degree ( $n=54$ ).

Prior to being instructed to answer questions based on Starbucks’ CSR campaign, a majority of respondents reported a positive opinion of the company’s reputation. Out of 153 responses, about one-third of respondents (31.4%,  $n=48$ ) gave Starbucks a rating of 4 out of 5 on reputation. Just under one-quarter of respondents (22.8%,  $n=35$ ) gave Starbucks’ reputation the highest score of 5.

To gauge initial buying behavior, participants were asked how often they purchase products from Starbucks each month. Almost half of the respondents (47.7%,  $n=73$ ) indicated that they purchase products from Starbucks “1-3 times a month.” About one-third of respondents (29.4%,  $n=45$ ) reported that they purchase products from Starbucks “0 times a month.”

After participants were presented with the Starbucks CSR campaign, they were tasked with choosing all the qualities that would make them more likely to have a favorable opinion of Starbucks’ reputation, from a list of factors such as products, services, socially responsible initiatives, or reputation of the organization. A nearly equal proportion of respondents chose “product quality” (52.9%,  $n=81$ ) and “support of local charity” (52.8%,  $n=80$ ). More than 40 percent of respondents chose “direct donation to charity” (42.5%,  $n=65$ ) and “CSR initiatives” (41.2%,  $n=63$ ).

When considering demographics in relation to buying behavior and the CSR campaign, 26.3% of respondents in the 18-24 age group ( $n=10$ ) agreed with the statement “this CSR Campaign makes me more likely to purchase products from Starbucks,” and 34.2% of respondents in that age group ( $n=13$ ) said “somewhat agree.” Additionally, 10.5% of respondents in the 18-24 age group ( $n=4$ ) agreed with the statement “this CSR campaign makes me more likely to choose Starbucks over a competitor,” and 21.1% percent of respondents in that age group ( $n=8$ ) said “somewhat agree.”

## V. Discussion

For the initial question regarding Starbucks’ reputation, the mean response was 3.58 on a five-point scale. More than half of the participants ( $n=83$ , 54.2 %) responded with a ranking of 4 or 5 in regard to their initial perception of Starbucks’ reputation. This indicates that many of the participants already had a positive view of the Starbucks organization prior to being asked about its CSR initiative. The most common response to the statement “This CSR campaign increases my favorability of Starbucks’ reputation” was “agree” on a

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seven-point Likert scale (Table 1). Nearly three-quarters of respondents (n=113, 73.9%) responded in the “somewhat agree” – “strongly agree” range to this statement based on the CSR campaign. These responses indicate that even though many participants already held a positive view of Starbucks’ reputation, the CSR campaign still could influence an increase in positive perception of organizational reputation.

**Table 1: The CSR campaign increases the favorability of Starbucks’ reputation**

Field	Frequency (%)
Strongly disagree	5 (3.3%)
Disagree	5 (3.3%)
Somewhat disagree	2 (1.3%)
Neither agree nor disagree	27 (17.8%)
Somewhat agree	42 (27.6%)
Agree	50 (32.9%)
Strongly agree	21 (13.8%)

A majority of participants did not frequently purchase products from Starbucks prior to this study. Approximately three-quarters of participants (77.1%, n= 118) responded they only purchase products from Starbucks 0-3 times a month, indicating that there was room for growth in their buying behavior. After participants were presented with the Starbucks CSR campaign, the most common response to the statement “This CSR campaign makes me more likely to purchase products from Starbucks” was “Neither agree nor disagree” on a seven-point Likert scale. Additionally, “Neither agree nor disagree” was also the most common response to the statement “This CSR campaign makes me more likely to choose Starbucks over a competitor (i.e. Dunkin Donuts, etc.)” on a seven-point Likert scale.

However, a higher proportion of participants responded “somewhat agree” or “agree” to the statement “This CSR campaign makes me more likely to purchase products from Starbucks,” than to the statement “This CSR campaign makes me more likely to choose Starbucks over a competitor (i.e. Dunkin Donuts, etc.).” This suggests that while participants may intend to purchase more Starbucks products due to the CSR campaign, they may not use CSR as a deciding factor when presented with choices between competing brands. The findings indicate that Starbucks is more likely to see improvements in organizational reputation than buying behavior based on CSR campaigns.

Those in the 18-24 age group were the most likely to be positively influenced by CSR campaigns. A majority of respondents in this age group said either “agree” or “somewhat agree” to statements regarding the CSR campaign’s positive impact on organizational reputation and buying behavior. These results coincide with the study by McGlone et al. (2011) that found that Millennials expect companies to be socially responsible and are likely to reward them for it. However, in this study, the 18-24 age group was not as enthusiastic about the statement “this CSR campaign makes me more likely to choose Starbucks over a competitor.” This could indicate that the “convenience” and “location of store” qualities are more important, and that CSR campaigns are not as effective at influencing competitiveness as they may be with affecting organizational reputation and buying behavior.

## VI. Conclusion

This study employed an online survey to explore the relationship between a CSR campaign, organizational reputation, and consumer buying behavior, while considering potential differences in response among demographics. Starbucks was used as an example to directly examine consumer perceptions of a CSR campaign in relationship to reputation and buying behavior. Results suggest it is possible to positively improve both organizational reputation and buying behavior through CSR campaigns, especially among the 18-24-year-old age group, but it is more likely to see improvement in reputation than buying behavior due to the prioritization of convenience and store location. These findings suggest that Millennials and Generation Z will be the most effective group to target with CSR campaigns to improve organizational reputation and buying

behavior. These results imply that even companies with limited resources could potentially see improvements through CSR campaigns. This research is important for corporate communications efforts because it indicates that CSR may be a more effective tactic for improving organizational reputation than consumer buying behavior.

Just like any other research, this study has limitations. A major limitation was not requiring the respondents to enter their demographic information which eliminated a number of survey responses from being included in the analysis. In future research on this topic, it could be beneficial to define organizational reputation for the participants to confirm they understand this concept, as this may not be a commonly understood term among the population. Defining organizational reputation could improve consistency in the responses that could help generate more definitive conclusions. Additionally, in order to be certain that no bias exists towards a specific brand, future research could use an experimental design with fictitious companies to eliminate preexisting assumptions and focus more precisely on the impact of CSR. Future research should also utilize a random sample to recruit participants as opposed to the convenience sample employed in this research to increase credibility of the findings.

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