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# Assessing the prerequisite of successful CSR implementation: are consumers aware of CSR initiatives?

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Corporate social responsibility has received a large amount of research attention over the last decade. Results indicate that consumers are influenced by corporate social responsibility (CSR) initiatives of businesses if they are aware of them. Whether consumers are in fact aware of CSR initiatives, however, has not been studied in the past. This 'missing link' in CSR research makes the conclusions that CSR affects consumer behaviour questionable. Consequently, a number of researchers (e.g. Maignan 2001; Mohr, Webb, and Harris 2001) have called for empirical studies to determine the extent to which consumers are actually aware of the CSR records of corporations and the social issues engaged within those CSR records. The present study fills this gap for the Australian banking industry sector. Results from a qualitative study with bank managers and a quantitative study with consumers indicate that the awareness levels of CSR activities are low, despite the fact that banks do actively promote their CSR activities. This leads to the conclusion that CSR, while effective in theory, has not proven its general effectiveness in the marketplace. In order to benefit from CSR activities, businesses have to be more active in communicating their activities and wisely choose the targets for both their CSR activities and their communications. Our results indicate that specialization on consumers with distinct interests (e.g. in sports, cancer research, etc.) currently offers the highest success probability in increasing awareness.

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## **Assessing the prerequisite of successful CSR implementation: Are consumers aware of CSR initiatives?**

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Corporate social responsibility has received a large amount of research attention over the last decade. Results indicate that consumers are influenced by corporate social responsibility (CSR) initiatives of businesses if they are aware of them. Whether consumers are in fact aware of CSR initiatives, however, has not been studied in the past. This ‘missing link’ in CSR research makes the conclusions that CSR affects consumer behaviour questionable.

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The present study fills this gap for the Australian banking industry sector. Results from a qualitative study with bank managers and a quantitative study with consumers indicate that the awareness levels of CSR activities are low, despite the fact that banks do actively promote their CSR activities. This leads to the conclusion that CSR, while effective in theory, has not proven its general effectiveness in the marketplace. In order to benefit from CSR activities, businesses have to be more active in communicating their activities and wisely choose the targets for both their CSR activities and their communications. Our results indicate that specialization on consumers with distinct interests (e.g. in sports, cancer research, etc.) currently offers the highest success probability in increasing awareness.

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Awareness, banks, communication, consumers, corporate social responsibility

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## 1 Introduction

Corporate social responsibility (CSR) has been defined as "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society" (Mohr, Webb, and Harris, 2001:47).

Marketplace polls report consumers not only expect corporations to do more for the social good, they want to be informed of what corporations are doing, and will support good deeds. A 23-nation poll of public attitudes to CSR found Australians to have amongst the highest CSR expectations of business (Enviroics 1999).

Elsewhere, 86 percent of American respondents report companies should tell them the ways in which they are supporting social issues (Cone Inc., 2004), while in the UK, Dawkins (2004) found 74 percent of respondents indicated that more information on a company's social and ethical behaviour would influence their purchasing decisions, and 86 percent thought companies should actively communicate their CSR activities. Paradoxically, while there is a strong demand for CSR information, companies have been reluctant to meet this demand and communicate their initiatives in the social sphere (Polonsky 1995).

Information is one of the basic inputs into modern theories of rational choice (Schuler and Cording 2004). If consumers are to purchase in a socially-responsible manner, support more responsible businesses, and use their purchasing power to bring about social change (Webster 1975), an informed marketplace is critical. CSR's ability to have positive consumer purchase-behaviour effects, once awareness has been established, has been extensively investigated (e.g. Auger et al. 2003; Brown and Dacin 1997; Creyer and Ross 1997; Sen and Bhattacharya 2001). However, the actual awareness of CSR in the real marketplace has – to the authors' knowledge - so far not

been studied. If awareness is low, the effect of CSR on purchasing behaviour is only of theoretical, not of practical relevance. Consequently, several researchers (e.g. Maignan 2001; Mohr, Webb, and Harris 2001) have called for research to determine the extent consumers are aware of the CSR records of corporations.

The main aim of the present study is to contribute to filling the knowledge gap about market awareness of CSR in real markets. In addition, we aim to gain insight into consumer information needs as opposed to the information supply they experience, as well as the trustworthiness of various information sources, and information sources used in order to identify marketing communication opportunities for banks' CSR initiatives. Finally, we investigate whether a targeted marketing approach could be used to improve such communication strategies.

We examine these questions in the context of the Australian banking industry. This industry was chosen because (1) it represents the single most active industry in Australia in terms of using CSR as a means of trying to gain competitive advantage. This is illustrated by the fact that Westpac has topped the annual national Reputation Index for CSR for the past three consecutive years, and other banks, for example, Australia and New Zealand Banking Group Limited and National Australia Bank, are trying to emulate this positioning. Furthermore, (2) the banking industry is a high-involvement, high-contact service category, with continuous potential contact via numerous *touch-points*, including retail branches, internet banking, automatic-teller machines, and regular account correspondence offering considerable marketing communication opportunities. Finally, (3) the Australian banking industry has experienced considerable consumer disenfranchisement over the past decade, due to unpopular operational practices, such as the introduction of fees and the closure of

retail branches in rural areas (Kohler 2003). Banks consequently see CSR as a suitable avenue to improve their image.

## **2 Prior Work**

Though it is suggested the number of companies flaunting their 'green' and social credentials to tap into the increasing social awareness among consumers has grown (Warner 2004), evidence suggests the number of companies that actually communicate their CSR initiatives is low. In a comprehensive study of annual reports, CEO statements and company publications of the top 500 companies in Australia between 1995 and 1999, Glazebrook (1999) found only 37 companies, or seven percent, actually considered CSR as central to the strategic direction of the company's business. In the UK, a recent Work Foundation study (2004) found that only four out of 10 organisations published CSR statements. In a sample of 180 UK firms, Carrigan (1997) found that 35 percent of these firms were not publishing their efforts on corporate philanthropy. A majority, 53 percent, said they did not have a formal corporate philanthropy policy, while 48 percent related their philanthropy programs to their core business and target customer base, in the hope of either creating goodwill or boosting company image.

Several researchers report that consumers are now beginning to ask for social information, or labelling on products (e.g. Panapanaan et al. 2001). If information is a key to rational choice (Schuler and Cording 2004), and consumers are expected to purchase in a more socially-responsible manner, an informed marketplace is critical. Price, Feick, and Higie (1987) note that public policy has relied on the assumption that market value can be obtained by less-informed consumers benefiting from informed consumers demanding greater product attributes – such as CSR - of

marketers, governments and private agencies. As a consequence markets are expected to operate more efficiently, with consumers less likely to purchase sub-optimal products, seeing those products withdrawn from the market in the long run. But informed consumers are the key. Dawkins (2004:4), however, identifies communication as too often the missing link in the practice of CSR, with effective communication of CSR programs "a rare achievement."

As CSR information demands increase, CSR-related marketing communications have an opportunity to play a role in shaping brand beliefs. Pro-social marketing initiatives can become a market differentiating strategy (McWilliams and Siegel 2000; 2001), build brand equity (Hoeffler and Keller 2002), and lead to customer loyalty and other positive post-purchase outcomes (Bhattacharya and Sen 2003). Porter and Kramer (2002) argue that CSR objectives, when strategic, can lead to competitive advantage. Meeting consumer demands for information might be construed as indicative of a market orientation, but communicating CSR performance remains problematic for marketing communicators, uncertain of whether to tell the CSR 'story', what CSR story to tell, how and to whom to tell it, and how it may be received.

Trust in the information source is critical (e.g. Maignan and Ferrell 2001), yet consumers are often distrustful of the very communication techniques corporations use. Webb and Mohr (1998:237), for example, point out that cause-related marketing is the "easiest way for a company to educate the consumer about its philanthropic activities, yet the involvement of advertising, a distrusted form of advertising, amplifies cynicism." Marketplace polls report mixed results on how firms should communicate their CSR activities to consumers. Cone Inc. (2004) reports consumer distrust of firms' communications, but when hearing directly from companies advertising is the preferred information source (e.g. Cone Inc 2004; Dawkins 2004).



Academic research into consumers' response to CSR activities has typically either assumed consumers possess the requisite awareness, or it has artificially created awareness under experimental conditions (Mohr, Webb, & Harris, 2001). Levels of consumer awareness of firms' CSR activities are generally thought to be quite low (e.g. Bhattacharya and Sen 2004). Mohr, Webb, and Harris (2001:48) suggest that consumer knowledge of CSR issues is also fairly low, as consumers have difficulty acquiring and storing such information about the firms they buy from, and note that studies measuring general consumer awareness of CSR are not found, presumably because "CSR is a broad and complex concept that is challenging to measure." In a study into consumer sensitivity to products' social features, Auger et al. (2003:296) found a low awareness of the ethical elements of products purchased, despite the media's "occasionally extensive media coverage afforded to ethical issues," but that consumers may act very differently once the right sort of CSR information is provided.

McWilliams and Siegel (2001) note that for differentiation based on CSR to be successful, potential customers must be aware of the firm's CSR activities; otherwise, they may purchase a similar product without such attributes. Several researchers (e.g. Maignan 2001; Mohr, Webb, and Harris 2001) have called for research to determine the extent consumers are cognizant of the CSR records of corporations and the social issues engaged within those CSR records. While information on firms' CSR performance is important it will not, of itself, automatically engender a favourable response among consumers, Maignan and Ferrell (2001) point out, regardless of a business' actual CSR performance, consumers' evaluations of its CSR initiatives are contingent upon the information they receive. If CSR is to act as a 'tie-breaker' in the

case of brand parity, when little difference between different firms' product offers is perceived, a suitably informed market is needed (e.g. Auger et al. 2003).

### **3 Methodology**

Prior work suggests that the lack of consumer awareness of CSR initiatives has two sources: (1) companies do not heavily communicate CSR initiatives (Carrigan, 1997; Glazebrook, 1999; Warner 2004; Work Foundation, 2004), and (2) consumers are not aware of CSR activities (Mohr, Webb, and Harris, 2001; Bhattacharya and Sen, 2004).

To ensure that our awareness study is not biased because of a lack of actual information provision, we conducted two separate study stages. In stage 1 we interviewed bank managers responsible for CSR and CSR communications to ensure that they actually did engage in CSR and that they did make information about their CSR initiatives available to consumers. In stage 2 we tested consumer's awareness of these CSR initiatives.

#### ***3.1 Stage 1: qualitative study of corporate communication behaviour***

We conducted personal interviews with the *big four* Australian banks' executives with responsibility for CSR programs in order to gain insight into their CSR activities and respective CSR communication strategies. The reason for conducting personal interviews with banks first was to identify which CSR knowledge consumers could theoretically have, to understand the 'supply-side' of CSR communications.

Personal interviews were supplemented with written material outlining CSR communications, such as annual CSR reports, internal employee newsletters. Each

interview followed a pre-tested question protocol and was of approximately one to one and a half hour's duration.

Questions sought insights into the following questions: how the bank defines its responsibility to society; why the bank defines a responsibility to society beyond that of its responsibility to shareholders; within which domains and through what activities that responsibility is articulated; to whom the bank communicates about its CSR record; what gets communicated; how this is done; whether communication objectives are in place and results measured; and whether the bank has an educative role to play in educating consumers about CSR.

### ***3.2 Stage 2: quantitative study of consumer awareness***

The second stage of our study involved a consumer survey which aimed at gaining insight into the “demand side” of CSR communications. We used an Australian permission-based internet panel to conduct the banking consumer side of our study. The panel was set up in a way to be representative of Australia's population based on census statistics. Assuming a 40% response rate 1000 randomly drawn panel members were invited to participate in the study. The online interface was closed as soon as the required number of responses was achieved. The final sample consists of 415 respondents. Respondents were qualified by their use of an Australian banking service provider to participate in the survey.

The following questions were included in the survey:

1. **Verbal CSR recall.** The verbal CSR recall was one of two dependent variables measuring the CSR awareness of respondents. We developed a list of 20 actual social initiatives that Australia's *big four* banks were involved in at the time of the study, using the banks' web-pages as well as information from the interviews. One

example for such a list item is "Partner with Good Shepherd Youth & Family Services." Respondents were asked to assign each initiative to a particular bank or to state that they were unsure which bank was engaging in this initiative. This approach provides an objective awareness measure. It is free of response biases that are likely to occur when respondents are merely asked to self assess their awareness levels.

2. **Graphical CSR recall.** The graphical CSR recall was the second measure of CSR awareness of respondents. The question structure for the graphical recall question was the same as the structure for the verbal recall. The only difference was that 14 graphical stimuli (logos of CSR partners) were presented. This approach is particularly meaningful since the community-cause partners' logos typically appear in the banks' marketing communications, such as internet sites, point-of-sale displays in retail branches, and correspondence.
3. **Consumers interest in bank-related information.** We asked respondents to answer the following question on a binary scale: "Would you like your bank to regularly inform about what it is doing regarding the following?" Respondents were provided with a list of nine bank-related prices of information, some relating to the core product (e.g. interest rates, fees and charges), while others related to CSR initiatives. The CSR items were developed on the basis of the *big four* banks' current CSR programs and included: support for the arts, sport, education, donations to charity, or health research; employee support based on gender, race, religion, or disability; improvements in job security or employee development; environmental improvements and recycling efforts; and support for communities where the bank operates overseas. Two other items included as social issues were executive pay levels, as this facet of business philosophy has been suggested

indicative of a firm's responsibility to society (e.g. Mintzberg, Simons and Basu 2002), and concern for customer safety and confidentiality, in line with Kinder, Lydenberg, Domini & Co. Inc. CSR domains (2006).

4. **Current information received.** We asked respondents to answer the following question on a binary scale: "Does your bank regularly inform you about ...". Respondents were presented with the same list as described above, including both product-related and CSR-related information.
5. **Information source trust.** As source trust is important in information-processing (e.g. Maignan and Ferrell 2001), and influences strategy for optimal communication, we asked respondents to answer the following question on a binary scale: "Which information sources would you trust for learning about your bank's performance on social issues (e.g. charitable giving)", and, for comparison purposes, "Which information sources would you trust for learning about your bank's financial products, fees and interest rates?" From our Stage 1 interviews and a consumer pre-test, we included the following information sources for both measures: family/friends; television news; bank's advertising; radio announcers; newspaper articles; magazine articles; bank employees; independent experts; information available inside bran branches; bank's direct (e)mail; and bank's website. Respondents were asked to respond by ticking "yes" or "no".
6. **Information source use.** To check actual information source use we asked respondents to state for each of the above listed information sources to answer "From which information sources have you learned a lot about your bank?" Respondents were asked to respond by ticking "yes" or "no".

7. **Awareness of social issues.** This question was included because prior research suggests that higher levels of knowledge about social issues would lead to higher knowledge about CSR activities (e.g. Auger et al. 2003). We presented respondents with a list of 12 social issues which appeared on bank web pages in relation to their CSR initiatives. Respondents indicated their level of awareness of each issue on a seven-point scale, anchored at "very low" and "very high." The issues included: general employment conditions; the environment; corporate funding for the arts; national social problems; ethical business practices; the financial skills of indigenous Australians; the work of different charities; corporate funding for sport; executive pay levels in public companies; ethical supply chain sourcing; educational problems of the financially disadvantaged; and local community social problems.
8. **Consumers' evaluations of CSR responsibilities.** We included a scale to measure consumers' evaluations of CSR responsibilities because we assume that a higher level of expected responsibility of organisations in terms of CSR would lead to more awareness of their activities. We used four items from a 16-item, four factor scale (Maignan 2001) covering the four areas of business responsibility identified by Carroll (1991): economic, legal, ethical, and discretionary. On a seven-point scale anchored by "strongly disagree"/"strongly agree" respondents rated the following statements: (1) To what extent do you believe businesses must maximise profits; (2) To what extent do you believe businesses must play a role in our society that goes beyond the mere generation of profits; (3) To what extent do you believe businesses must refrain from bending the law even if this helps improve performance; and (4) To what extent do you believe businesses must be ethical even if it negatively affects economic performance.

9. **Consumers' stated support of socially responsible businesses.** The extent to which individuals state that they would support businesses who act in a socially responsible manner was included because we assume that respondents with a higher willingness to change their purchasing behaviour in reaction to CSR will also be more aware of firms' CSR activities. Socially-responsible consumer behaviour was measured by asking respondents, on a seven-point scale, anchored by "strongly disagree"/"strongly agree," to rate the following statements: (1) I would pay more to buy products from a socially-responsible company; (2) I consider the ethical reputation of businesses when I shop; (3) I avoid buying products from companies that have engaged in immoral action; (4) I would pay more to buy the products of a company that shows caring for the well-being of our society; and (5) If the price and quality of two products are the same, I would buy from the firm that has a socially-responsible reputation (Maignan 2001).

## **4 Results and Discussion**

### ***4.1 Stage 1: qualitative study of corporate communication behaviour***

Banks typically defined their responsibility to society in utilitarian terms of profitability and shareholders, achieved via considering the needs of other stakeholders. A universal thread in the four executives' responses was the recent acknowledgement that different stakeholders could affect the business's overall performance. In the words of one executive, the need for CSR was precipitated by a crisis: "Banks were hated, banks could do no right. Around 2000, we realised we couldn't continue to operate without listening to customers and key stakeholders," and "If we'd have been less arrogant as a corporation, we probably wouldn't have found ourselves in this sort of situation."

CSR is articulated via various domains, from environmental management to philanthropic support of the arts. The development of the community's financial literacy, especially for society's more disadvantaged members, is captured in several banks' CSR programs, as was responsible lending. Activities within these domains included employee volunteering, matched-giving programs, financial support for sport, the arts, and medical research, and engaging employees with environmental concerns. Employee support was generally seen as an important first step to securing customer support, with low staff satisfaction levels prior to CSR programs' introduction cited by several interviewees. Several interviewees stressed the importance of internal communications and getting all employees to 'live the values', as reflected in this comment: "We had to get our house in order first, to live the values, so our values were evident in every interaction with us."

Banks typically communicated about their CSR records to internal and key stakeholder groups. In an effort to improve employee satisfaction and leverage CSR at the grass-roots level, internal marketing aimed to drive deeper employee-customer relationships through values-driven personal selling, aimed at, as one bank formally referred to it, *Restoring Customer Faith*. One interviewee commented on her bank's point-of-purchase communications: "Ultimately what we really want to do in this area is make this a point of competitive differentiation. We want people to go: 'Well all the banks seem pretty much the same, but this bank has got a great product and I know they are an ethical and responsible company, therefore, I will chose them.'" Intranets and staff magazines disseminated the message internally, while web pages and locally-focused in-branch poster and brochure promotions got the stories out to customers. While one executive reported that most of their bank's advertising was brand- or (financial) product-related, the bank was increasingly looking at what it was



doing in the community and for its staff. To follow up a reputational index success, another described how print advertising was done to acknowledge and thank employees - the bank's 'family' - for their role in the success: "It was basically our way of trying to advertise that we got number one, without advertising the fact that we got number one. We're very, very cautious."

The banks typically saw distinct external stakeholder audiences and communicate appropriately. Finance-industry analysts and shareholders, for example, were considered key recipients of more formal and detailed reports, such as Westpac's Stakeholder Impact Report, and website pages. Consumers were exposed to CSR information primarily within the retail branch network – particularly to local community initiatives that that local staff might be participating in – or to mass communication advertising campaigns, such as Australia and New Zealand Banking Group's *Seeds of Renewal* television campaign, promoting the bank's support for rural communities.

While interviewees generally acknowledged that specific objectives were put in place for CSR communications, these were generally framed in terms of delivering on general business objectives, such as increasing staff satisfaction. One bank, having designed the internal marketing program of *Living the Values*, noted they used a cultural diagnostic tool to measure the effect of measure how successfully they were communicating the living the values theme. While all interviewees agreed their banks had not yet sought to position the brand around CSR, the opportunity for such marketing communications was under consideration. One interviewee noted: "CSR has become an issue that matters; it's a very different time and space for the bank, especially under the new CEO."

The banks also saw an educative role for their CSR communications. In the words of one executive: "That's what we try and do. Often when we participate or fund research we're doing it with the explicit intent of growing the maturity of the consumer or financial markets around understanding these initiatives." Sounding a cautionary note, however, another offered: "I'm not sure if customers want to know all that detail. As a customer of the bank, am I more concerned about the open and honest structuring of the cost of your services?"

In sum, the interviews with CSR executives in four major Australian banks led to the conclusion that: (1) banks were using CSR to help respond to a crisis in marketplace confidence; (2) banks' CSR communications were primarily aimed at internal customers; (3) banks communicated their CSR initiatives at the local branch level; (4) banks communicated to specialist audiences, for example shareholders and finance industry analysts, via their websites and special reports; and (5) banks' overt communication of their good deeds via advertising campaigns has been tempered with caution by a potentially sceptical marketplace. Nevertheless, all four banks represented are communicating their CSR activities to the public in different ways. It is consequently reasonable to assume that the Australian public is aware of banks' CSR activities.

#### ***4.2 Stage 2: quantitative study of consumer awareness***

##### **Awareness of CSR initiatives**

First the verbal and graphical recall questions, the variables used to measure consumers' awareness levels, were analysed. This was done from two perspectives. First, we analysed the number of correct assignments of CSR initiatives with banks. Second we investigated how many respondents stated that they were unsure about the

answer. This response option indicates not only that a respondent is unable to provide the correct response it also indicates that the respondent is aware of the fact that he or she is unable to make a correct assignment.

The results for the number of correct assignments are provided in Figure 1. As can be seen, the level of general awareness is very low. Two thirds of all assignments of logos and banks were incorrect. The pattern is very similar for both the verbal and the graphical stimuli.

*Please insert Figure 1 here.*

The results emerging from the analysis of the number of respondents who ticked the “unsure” answer options for both verbal and graphical recall items supports the findings above in terms of the generally low level of awareness for CSR activities. On average respondents stated to be unsure about 13 of the 20 verbal stimuli. Forty percent of respondents stated to be unsure with every single one of the verbal items presented. Across all 14 graphical recall items, respondents stated on average to be unsure about 12. Fifty percent stated to be unsure about 14 of the 16 graphical items presented.

The two most recalled verbal items were Sponsoring of Cricket Australia by the Commonwealth Bank of Australia (13%) and Beyond Survival Workshops for women offered by Westpac (7%). The most recalled graphical items were the Australian of the Year (12%) which is supported by Commonwealth Bank of Australia and the Starlight Children Foundation Australia (6%) which is supported by the Australia and New Zealand Banking Group.

For most of the recall items achieving the highest recall values it seems plausible to assume that the respondents who recalled them correctly represent a very specific target group. Chi-square tests resulted in the findings that respondents who recalled the sponsorship of Cricket Australia correctly were significantly more frequently under the age of 45 ( $p < 0.01$ ) and had a higher probability of having a university degree ( $p < 0.01$ ). While the percentage among men was 16 and only 8 among women this difference did not lead to a significant test results when all answer options were included, when testing correct versus incorrect answers only, men were able to give the correct answer significantly more frequently ( $p < 0.05$ ). A significantly higher proportion ( $p < 0.01$ ) of respondents between the age of 29 and 45 was able to assign the logo for the Starlight Children Foundation Australia correctly. Although there was no question about having children or not in the questionnaire, the age bracket covers the parenting life stage of respondents.

Interestingly, the results relating to consumer awareness do not mirror the advertising campaigns that were in fact running on several banks' CSR activities during the fieldwork stage of the project. While the fact that the fieldwork was conducted at the close of the summer cricket season may account for a proportion of respondents who were able to recall the Cricket Australia-bank association correctly, this was certainly not the case for the recall of a funding initiative for small rural communities which was recalled by the fewest respondents, a somewhat surprising result as this was featured in a national television advertising campaign just before the fieldwork was conducted. Although we cannot draw firm conclusions about this, based on our research design, the above findings suggest that targeting CSR activities to clearly defined market segments may be a superior communication approach to heavily

communicating a CSR activity which is not directly relevant to the majority of the public through the mass media.

### **Consumer interest in bank-related information**

When asked which kind of information respondents would be interested to obtain regularly from their bank the vast majority is – not surprisingly – interested in information related to the core banking products (interest rates, fees and charges). The first-mentioned CSR initiatives are those related directly to consumer concerns (confidentiality), followed by environmental initiatives. Only 19 percent state to be interested in being informed about their bank’s sponsorship activities, and only 13 percent are interested in information about equal employment opportunity initiatives of their bank. The full ranking of information needs is provided in Figure 2.

*Please insert Figure 2 here.*

Figure 2 also contains respondents’ assessment of the kind of information that is regularly provided to them by banks. While the banks clearly satisfy the needs for product related information well, major information provision gaps emerge in the area of CSR communication: most strikingly, consumers would like to know more about executive pay levels. This mirrors the high level of scepticism Australians have about banks in general. Informing consumers about the safety and confidentiality of their data would be in the interest of the bank, yet consumers perceive a major deficit in this area. The encouraging finding from a CSR perspective is that the information needs of consumers do not appear to be met yet. Although only a minority of consumers shows interest in regularly receiving such information, such a market

segment of between 10 and 20 percent in size certainly represents a group which plays a major role in a competitive banking environment, and may influence the demand for CSR brand attributes among other less information-sensitive consumers (Price, Feick, and Higie 1987).

### **Information source trust**

The question about which sources of information respondents would trust led to some very interesting insights (see Figure 3): major differences in trustworthiness exist between different information sources under the control of the bank. Forty percent of respondents state to trust their bank's internet page, but only half as many (20%) state that they trust bank advertising. Bank employees are trusted by 26%, banks' direct mail by 24% and information available at the branch by 21%. Sources not in direct control of the bank, however, play a major role, if not the dominant role. Almost half of the respondents trust independent experts, and information obtained from newspapers and TV news is evaluated as trustworthy by about a third of the respondents, indicating that banks may want to consider an increased public relations effort to communicate their CSR initiatives as opposed to advertising campaigns. This recommendation is supported by the difference between the stated trust regarding information about CSR and product-related information. Newspaper and magazine articles, TV news and radio announcers are perceived as a more trustworthy source of information about social issues than bank-controlled information sources are.

*Please insert Figure 3 here.*

Figure 3 also contains the information sources that are currently used by respondents. In our sample, two-thirds use the internet as an information source in banking matters, almost half of the respondents state bank advertisements, followed by information provided in the branches and through direct mail. Family and friends – word-of-mouth – is used by one third of respondents. It should be reemphasized at this point that our sample was collected through an online panel. While our sample is representative of the Australian population in all major socio-demographics, it is clearly skewed towards individuals who tend to use the internet. The high level of trust and use of the bank internet site consequently has to be interpreted with care, as it is likely to be higher than it would be in the general population.

#### **Association with CSR related personal characteristics**

We conducted correlation analyses to test our hypotheses that consumers' awareness of social issues, consumers' evaluations of CSR responsibilities, and their stated support of socially responsible businesses are associated with their awareness of CSR initiatives.

Findings indicate that consumers generally report a low level of awareness for social issues. The percentage of respondents reporting a "very high awareness" of the 12 social issues taken from banks' websites fell between one and nine percent. The highest number of respondents felt familiar with environmental issues. This is perhaps not surprising given the emphasis given to green issues over the past several decades (e.g. King and Mackinnon 2002), including the work of organisations such as Greenpeace and more recent discussions about the effects of global warming. In contrast, those reporting a "very low awareness" were between eight and 34 percent of respondents, with corporate funding of the arts being the least familiar social issue.

Positive correlations emerged with between consumer awareness of social issues and their correct answers to awareness recall items. The association with the verbal recall items is statistically significant at the 0.05 level (Pearson correlation: 0.119), but not significant for the graphical recall items. No association could be detected with respect to consumers' evaluations of CSR responsibilities and consumers' stated support of socially responsible businesses. These results indicate that targeting individuals with specific interests (sports, charities, etc.) is currently the superior strategy than trying to identify 'generally socially responsible' consumers and trying to target CSR communications at them.

## **5 Conclusions**

Several researchers (e.g. Maignan 2001; Mohr, Webb, and Harris 2001) have called for research to determine the extent consumers are cognizant of the CSR records of corporations and the social issues engaged within those CSR records.

Our study investigated these questions in the context of the Australian banking sector, which has engaged in CSR most heavily of all industry sectors in recent years. CSR executives were asked about their CSR communication strategies and consumers were tested about their CSR knowledge.

Results from our empirical consumer study indicate that (1) awareness levels of CSR initiatives are low despite communication efforts made by Australian banks. One executive interviewed expressed the following opinion on this: "I think we - the Australian consumer market - are not as developed or mature as our European counterparts. The people living in very small crowded countries have the immediacy of environmental concerns right in their face. This has changed in the last few years, particularly around water shortages, and people are much more aware that they need



to be thinking about these issues, but they are not buying on the basis of them yet.", (2) banks currently do not appear to satisfy consumers' interest in receiving CSR related information from banks, (3) while bank-controlled communication channels are perceived as highly trustworthy with respect to product-related information, independent sources, such as media, are seen as more trustworthy regarding information about CSR. Finally, (4) no systematic association could be determined between CSR-related personal characteristics and actual awareness of banks' CSR initiatives. However, when analysing profiles of those respondents who had high awareness levels for certain kinds of CSR initiatives, a number of socio-demographic differences were identified. These results indicate that targeting consumers with particular interest in certain CSR areas currently represents the most promising communication strategy. Consequently, businesses would need to be selective with respect to the CSR domains they choose to fund, which would also need to reflect consumers' social priorities.

Our findings are limited in the following ways: (1) in scope to the Australian banking sector; replication studies in other countries and industries would be of great interest to better understand the 'missing link' of awareness for the effective use of CSR in gaining competitive advantage. (2) We collected data through a permission-based internet panel. While representative of Australian population in terms of socio-demographic census data, our sample is biased towards internet users. The high level of trust and use of the internet can consequently not be assumed to hold for the Australian population. (3) The dependent variable of interest in our study was awareness. This dependent variable does not discriminate between "productive" and "destructive" awareness. It is possible that those consumers who are aware are in fact highly sceptical of the CSR messages that are communicated, and consequently the

translation from successful communication via awareness to purchasing behaviour is interrupted. Differentiating in different forms of awareness, and resultant impacts on attitudes, would provide another interesting area of future research. Also, as the banking sector has been subject to high levels of reputational damage in recent years, replication studies in other product categories may suggest lower levels of scepticism and, subsequently, greater effectiveness of CSR communication strategies.

## 6 References

@Alan, this reference list needs to be updated.

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## 7 Figures and Tables

Figure 1: Percent of correct assignments of verbal and graphical CSR initiatives to banks

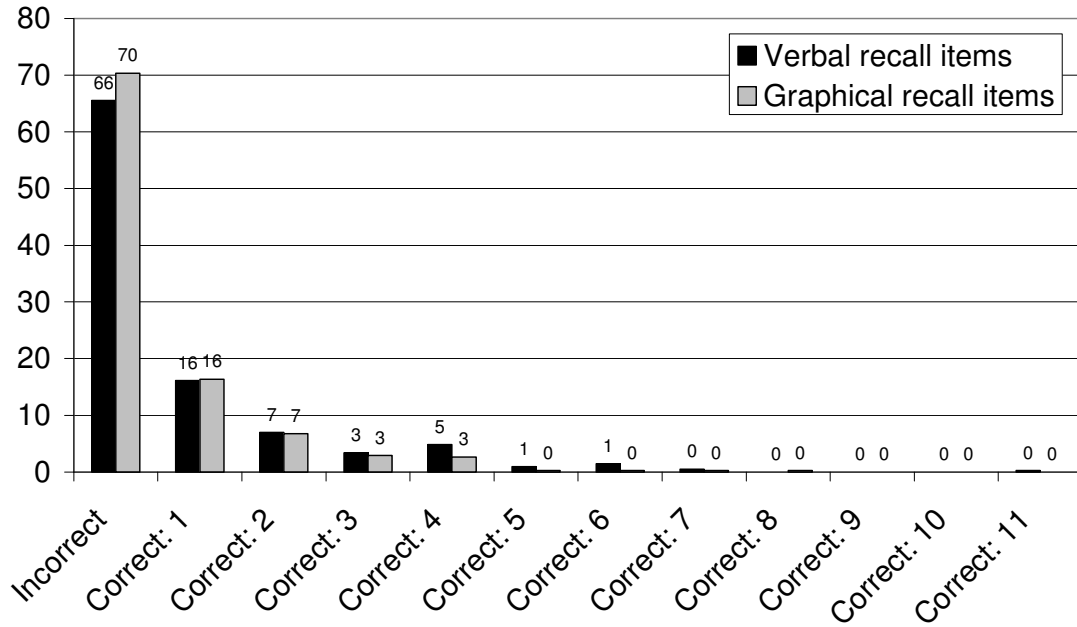


Figure 2: Consumers' information demand and supply

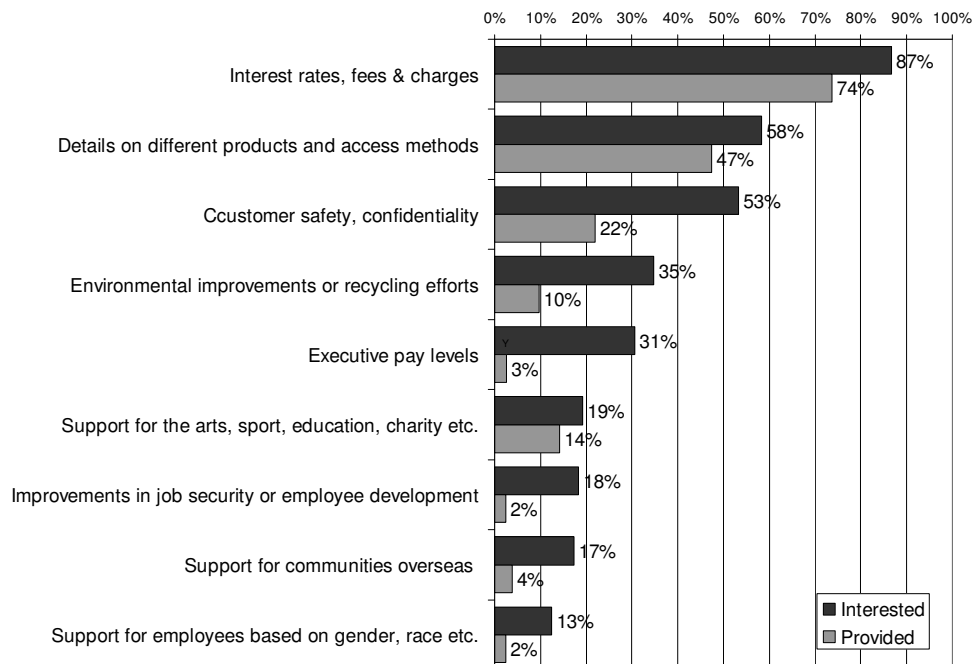


Figure 3: Consumers' trust in information sources and information source use

