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The impact of claim diagnosticity on  
consumer scepticism to corporate social  
responsibility advertising claims

Alan Anthony Pomering  
University of Wollongong

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THE IMPACT OF CLAIM DIAGNOSTICITY ON  
CONSUMER SCEPTICISM TO  
CORPORATE SOCIAL RESPONSIBILITY  
ADVERTISING CLAIMS

**A thesis submitted in fulfilment of the  
requirements for the award of the degree**

DOCTOR OF PHILOSOPHY

from

THE UNIVERSITY OF WOLLONGONG

by

Alan Anthony POMERING, B.Ec, Dip. Ed., MBA

School of Management and Marketing  
2009

## **CERTIFICATION**

I, Alan Anthony Pomering, declare that this thesis, submitted in partial fulfilment of the requirements for the award of Doctor of Philosophy, in School of Management and Marketing, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Alan Anthony Pomering

11 May 2009.

## Abstract

A considerable body of literature on consumers' responses to information about firms' corporate social responsibility (CSR) initiatives has been published over the past decade. To date, however, little if any of this research has looked at consumer reaction to such information communicated via the medium of advertising, despite the increasing use of such corporate societal advertising appeals. While scepticism is a common cognitive response toward advertising, how scepticism toward non-economic corporate image claims might be promoted or inhibited through message elements has not been the focus of research attention. This thesis seeks to address this knowledge gap by investigating the impact of two diagnostic message elements on scepticism toward specific CSR claims.

This study examines whether consumer scepticism toward the advertising of CSR claims can be influenced by altering the diagnosticity of social topic information and CSR commitment message dimensions. Two key research questions are addressed: does the provision of more social topic information encourage consumers toward less CSR advertising claim scepticism?, and does more specific information about a firm's CSR commitment, expressing both its history and actual achievements, and their impacts, inhibit CSR advertising claim scepticism?

In order to investigate these two research questions, an experimental approach was used to allow the manipulation of message elements and the testing of cause and effect. Data received via an online panel of a cross-section of 417 Australian consumers were analysed, and the hypotheses specified in study were tested using analysis of variance and covariance techniques.

Results from this research suggest that increased information about the social topic related to the domain of the firm's CSR initiatives does not significantly influence the level of scepticism toward CSR advertising claims, but information specificity about the firm's CSR commitment does. These results are impacted by the consumer's level of scepticism toward advertising in general, attitude toward the notion of corporate social responsibility, and attitude toward the social topic. The findings of this thesis provide evidence that consumers have the ability to deal with larger cognitive loads, created by information about specific impacts of firms' CSR programs, and that such diagnostic information is useful in reducing scepticism responses to CSR messages. These responses are important, as they form the foundation of subsequent attitudinal and belief structures so critical for influencing consumer behaviour.

The theoretical contributions of this study include: (1) situating the role of social topic information, considered a critical element of advertising campaigns in social marketing, in CSR advertising situations; (2) implicating an organisation's CSR history and CSR and impacts as important diagnostic elements in CSR message claims; and (3) defending the ability of consumers to adequately discriminate between cognitively demanding informational inputs when evaluating CSR advertising claims. Given increasing demand from consumers to learn about firms' CSR efforts, and firms' increasing willingness to respond to these information demands with CSR-based advertising campaigns, this study also offers guidance for marketing communication managers charged with developing corporate image based on CSR-based brand claims. Limitations and directions for future research are also discussed.

## Acknowledgements

In setting out on this research path and during the conduct of this study, I have benefited from the guidance, patience, and encouragement of a number of people.

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# CHAPTER 1: INTRODUCTION AND OVERVIEW

## 1.1 Introduction

Consumers expect firms to be socially responsible, want firms to inform them of their *corporate social responsibility* (CSR) achievements, and report that this information will influence their purchase behaviour (e.g., Dawkins, 2004), in line with what Hansen and Schrader (1997) describe as *consumer responsibility*. Extant research supports this notion, with CSR linked to positive attitudinal responses (e.g., Brown and Dacin, 1997; Creyer and Ross, 1997; Handelman and Arnold, 1999; Sen and Bhattacharya, 2001). Relevant information on firms' CSR initiatives may also lead to increased issue salience for consumers, if presented "in an adequate and effective way" (Auger et al., 2003, p. 299).

Accordingly, CSR has developed as a managerial philosophy and more recently as a competitive corporate strategy (Becker-Olsen, Cudmore, and Hill, 2006; Pirsch, Gupta, and Landreth Grau, 2007). Business leaders are increasingly voicing the view that corporations must concern themselves with more than shareholder wealth creation, and accept "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" ([www.wbcsd.org](http://www.wbcsd.org), 2004). This position is generally interpreted as business' commitment to minimising negative externalities and maximising beneficial impacts on society (Mohr, Webb and Harris, 2001; Petkus and Woodruff, 1992).

Attempts to find a link between CSR and financial performance, to dispel the belief that CSR is a cost for business, and therefore anathema to the agency role of managers, have



occupied the attention of researchers for some time (e.g., McGuire, Sundgren, and Schneeweis, 1988; Pava and Krausz, 1996; Ruf, et al., 2001; Simpson and Kohers, 2002; Stanwick and Stanwick, 1998), with equivocal results. A recent meta-analysis by Orlitzky, Schmidt, and Rynes (2003) found that CSR can deliver superior financial performance, primarily through reputation effects. The instrumental justification, or business case, for CSR is now capturing the attention of managers, and CSR is emerging as a competitive corporate marketing strategy (Becker-Olsen, Cudmore, and Hill, 2005; Forehand and Grier, 2003).

Researchers have also sought to disentangle CSR's link with financial performance, identifying individual drivers of cost and risk reduction and revenue enhancement, and the key roles played by different stakeholder groups, such as consumers. Consumer perceptions of firms' CSR efforts are important in driving attitudes towards corporations, providing a *halo effect* for a firm's products and services (Brown and Dacin, 1997), and even buttressing a pro-social firm against condemnation in the wake of business failings, such as product-harm crises (Dawar and Pillutla, 2000; Klein and Dawar, 2004; Ricks, 2005). Business benefits claimed to accrue from CSR initiatives, if managed strategically, include brand differentiation (McWilliams and Siegel, 2001), brand equity (Hoeffler and Keller, 2002), competitive advantage (Porter and Kramer, 2002), and customer loyalty and other positive post-purchase outcomes (Bhattacharya and Sen 2003; Maignan, Ferrell and Hult, 1999). Recent research attention has sought to gain a deeper understanding of the CSR-consumer relationship, and to validate the marketing benefits CSR might deliver. However, as Mohr and Webb (2005, p. 124) observe, "if consumer response to CSR was reliable and strong, most all companies would have embraced the concept by now".

While studies have identified general consumer support for CSR (e.g., Brown and Dacin, 1997) and variables linked to enhanced consumer response to CSR (e.g., Sen and Bhattacharya, [2001] linked support for the firm to the consumer's support for the CSR issue the firm engaged with), researchers typically report a gap between consumers' CSR attitudes and their actual marketplace behaviour (e.g., Bhattacharya and Sen, 2004; Carrigan and Attalla, 2001; Davis, 1994; Dickson, 2001; Mayer, Scammon, and Gray-Lee, 1993; Mohr, Webb and Harris, 2001; Roberts, 1996; Shrum, McCarty, and Lowrey, 1995).

As consumer responses to firms' CSR initiatives will depend on the information they receive about those initiatives (Maignan, 2001), attention is turning to how consumers process CSR information in order to provide a deeper understanding of the CSR-consumer relationship. However, research into how consumers process CSR information is embryonic (Maignan and Ferrell, 2004). Given reports of consumer scepticism toward CSR marketing communications, greater understanding of consumers' processing of CSR information appears necessary. Forehand and Grier's, (2003) examination of firms' public acknowledgement of the strategic benefits of CSR to the firm claims is a recent example of this research direction, however, their study involves scenario-based information rather than advertising communications.

Despite an increase in the use of CSR in marketing communications (e.g., Becker-Olsen, Cudmore, and Hill, 2006; Pirsch, Gupta, and Landreth Grau, 2007), important aspects of the executional structure, in particular the informational component of CSR advertising claims, have to date been ignored. There has been no research, for example,

that has examined the influence of the structure of different CSR advertising claims on consumer responses, including the cognitive response of scepticism. This research addresses this gap, and draws upon several theories to explain how key informational elements may influence the diagnosticity of CSR advertising claims, and hence the level of scepticism response: attribution theory; resource matching theory; dual process persuasion theories; contextualisation theory; persuasion knowledge theories; and advertising scepticism theory.

## **1.2 Overview and Key Concepts**

The purpose of this study is to examine how the executional factors of CSR advertising claims influence consumer scepticism. Advertising claim execution will be examined under the rubric of *claim diagnosticity*. Claim diagnosticity is conceptually grounded in extant literature. A piece of information is “perceived as *diagnostic* if it helps the consumer assign a product to one (and only one) cognitive category. In contrast, information that is ambiguous (i.e., information that has multiple interpretations, or that implies multiple possible categorizations) is nondiagnostic. Hence, diagnosticity refers to the extent that a given piece of information discriminates between alternative hypotheses, interpretations, or categorizations” (Herr, Kardes, and Kim, 1991, p. 457). *Claim diagnosticity* shall be used in this study to describe how useful the advertising is in assigning the brand CSR associations by assisting the consumer to activate societal evaluation criteria, substantiate the CSR claim and to evaluate the firm’s contribution to alleviating the social problem with which the firm’s CSR initiative has engaged.

In particular, this study proposes the following elements will contribute to this diagnostic influence: claim contextualization; claim specificity; and claim-corporate

(brand) positioning consistency. While it is acknowledged that executional elements other than the informational content of advertising claims may have bearing on scepticism levels, for example, visual elements (e.g., Edell and Staelin, 1983; Rossiter and Percy, 1980) and affective elements of the execution (e.g., Batra and Ray, 1986; Burke and Edell, 1989; Edell and Burke, 1987; Holbrook and Batra, 1987; Derbaix 1995; Stayman and Aaker, 1988). This study will focus on the structure of the execution of the CSR advertising claim, and deal with, respectively: the nature of the social problem the firm is engaging with; what the firm is actually doing to alleviate this social problem, as measured by results and impacts; and whether the firm's CSR initiative is *institutional* or *promotional*, that is, whether there is a history of engagement with the CSR initiative(s) or not. While the last of these variables has been the subject of prior research (e.g. Pirsch, Gupta, and Landreth Grau, 2007), this study extends extant research by investigating these effects in an advertising rather than a scenario-based context. Examining the role of CSR claim contextualization, by considering the opportunity for diagnostic information about the social topic to *educate* consumers about the gravitas of a particular social problem adds to prior CSR research. The importance of claim specificity, that is, the measurable social impacts of a firm's CSR initiatives, has received attention in a cause-related marketing situation (Pracejus, Olsen, and Brown, 2003/4) but not in the broader conceptualization of CSR, and hence makes a novel contribution to extant CSR communication and advertising research.

Consumers have been found to have a general tendency towards disbelief of advertising claims (e.g., Calfee and Ford, 1988; Calfee and Ringold, 1994; Obermiller and Spangenberg, 1998), which is considered an important element of Friestad and Wright's (1994) persuasion knowledge model. Obermiller, Spangenberg, and MacLachlan (2005,

p. 7) argue that scepticism is a “persuasion-coping response”, as “consumers are socialized to be skeptical toward advertising, and the extent of their scepticism is a determinant of their response to advertising”. While claim diagnosticity is expected to influence consumers’ scepticism towards CSR advertising claims, the present framework proposes that the strength of this influence will be influenced by personal characteristics, including one’s general scepticism toward advertising, which Obermiller and Spangenberg (1998) refer to as *Ad Skepticism*, one’s support for CSR, described as the extent to which one ascribes a social responsibility to business and considers it appropriate that business uses CSR as a persuasive marketing communication technique, one’s attitude to the product category, in lieu of a measure of attitude to a familiar brand, and one’s attitude to the social issue.

In line with Forehand and Grier’s (2003) conceptualisation, *scepticism* will be used here to refer broadly to consumer distrust or disbelief of CSR advertising claims or marketer motives. Implicit in this conceptualisation is the consumer’s response to the informational content of the CSR advertisement, and also the consumer’s attribution for the firm’s CSR involvement. Attribution theory describes the cognitive process through which individuals assign an underlying cause or explanation, including the motivations of others, to an event (Heider, 1958; Jones and Davis, 1965; Kelley, 1967). Obermiller and Spangenberg (1998, p. 160) point out that “one may be skeptical not only of the literal truth of ad claims, but also of the motives of the advertisers”. Forehand and Grier (2003) show that informational claims (stated company intent) can influence consumers’ attributions towards firms’ CSR motives, and, as a result, consumer scepticism.

It is important for marketers to understand how consumers' inhibitions to persuasion are formed toward marketing communications. Scepticism is one such inhibition. Maignan and Ferrell (2004, p. 15) argue that "corporate communications not only create awareness for CSR initiatives but also present CSR as a bond between the firm and its stakeholders". In order for this to happen, the potential for scepticism must be reduced. For businesses to enjoy concrete benefits from CSR they must intelligently communicate about their initiatives to relevant audiences (Maignan and Ferrell, 2004). Eagly and Chaiken (1995, p. 422) have called for research to "understand the specific psychological mechanisms that enable people to thwart persuasive efforts". An understanding of the impact of CSR claim diagnosticity on complex processing tasks for consumers responding to pro-social, and hence mixed-motive advertising claims (Drumwright, 1996) will answer this call, and assist marketing communications managers in this task. The purpose of this dissertation is therefore:

- (1) to examine how consumers' cognitions of scepticism form in response to CSR advertising claims based on the informational diagnosticity of the advertisement, and
- (2) to examine the effects of claim contextualization, claim specificity, and claim-corporate (brand) positioning consistency, on consumers' scepticism cognitions toward CSR advertising claims.

### **1.3 Plan of Thesis**

The dissertation will proceed as follows. Chapters two and three provide reviews of relevant literature. Chapter two discusses the CSR construct, and, from extant literature, reports on general consumer responses to CSR and cause-related marketing (CRM) campaigns. Chapter three elaborates the scepticism construct, describes CSR advertising claims, and, by examining the potential underlying reasons for scepticism toward CSR

advertising claims, through reference to persuasion theory research, posits elements of CSR advertising informational content that increase claim diagnosticity and inhibit skepticism responses, thereby providing the background and theoretical foundation for the study. In chapter four, the hypotheses to guide the research are introduced. Chapter five outlines and justifies the experimental design methodology to be used to test the study's hypotheses. Chapter six presents the data collected in the study's pre-test phases. Chapter seven provides analysis of the data from the main study, and reports the study's results. Chapter eight provides a discussion of the results in light of the study's hypothesised effects of CSR advertising claim diagnosticity on the dependent variable of scepticism cognitions. Chapter nine, the final chapter, discusses the contributions of the study's results to theory and managerial practice, describes the limitations of the study, and suggests directions for future research.

## **CHAPTER 2: REVIEW OF THE LITERATURE: CORPORATE SOCIAL RESPONSIBILITY (CSR) AND THE CSR- CONSUMER RELATIONSHIP**

Having introduced the problem and thesis outline in the previous section, this chapter commences with a review of the CSR construct, including an explanation of how the ‘business case’ for CSR has encouraged firms to promote awareness of their CSR initiatives, in order to enhance the corporate image. This chapter situates CSR as a managerial philosophy that has the ability to engage consumers who are concerned with the role business plays in society. A review of the extant literature provides insights into how consumers respond to information about firms’ CSR initiatives, including the cognitive response of scepticism. The chapter includes a discussion of consumer responses to cause-related marketing campaigns, for the valuable insights these campaigns provide into marketing efforts with a social dimension, extant literature that has investigated the CSR-consumer relationship, in particular that research which considers consumer responses to information on CSR initiatives. The chapter begins by reviewing the conceptualisation of CSR, considers the CSR-consumer relationship, and concludes with a review of the related topic of consumer response to cause-related marketing campaigns.

### **2.1 Conceptualising CSR**

The conceptualisation of CSR is based on two key questions: for what are corporations responsible? and to whom are they responsible? (Friedman, 1970). These questions have engendered much philosophical and legal debate. A precise, universally accepted definition of CSR is therefore difficult to achieve, with views on where a firm’s responsibility to society starts and finishes as various as the names given used to



describe such a notion, including *corporate citizenship* (e.g., Maignan, Ferrell, and Hult 1999), *stakeholder management* (e.g., Freeman, 1984), *corporate social responsiveness* (e.g., Miles, 1987), *corporate social performance* (e.g., Wood, 1991), and *corporate social responsibility* (e.g., Carroll, 1979).

While *corporate social performance* appears to capture what it is a firm is doing in the social sphere, Wood (1991, p. 693) argues that “every firm can be evaluated on its social performance, and a firm’s social performance can be negatively or positively evaluated”. Therefore, for the purpose of this study, the term *corporate social responsibility* (CSR) will be used to describe how business acts to implement the broad societal responsibility of going beyond economic criteria, such as creating products, employment, and profits, to meet broader social and environmental expectations. The term CSR is preferred as it maintains the focus on the issue of responsibility to society as a whole, unlike *corporate citizenship* which limits the corporation’s sense of responsibility only to various key stakeholders (e.g., Maignan, Ferrell, and Hult 1999), and it is a term that corporations are increasingly using, both internally and in their communication efforts with external audiences.

The evolution and development of CSR thinking has been succinctly traced by several authors (see, for example, Andriof and Waddock, 2002; Carroll, 1999; Kinard, Smith, and Kinard, 2003; Winsdsor, 2001; Wood, 1991). The imprecision of the CSR concept was highlighted by Votaw (1973), who described it as a brilliant term, meaning something to everybody, but not always the same thing. This loose conceptual boundary is also seen in industry’s own interpretation of business’ societal role, where CSR is expressed as: “the commitment of business to contribute to sustainable economic

development, working with employees, their families, the local community and society at large to improve their quality of life” (World Business Council for Sustainable Development, 2004).

Carroll (1979) is credited with giving the CSR construct shape. Carroll outlined four responsibilities of corporations: to make a profit (economic responsibility); to work within the prevailing laws (legal responsibility); to attend to prevailing ethical norms (ethical responsibility); and, to return something to the community (discretionary, or philanthropic responsibility). Carroll (1999) has stressed that these responsibilities are to be fulfilled simultaneously, not in sequential order, and as a result they are in a “constant but dynamic tension with each other” (Carroll, 1991, p. 42).

Though Carroll’s framework has been criticised as a *philanthropic model* of CSR (e.g., Baker, 2000), as it has been perceived to limit CSR to merely how a portion of profits are spent on discretionary social issues, rather than how those profits are achieved in the first place through responsible business strategy, Carroll (1991) concedes that while philanthropy is highly desired and prized, it is actually less important than the other three categories of social responsibility. In the ethical level of responsibility, Carroll (1991) argues the firm’s attention must be given to “newly emerging values and norms society expects business to meet, even though such values and norms may reflect a higher standard of performance than that currently required by law” (p. 41). Ethical responsibility, Carroll (1991, p. 41) contends, emanates from the ethical expectations of societal groups – what might otherwise be referred to as stakeholders (Freeman, 1984) – considering key ethical principles of moral philosophy, including justice, rights, and utilitarianism. Ethical responsibilities are “constantly pushing the legal responsibility

category to broaden or expand while at the same time planning ever higher expectations on businesspersons to operate at levels above that required by law”, and, as such, are “often ill-defined or continually under public debate as to their legitimacy, and thus are frequently difficult for business to deal with” (Carroll, 1991, p. 41). Thus, this ethical level captures alternative extant definitions of CSR, for example, decreasing the negative externalities while increasing positive societal benefits (Mohr, Webb, and Harris, 2001), and acting to effect societal advances beyond legal requirements (Preston and Post, 1975).

Wood (1991) elaborates the implications of this broader conceptualization of business’ responsibility to society, based on the notion that business and society occupy a shared space, and are interwoven rather than distinct entities. Incorporating the work of Carroll (1979), Davis (1973), and Preston and Post (1975), Wood (1991), outlines *three principles of CSR*: legitimacy; public responsibility; and managerial discretion. Under Wood’s first principle of *legitimacy*, based on Davis’s (1973) *Iron Law of Responsibility*, firms must use the power society grants them in a responsible manner, or they are likely to lose it. The boycott and anti-consumption literature (e.g., Sen, Gurhan-Canli and Morwitz 2001; Klein, Smith and John 2004) highlight this principle. Under Wood’s second principle of *public responsibility*, firms are responsible for outcomes related to their primary and secondary activities and interests, similar to the notion of minimising negative externalities and maximising the beneficial impacts of their operating activities on society (e.g., Mohr, Webb and Harris, 2001; Preston and Post, 1975). Wood’s third principle, *managerial discretion*, acknowledges that managers are moral actors, obliged to exercise such discretion as is available to them within every domain of the firm’s activities and interests in order to achieve socially responsible

outcomes. These three levels of responsibility, Wood (1991) argues (p. 699), integrate prior CSR theories into a “multilevel way of understanding CSR”. Demonstration of these levels of responsibility is expected to be salient for consumers seeking to judge the degree to which a firm is socially responsible.

Carroll’s (1979) and Wood’s (1991) CSR frameworks are essentially normative, built on the assumption of mutual responsibilities of entities interacting in a shared space. Such normative justifications for CSR have been challenged, however, particularly by neo-classical economists who have asserted the business of business is shareholder wealth maximization, a fiduciary responsibility of a corporation’s agents that is based in law (e.g., Friedman, 1970). This law has, over time and as the need has arisen, enveloped additional corporate obligations, in such social areas as environmental protection, worker and consumer rights, and the manner in which trade is conducted, but such additional impositions, while they reflect that CSR is a plastic construct, reshaped in response to societal nuances, merely fall under what Friedman (1970) describes as the ‘rules of the game’, within which corporations must work. The debate over what is and what is not the legitimate social responsibility of corporations, with which Carroll notes business has trouble dealing, most often occurs where the law does not intersect the public sentiment of the day.

This study conceptualises CSR beyond mere philanthropy, what Pirsch, Gupta, and Landreth Grau (2007) refer to as *promotional CSR*, to more holistically consider the impacts of all the firm’s activities on society. This acknowledges business’ own view of its responsibility to society, as expressed by the WBCSD (2004), above. Implicit in this definition is that CSR requires a firm’s commitment to minimising or eliminating any

negative externalities and maximising long-run societal benefits (e.g., Mohr, Webb, and Harris, 2001; Petkus and Woodruff, 1992). Borrowing from Wood (1991), Pirsch, Gupta, and Landreth Grau (2007) refer to this as *institutionalised CSR*.

One explanation of how a business might fulfill this CSR conceptualization across its operating activities, and addressing Wood's (1991) three levels of responsibility, often cited by researchers (e.g., Klein and Dawar, 2004; Pirsch, Gupta, and Landreth Grau, 2007; Sen and Bhattacharya, 2001), is the *Socrates* social-responsibility investment index framework of the prominent US investment research firm, Kinder Lydenberg Domini & Co. Inc. ([www.kld.com](http://www.kld.com), 2006). Under this framework, evidence of CSR commitment is demonstrated by company performance in the broad domains of (1) employee relations, (2) employee diversity programs, (3) ethical materials sourcing, (4) product design, (5) marketing programs, (6) the environment, (7) human rights, and (8) corporate governance.

Today, socially responsible investment is an issue as the finance and investment sector is aware that, as Morsing and Schultz (2006, p. 332) argue, "any company may in principle be associated with the violation of human rights as supplier and customer actions are increasingly seen as a corporate responsibility by stakeholders". As a result, paying attention to various CSR issues has come to be seen as a method of 'downside' risk management. CSR has been found to be capable of reducing public scrutiny, providing a 'license to operate', and increasing the latitude of public tolerance when things go wrong (e.g., Klein and Dawar, 2004).

But CSR promises the opportunity for ‘upside’ benefits as well. Pava and Krausz (1996) found that many forms of CSR (e.g., environmental management) may enhance financial performance. A significant positive relationship between CSR and profitability has been found in several studies (Margolis and Walsh, 2001; Waddock and Graves, 1997), and, from a meta-analysis, Orlitzky, Schmidt, and Rynes (2003) by) find this relationship is derived primarily through reputation effects. Caves and Porter (1977) note that a superior corporate reputation is both an intangible asset and a source of strategic advantage enhancing a corporation’s long-term value creation ability, which Lusch and Harvey (1994) agree is becoming a more important contributor to overall organisational performance. Miles and Covin (2000) suggest that improving the firm’s reputation ultimately affects market value by allowing marketers to exploit profitable marketing opportunities, such as targeting quality-sensitive market segments with less price dealing and potentially lower selling costs. Confirmation of a link between CSR and financial performance has strengthened the ‘business case for CSR’, what Mintzberg (1983) calls ‘enlightened self-interest’, and has undermined the criticisms of neo-classical economists who have CSR as a cost rather than a gain to business.

Trust is key to a brand’s reputation, and linked to the measure of corporate credibility. Mayer, Davis, and Schoorman (1995) describe three constructs that lead to trust in an organisation: ability; benevolence; and integrity. Blomqvist (1997) distinguishes trust from trustworthiness, and ascribes to the latter concept the qualities of competence and goodwill, with competence accounting for the organisation’s technical capabilities, skills and know how – what Brown and Dacin (1997) describe as corporate ability – and goodwill a summary of the organisation’s display of moral responsibility and positive intentions towards others.

A number of other general, instrumental benefits have been attributed to CSR, including investment appeal (e.g., Rosen, Sandler, and Shani 1991), market share (e.g., Owen et. al. 1993), business performance (e.g., Maignan, Ferrell and Hult 1999), the building of identity, identification, and relationship with employees (Berger, Cunningham, and Drumwright, 2006), and organisational attractiveness (e.g., Greening and Turban 2000, Luce, James, and John, 2001). In interviews with bank executives with responsibility for the CSR function of the 'big four' Australian retail banks, Pomeroy and Dolnicar (2009), for example, found building identification and relationships with employees was a key motivation behind these banks' engagement in CSR initiatives.

The business case for CSR is reflected in marketing management's 'societal marketing concept', the idea that "the organization should determine the needs, wants and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumer's and the society's well-being" (Kotler et al., 2007, p. 21). The societal marketing concept, these authors suggest, more adequately provides for an age of social and environmental problems than the 'pure' marketing concept which merely considers the organisation's and individual customer's needs, and addresses one of the key marketing challenges of the 21<sup>st</sup> century; the call for ethical and social responsibility.

While there may be various stakeholder impacts on the success of a socially responsible firm, a key factor in the business case for CSR is consumer support for the socially responsible firm. While the link between CSR and financial performance does not specify the paths to financial improvement, for example, whether financial performance

ensues from cost reduction or revenue improvement, or, likely, some combination of both, the CSR-consumer relationship is expected to be a critical component of this relationship, and a firm's sustainability. Maignan and Ferrell (2004), for example, conceptualise the marketing of CSR from an organisational identification perspective, and propose a number of relationships between an organisation's communication of its CSR commitment and stakeholder supply of resources to the organisation. Maignan and Ferrell (2004, p. 15) argue that "corporate communications not only create awareness for CSR initiatives but also present CSR as a bond between the firm and its stakeholders", a bond forged through reputational advantage, according to Orlitzky, Schmidt, and Rynes (2003). One important stakeholder audience for information on a firm's CSR performance is the consumer.

By deciding which goods and services they wish to purchase, from which firm, and at which price, consumers act as rewarding and punishing authorities, able to "influence the profits of competing firms, and indirectly also the direction of the economy" (Hansen and Schrader, 1997, p. 447). Consumers will punish unethical firms through lower prices, but for this system to work effectively, consumers must be kept informed of questionable business practices (Creyer and Ross, 1997). This information should be readily available. On the other hand, instances of positive corporate behaviour should also be readily available to consumers, so the 'citizen-consumer' may purchase on criteria that not only lead to their own personal satisfactions but also society's well-being (Anderson and Cunningham, 1972). Various efforts have been made to identify this socially conscious, citizen consumer, including an early personality trait-oriented scale development by Berkowitz and Daniels (1964), and a more recent behaviour-oriented scale by developed by Maignan (2001). While consumer attitudes are



influenced more by information on firms' irresponsible conduct rather than their CSR initiatives (e.g., Elliott and Freeman, 2004; Folkes and Kamins, 1999), businesses cannot hope to enjoy concrete benefits from CSR unless they intelligently communicate about their initiatives to relevant stakeholders (Maignan and Ferrell, 2004, p. 17). Consumers need information in order to be able to evaluate different companies' levels of commitment to CSR (Mohr and Webb, 2005). The next section discusses the evidence of this marketplace mechanism, reviewing extant studies into the CSR-consumer relationship.

## **2.2 The CSR-consumer Relationship**

While CSR research has a firm basis in the management literature, recent research attention has shifted to the field of marketing, and in particular the CSR-consumer relationship, to understand how firms' social, ethical, and environmental initiatives can influence marketplace outcomes. Marketplace evidence suggests CSR is becoming a more salient purchase criterion among consumers who not only expect businesses to be socially responsible, but also want to be informed about what firms are doing, and will support firms that pursue CSR initiatives. A 23-nation poll of public attitudes to CSR, for example, found that Australians have amongst the highest CSR expectations of business (EnviroNics, 1999): 45 percent of those surveyed believed the role of large companies in society was to "set higher ethical standards and help build better society", while only eight percent believed it to be "make profit, pay taxes, create jobs, and obey the law", and 43 percent believed companies "should operate somewhere between the two positions". Cone Inc. (2004) found that 86 per cent of American respondents wanted companies to tell them how they supported social issues. In the UK 74 per cent of respondents indicated that more information on a company's social and ethical

behaviour would influence their purchasing decisions, and 86 per cent thought companies should actively communicate their CSR activities (Dawkins, 2004).

If managed strategically, it is argued, CSR can have favourable marketplace effects; it can provide brand differentiation (McWilliams and Siegel, 2001), brand equity (Hoeffler and Keller 2002), competitive advantage (Porter and Kramer, 2002), and lead to customer loyalty (Bhattacharya and Sen, 2003). From an institutional theory perspective, Handelman and Arnold (1999) conclude that making marketing actions with a social dimension strategic can provide intrinsic benefits to the firm, raise the minimum acceptable level of such actions for fellow-competitors, justify constituents' long-term support, and appeal to societal members who play multiple roles beyond being economic-minded customers.

Extant academic research has generally reported a link between CSR initiatives and positive consumer responses. In a study framed by two types of corporate associations, corporate ability and CSR, Brown and Dacin (1997), for example, found that a company's CSR record creates a general context for the evaluation of its new products, via the 'halo effect' of an overall evaluation of the company, while Folkes and Kamins (1999) report CSR initiatives linked to perceived product quality. Creyer and Ross (1997) demonstrate that the price a consumer is prepared to pay is linked to the extent the company's ethical behaviour exceeds consumer expectations. Interestingly, and somewhat ironically, they found that while consumers expect business to be ethical they will nonetheless purchase from unethical firms, but at lower prices, in order to punish the unethical firm. Sen and Bhattacharya (2001) find support for the CSR domain, mediated by self-company congruence, linked to company support, and Mohr and Webb (2005) report that source trust is needed for CSR information to affect company

evaluations and behavioural intentions. Maignan, Ferrell, and Hult (1999) establish a link between proactive CSR and customer loyalty. Carrigan and Attalla (2001) also report that consumers have a hierarchy of ethical issues that moderate their response to various CSR initiatives. From a business-to-business perspective, Murray and Vogel (1997) find a link between managers' awareness of supplier companies' CSR initiatives and preference to purchase from those companies.

Sen, Bhattacharya, and Korschun (2006) find positive results for CSR activities, but these effects too were moderated by beliefs about the genuineness of the firm's motives. Perceptions of genuineness, related to attributions for CSR initiatives, are common moderating influences in extant research. Becker-Olsen and Hill (2006) investigate consumer perceptions of fit, motivation, and timing of CSR initiatives embedded within promotions, and find that only high-fit, proactive CSR initiatives, presumed to reflect public- rather than firm-interested motives, are linked to improved consumer beliefs, attitudes, and intentions. Research indicates differences in the types of responsibilities consumers assign to business across cultures (Maignan, 2001; Maignan and Ferrell, 2003).

The value of CSR initiatives for consumers has also been questioned. Sen and Bhattacharya (2001) find that CSR initiatives may in fact hurt a firm if an initiative is perceived to be at the expense of investment in the company's core business, causing consumers to trade-off CSR benefits for more traditional buying criteria, such as price or product quality. Carrigan and Attalla (2001), for example, argue that even though consumers are more sophisticated today, they do not necessarily support socially responsible firms and punish irresponsible firms; time pressures and the difficulty of

comparing firms' ethical integrity leads to less rather than more discriminating consumer purchase behaviour. Bhattacharya and Sen (2004, p. 17) also report that consumers are more positively disposed toward a "small rather than big, local rather than national, and a small, personal, privately owned operation rather than a big impersonal conglomerate or multinational". Prout (2006) echoes these observations, cautioning that multinational firms' CSR initiatives in developing economies will be met with scepticism, since their behaviour is "typically characterised as being "exploitive" of cheap labour, accessible resources, and minimalist regulatory regimes", aided by a recent proliferation of codes and standards of corporate conduct that allows them to "pick and choose what responsibility profile best suits their specific public image and performance metrics" (pp. 185-6).

Drumwright (1996, p. 71) notes, advertising with a social dimension is among the most controversial of marketing approaches, with some seeing it as marketing's "greatest contribution to society," and others marketing's "most unabashed exploitation." Hoeffler and Keller (2002) credit such marketing with the ability to build brand equity, but, reflecting the scepticism that CSR has attracted in different quarters, industry's current infatuation with CSR has been seen as simply a response to "the worst orgy of corporate irresponsibility in at least the past half century" ([www.prrwatch.org](http://www.prrwatch.org), 2006).

Maignan (2001) argues that CSR is an appropriate instrument to market the organisation to consumers, but warns that businesses need to be aware of the difficulties that may be encountered when attempting to build an image based on CSR, as consumers from different cultures differ in how they define CSR, assigning differing importance to Carroll's (1979) four levels of corporate responsibility. Mohr and Webb (2005, p. 124)

also caution against CSR being regarded a panacea for reputational shortcomings, pointedly observing that “if consumer response to CSR was reliable and strong, most all companies would have embraced the concept by now”.

While increasing consumer support for business to shoulder a greater social burden, and claims that CSR initiatives will be supported in the marketplace is reported (e.g., Dawkins, 2004; Environics, 1999), paradoxically, a gap is typically reported between consumers’ expressed CSR attitudes and actual behaviour (e.g., Bhattacharya and Sen, 2004; Carrigan and Attalla, 2001; Davis, 1994; Dickson, 2001; Mayer, Scammon, and Gray-Lee, 1993; Mohr, Webb and Harris, 2001; Roberts, 1996; Shrum, McCarty, and Lowrey, 1995). Various explanations have been offered for this gap. Pelsmacker, Driesen, and Rayp (2005), for example, conclude that attitudes are a poor predictor of behaviour, and implicate social desirability bias in responses to questions on socially sensitive issues to explain the gap. The gap has also been attributed to findings that ethical and unethical actions affect attitudes asymmetrically, with vices or omissions detracting from attitudes more than virtues or commissions enhance them (e.g., Bhattacharya and Sen, 2004; Carrigan and Attalla, 2001; Folkes and Kamins, 1999).

A lack of awareness and understanding of companies’ CSR achievements is another explanation advanced for this gap. In spite of US corporations spending a reported US\$9 billion to publicise their support of social causes in 2001 (Cone, Feldman, and DaSilva, 2003), Bhattacharya and Sen (2004, p. 14) report that, apart from a handful of ‘CSR mavens’, “large swaths of consumers do not seem to be aware that by and large most companies engage in CSR initiatives”. Roberts (1996, p. 80) suggests that socially conscious attitudes may not result in commensurate behaviour, because “scant data exist

on how most companies perform on any number of social criteria that might affect a consumer's decision". Auger et al. (2003) also implicate consumer CSR ignorance, suggesting that consumers may be willing to pay a premium for specific ethical product features when the right sort of information is provided, in an appropriate and effective way, but report that consumers typically lack such information. From a cross-cultural study of consumer responses to the ethical feature of products, Auger et al. (2003), like Bhattacharya and Sen (2004), find that consumers are not only unaware of the ethical features of different brands' products, but that consumers have surprisingly little knowledge and understanding of those ethical issues in spite of their regular coverage in the media.

In *green marketing* research too (e.g., Ellen, 1994; Synodinos, 1990), where a similar attitude-behaviour gap has been reported, consumers have been found to have low levels of knowledge about environmental issues. This gap has been attributed to confusion and scepticism toward environmental marketing claims (Gray-Lee, Scammon, and Mayer, 1994), and to the low level of belief of comparative environmental claims (Roberts, 1996). The reference to green marketing is made in order to highlight the importance of topic knowledge as an important step in the validation of such claims. Green marketing claims are essentially different to CSR advertising claims, however, in that the former may often be evaluated by the consumer as a result of use of the product or service (e.g., testing 'recyclable' claims), whereas CSR claims are typically less verifiable *credence* claims, and typically employed to bolster corporate image rather than specific product promotion.

The issue of CSR information is critical. Maignan and Ferrell (2001) observe that in order for consumers' ethical judgment criteria to be activated, consumers must be aware there is an ethical dilemma at hand. Presumably it follows therefore that consumers must appreciate there is a *social* dilemma, or social problem, before information regarding attempts to solve that problem such as a firm's CSR claim, is likely to achieve salience and activate a consumer's societal judgment criteria, assuming consumer support for CSR. Low knowledge of societal issues is therefore a potential obstacle to consumer support for CSR initiatives, hindering consumers' contextualization of firms' efforts.

While information search is integral to the buying process, there is disagreement over consumers sophistication and their ability to deal with the current marketplace's informational environment. King & Mackinnon (2001), for example, have suggested that increased access to product-related information, the structural characteristics of the marketplace, and changes in the social environment have made consumers more sophisticated and knowledgeable about market offerings, enabling them to process CSR messages more effectively. While increasing levels of information can lead to increasingly efficient consumer perceptions of product quality and purchasing preferences (Sproles, Geistfeld, and Badenhop, 1978), other researchers, however, question the likelihood of this automatic positive response to more information. It is countered that consumers have difficulty acquiring and storing CSR information about the firms they buy from (Mohr, Webb, and Harris, 2001), and that the vastly increased number of products, and the misleading, deceptive, and generally uninformative aspects of advertising and packaging may have in fact reduced consumer sophistication (Day and Aaker, 1997; Titus and Bradford, 1996). Reiterating the findings of Auger et al.,

(2003), Pomeroy and Dolnicar (2009) find Australian bank customers' self-report low levels of familiarity with both their bank's CSR initiatives and the social issues with which banks engage.

From an information supply perspective, Dawkins (2004, p. 4) identifies the effective communication of firms' CSR programs as "a rare achievement", while from the information demand perspective, Drumwright (1996, p.77) observes that the adding of a social dimension to the consumer's brand/product message-processing task increases processing complexity. In the context of *Fair Trade* products, James (2002) argues that the added societal value inherent in the product, what Strong (1997) refers to as the communication of the 'human element of sustainability', can never be as tangible to the consumer as the product's more functional benefits.

The consumer's social topic knowledge, that is, knowledge of the societal issues that beset society and that are engaged with in a brand's CSR programs, may be a necessary precondition to consumer support for firms' CSR initiatives, as suggested by Maignan and Ferrell (2001), however, social topic knowledge does not sufficiently explain the reported attitude-behaviour gap in consumers' CSR buying behaviour. Investigating consumer responses to *No Sweat* labels, which indicate that the product's manufacture did not take place under 'sweatshop' conditions, Dickson (2001), for example, reports that even when consumers are aware of a particular social problem, as they were in her study, this awareness is not necessarily reflected in their prioritising the label among their purchase criteria. Awareness clearly does not automatically lead to concern for the social issue, as has been suggested (e.g., Auger et al. 2003; Gesser, 1998; Titus and Bradford, 1996). Dickson (2001) finds support for the *No Sweat* label is influenced by



concern for the social problem of ‘sweatshop’ labour conditions, reiterating Sen and Bhattacharya’s (2001) finding of the importance of consumer support for the CSR domain for subsequent company support, and also support for business’ commitment to CSR in general. Support for CSR in general is therefore a potential moderator of consumer CSR support for a firm attempting to base its image on CSR claims. Osterhus (1997) also finds that normative influences do not automatically link to behaviour, and identifies trust in the firm (source trust) to be a key moderator of this influence.

Obermiller (1995), from a social marketing perspective, argues that concern for the social issue can be raised through message emphasis on the importance of the social problem, but that perceived consumer effectiveness (PCE) might reduce the attitude toward the behaviour if the individual is convinced the problem is so severe that their action would do little to help solve it. Obermiller’s perspective is an interesting one, but, unlike in a social marketing context where the consumer is encouraged to modify their personal behaviour, in this study the consumer is being asked to consider the firm’s efficacy in helping to remedy a social problem, based on its CSR advertising claims. Consumer belief of such advertising claims is therefore likely to be influenced by perceived evaluations of its effectiveness, rather than perceptions of their own personal efficacy. Nonetheless, message emphasis on the importance of the social problem should prove an important element of a CSR advertisement’s execution.

### **2.3 Consumer Responses to Cause-related Marketing Campaigns**

As much of the extant CSR-consumer research has relied upon scenario-provided CSR information rather than advertising, to gain a deeper understanding of the CSR advertising context the next section casts the light of this discussion briefly on to

consumer responses to cause-related marketing (CRM) campaigns. As they are suggestive of a business' support for a social domain, such as a non-profit partner or cause, CRM campaigns are often thought of as a common form of CSR (Ellen, Webb, and Mohr, 2006), or an expression of *corporate societal marketing* (Drumwright and Murphy, 2001).

While CRM campaigns are typically short-term sales promotions, aimed at stimulating immediate purchase of the brand's goods or services on the basis of the firm donating a proportion of the selling price per unit sold to a social partner (Varadarajan and Menon, 1988), the extent to which they are truly expressions of CSR commitment is questionable, especially as it might be construed that the consumer is in fact supporting the cause, via his or her purchase, rather than the firm, which expects a sales spike over the duration of the campaign, along with possible post-campaign marketing benefits. Firms are, however, increasingly establishing strategic links with social partners, even forming longer-term social alliances (e.g., US corporation Avon's on-going support for breast cancer research) with involvement often centering around a CRM campaign. Consumer responses to conspicuous CRM campaigns therefore provides an "excellent context for delving into consumers' interpretation of promotions with a social dimension" (Webb and Mohr, 1998, p. 226), and are discussed in the thesis for this reason.

The thesis distinguishes such typically short-term promotional campaigns, however, from longer-term, institutionalized CSR advertising claims which attempt to build corporate image around CSR and state the social initiatives the firm is engaging in irrespective of the expectation of immediate consequent consumer sales. CSR

advertising claims are examples of ‘corporate image advertising’, aimed at enhancing attitude to the overall corporate brand (Rossiter and Bellman, 2005), whereas the more sales-promotional CRM campaigns are aimed at a particular product or service. CSR advertising claims, suggestive of Burnett and Wood’s (1988) concept of the *pro-social* behaviour of the corporation, form the focus of this investigation.

Consumers’ general responses to CRM campaigns indicate that CRM can induce favourable brand attitude (Berger, Cunningham, and Kozinets, 1996; Mohr and Webb 2005; Ross, Patterson, and Stutts, 1992; Ross, Stutts, and Patterson, 1990-91), favourable product evaluations (Berger, Cunningham, and Kozinets, 1996), and favourable attitude toward the social partner (Ross, Patterson, and Stutts, 1992; Ross, Stutts, and Patterson, 1990-91). In delving into consumers’ interpretation of promotions with a social dimension via CRM campaigns, insights are provided into likely sources of scepticism towards CSR advertising claims. Among these insights are consumer attributions for the firm’s participation in the CRM campaign. Ellen, Mohr, and Webb (2000) find that consumer support for cause-related marketing campaigns varies with the cause type, the retailer’s level of support, and attributions regarding both the retailer’s and the consumer’s own motivations. Recent studies into consumer reactions have found consumers attribute four types of motives for firms’ socially-oriented efforts, rather than considering such efforts along a self- or other-centred continuum; self-centred motives that are strategic or egoistic, and other-centred motives that are values- or stakeholder-driven (Ellen, Webb, and Mohr, 2006). Ellen, Webb, and Mohr (2006) report that consumer response is most positive to CRM campaigns perceived to be values-driven and strategic, and negative to campaigns perceived as stakeholder-driven or egoistic.

The influence of elements of the CRM offer have also been studied, with several variables found to influence consumer responses, including product type, cause importance to the consumer, and donation amount. Luxury CRM products generated greater responses than necessities, possibly due to feelings of guilt attached to such purchases (Strahilevitz and Myers, 1998). Cause importance to the consumer has been linked to response, but an unimportant cause has been found to be less influential than straight advertising that omits mention of a cause (Lafferty, 1996). Interestingly, findings regarding donation size are equivocal, with Dahl and Lavack (1995) finding consumer perceptions of cause exploitation at low donation levels, while Holmes and Kilbane (1993) find different price and donation levels immaterial to consumer responses. A more recent study by Pracejus, Olsen, and Brown (2003/4) has found that the amount of the donation can have a significant impact on consumer choice.

Not all extant studies report positive results, however. Holmes and Kilbane (1993) find the promise of a donation to charity leads to a more positive attitude toward the advertisement but not toward the store or purchase intention. Webb and Mohr (1998) find mixed attitudes towards firms that participate in CRM campaigns, with negative attitudes attributed to scepticism about implementation of the campaign, or cynicism towards the firm's motives, or both. These authors (p. 236) also find: (1) some distrust of the social-cause partner, though the cause partner is generally viewed much more favourably than the firm; (2) a small "totally skeptical" segment of consumers is sceptical of CRM campaigns in general, actively tuning out such promotions; (3) concern for why firms engage in such campaigns; (4) traditional purchase criteria, when important to the consumer, negate the effects of the CRM campaign; and (5) involvement with the social cause is linked to processing, with less involved consumers

expressing simple appreciation for the firm's efforts and more involved consumers more systematically evaluating companies based on their perceived motives and their past corporate behaviour, in order to evaluate its intentions.

CSR-claim scepticism has been observed to weaken the response to cause-related marketing campaigns when consumers perceive the participating firm to be motivated by self-interest (Varadarajan and Menon 1988), when trade-offs, such as product quality, must be made (Barone, Miyazaki, and Taylor, 2000), and when a logical fit between the firm and cause partner is not evident (Gray, 2000). Webb and Mohr (1998, p. 237) find that CRM is the "easiest way for a company to educate the consumer about its philanthropic activities, yet the involvement of advertising, a particularly distrusted form of communication, amplifies cynicism". Such campaigns have also been criticised when it is apparent that the advertising campaign's cost exceeds the benefit accruing to the designated cause (Hoeffler and Keller, 2002; Cone, Feldman and DaSilva, 2003).

Recurring themes in consumer responses to firms' CSR initiatives, and CRM campaigns, are cynicism towards firms' motives and scepticism towards their claims. Webb and Mohr (1998, p. 237) help to explain these responses, suggesting that while such cause-oriented campaigns are the "easiest way for a company to educate the consumer about its philanthropic activities, the involvement of advertising, a particularly distrusted form of communication, amplifies cynicism". Pirsch, Gupta, and Landreth Grau (2007, p. 126) find consumers are significantly more sceptical of what they refer to as *promotional CSR*, such as CRM campaigns, than *institutionalised CSR*, which they describe as a comprehensive CSR approach that attempts to "fulfill a

company's social obligations across all the stakeholder groups, and touching all aspects of the company".

## **2.5 Conclusion**

CSR, conceptualised across economic, legal, ethical, and discretionary responsibilities and the three principles of legitimacy, public responsibility, and managerial discretion, has been found to be an appropriate instrument to market an organisation to consumers). It is against a backdrop of low consumer confidence in business (Nye, Zelikow, and King, 1997) and suspicion toward claims of business virtuousness that CSR-based corporate advertising approaches are increasingly emerging as a competitive marketing strategy (e.g., Becker-Olsen, Cudmore and Hill, 2006). The expectation for business to exercise social as well as economic responsibilities is increasing (e.g., [www.coneinc.com](http://www.coneinc.com), 2004), yet successful communication of CSR initiatives is rarely achieved (Dawkins, 2004). Insights from CRM-consumer research guide our understanding of the socially-oriented advertising challenge, however CSR claims are typically less clearly linked to the promotion of a specific product or service than CRM campaigns, necessitating further enquiry.

While consumers are reportedly supportive of CSR initiatives in theory, consumer behaviour often displays a gap between reported attitudes. To help understand this gap, extant research has identified consumer support for the firm's CSR domain as a moderator of support for the firm (Sen and Bhattacharya, 2001), and scepticism towards CSR information and/or attributions for firms' non-economic concerns. Among the causes of scepticism toward CSR information are implicated: (1) a lack of relevant social topic knowledge on the part of consumers; (2) a lack of information on firms'

CSR contributions; and (3) perceived attributions of opportunism if the CSR initiative is promotional rather than strategic. The following chapter describes the scepticism construct and examines potential underlying reasons for scepticism toward CSR advertising claims through reference to persuasion theory.

## **CHAPTER 3: USING ADVERTISING TO COMMUNICATE CSR**

Corporate advertising based on a CSR positioning claims the firm has a "commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" (World Business Council for Sustainable Development, 2004). Such claims might be based on how the firm is reducing the negative externalities or increasing the positive externalities of its operating activities, with a focus on one or more key CSR domains, such as those domains of the Socrates socially responsible investment index ([www.kld.com](http://www.kld.com), 2006). Such claims are potentially fruitful for a company's positioning (Maignan, 2001), but are susceptible to consumer scepticism. Regardless of a business' actual CSR performance, consumers' evaluations of its CSR, and their responses, are contingent upon the information they receive (Maignan and Ferrell, 2001; Mohr and Webb, 2005). The cited attitude-behaviour gap and consumers' displeasure with the use of CSR information in marketing communications (e.g., Schultz and Morsing, 2003) suggests that scepticism toward CSR advertising claims is currently hindering the efficiency of firms' promotion of their CSR initiatives.

The previous chapter reviewed the conceptualization of CSR, general consumer responses to CSR information, and, in order to gain insights into commercial advertising with a social dimension, consumer responses to CRM campaigns. This chapter focuses on the use of advertising as the technique for communicating CSR information to consumers. The chapter first elaborates the scepticism construct, before describing CSR advertising claims and, supported by various persuasion and cognitive



psychology theories, discussing why such claims are susceptible to cognitive responses of scepticism. This discussion will bring forward several elements of CSR advertising claim informational structure implicated in influencing scepticism responses through their impact on the diagnosticity of the advertisement for the consumer.

### **3.1 Scepticism as a Cognitive Response**

Scepticism is one potential cognitive response to advertising exposure. Cognitive responses are message-relevant thoughts that arise during elaboration as a result of one's relation of message material to other message content or to prior knowledge and attitudes stored in memory, with persuasion reflecting net favourableness of one's cognitive responses (Meyers-Levy and Malaviya, 1999). Cognitive responses to advertising exposure have been found to affect brand evaluations (Hastak and Olson, 1989), and those effects have been found to be persistent over time (Chattopadhyay and Alba, 1988).

Scepticism has received recent attention in relation to advertising. Early examinations of scepticism's influence on cognition included Calfee and Ringold (1988), who reviewed scepticism toward advertising as revealed in marketplace polls, Gaski and Etzel (1986), who investigated consumer disposition to marketing and advertising, Moore, Shay, and Lutz (1988), who explored consumer marketplace beliefs, and Ford, Smith, and Swasy (1986, 1990), who researched different responses to search, experience, and credence information situations, and called for further research into scepticism's dimensionality. A stream of scepticism research has followed. Darley and Smith (1993) consider scepticism in a study of the antecedents and effects of advertising claim objectivity, Mangleburg and Bristol (1998) examine socialisation as an explanation for adolescents'

scepticism toward advertising, Bousch, Friestad, and Rose (1994) investigated adolescents' scepticism towards television advertising and their knowledge of advertiser tactics, while Koslow and Beltramini (2002) considered whether scepticism is the more natural response to new information, along the lines of Descartes' 'waiting room of the mind'.

These studies typically focused on scepticism toward advertising in general rather than to specific advertisements, measuring the construct with one or two items. Ford, Smith, and Swasy (1990) and Darley and Smith (1993), for example, used a two-item scale based on how truthful the claim was perceived and how sceptical the respondent was about the claim's truth. Bousch, Friestad, and Rose (1994) deemed the construct to be represented by two dimensions, disbelief of the advertiser's claim, involving five items, and mistrust of the advertiser's motives, involving six items. Bousch, Friestad, and Rose's interpretation of scepticism therefore captures the traditional informational belief aspect of scepticism, but also introduces the questioning of the claimant's motivation, which is more often associated with cynicism (e.g., Kanter and Wortzel, 1985), to the scepticism construct. Mohr, Eroglu, and Ellen (1998) agree that an individual's level of cynicism, that is, their tendency to doubt the motives of a message source, will influence an individual's level of scepticism, but regard scepticism to be a variable response to the "context and content of the communication" (p. 33). Mohr, Eroglu, and Ellen find a higher disposition to cynicism leads to more negative sentiment, and, in turn, a higher level of scepticism. To the extent that one is sceptical, one is more likely to examine the claims made in ads in a critical way and not accept them at face value (Mangleburg and Bristol, 1998).

Obermiller and Spangenberg's (1998) development of a measure of general advertising scepticism, which they label *Ad Scepticism*, and Mohr, Eroglu, and Ellen's (1998) measure of scepticism towards environmental claims in marketers' communications are two exceptions to above approaches. Obermiller and Spangenberg (1998) argue that one's sceptical disposition toward advertising is a marketplace belief, based on socialisation and experiences, but that situational factors, such as claim substantiation, prior knowledge, message variables, and source characteristics "should play roles in determining acceptance of claims in specific advertisements" (p. 161). Calfee and Ringold (1988) also argue that consumers are naturally sceptical of advertising unless they have credible bases for evaluating claims.

Mohr, Eroglu, and Ellen (1998) develop a measure of scepticism toward environmental advertising claims. These authors treat scepticism as conceptually distinct from cynicism, seeing cynicism as an enduring personality trait of questioning the motives of others that is stable across time and contexts, and scepticism as context specific, varying with the content of the information, which may convince with evidence or proof. This interpretation is summed up by Kanter and Mirvis (1989, p. 301): "skeptics doubt the substance of communications; cynics not only doubt what is said but motives for saying it". Interestingly, the four-item scale developed by Mohr, Eroglu, and Ellen features items that seek to measure both belief of claim substance and claim motives, adding cynicism to a measure of scepticism. Mohr, Eroglu, and Ellen find that higher cynicism induces a more negative sentiment which, in turn, leads to a higher degree of scepticism.

In a recent study, Forehand and Grier (2003) simply treat scepticism and cynicism as one in the same, citing Kanter and Wortzel's (1985) cynicism scale and Obermiller and Spangenberg's (1998) Ad Skep scale as scales to measure scepticism. Forehand and Grier argue that consumer scepticism is "produced by situational variables that direct consumer attention to the motives of marketers and thereby induce a 'state' of skepticism" (p. 349), and "driven not simply by beliefs that the firm's motives are self-serving but rather by the perception that the firm is being deceptive about its true motives" (p. 350). These authors conceptualise scepticism to refer broadly to consumer "distrust or disbelief of marketer actions" (p. 350), in line with prior researchers' thinking of the construct as consumers' negatively-valenced attitude toward the motives of and claims made by advertisers (e.g., Boush, Friestad, and Rose, 1994; Brucks, Armstrong, and Goldberg, 1988).

Forehand and Grier (2003) go further by specifying two distinct forms of scepticism: *situational skepticism*, which is a momentary state of consumer distrust or disbelief of marketer actions, and *dispositional skepticism*, which is an individual's ongoing tendency to distrust or disbelief of marketer actions. This line of argument is, however, similar to Obermiller and Spangenberg's (1998) distinction between the general disposition toward advertising, which they refer to as *Ad Skepticism*, and the additional situationally-based scepticism they also account for. As the focus of this study is to examine situationally-based scepticism, in terms of the impact of advertising claim diagnosticity on consumer scepticism toward CSR advertising claims, *situational skepticism* will be of prime interest. *Dispositional skepticism*, however, should prove of interest as a moderator of the more immediate situational skepticism. From the above discussion it is apparent that a discussion and measure of scepticism toward CSR claims

must therefore consider both the belief and motivation aspects of the scepticism construct in order to capture both consumer distrust or disbelief of marketer actions (Forehand and Grier, 2003).

Although scepticism towards advertising subsequently influences effects on brand judgments and information-gathering behaviours (Obermiller and Spangenberg, 1998; Obermiller, Spangenberg, and MacLachlan, 2005), it is defended on the basis that it is a critical approach to evaluating and coping with advertising messages and therefore an important skill for consumers to acquire (e.g., Friedman, 1998; Mangleburg and Bristol, 1998; Mohr, Eroglu, and Ellen, 1998). Pollay and Mittal (1993, p. 99), however, argue that consumer scepticism toward advertising is of great importance because it “impedes advertising credibility and reduces marketplace efficiencies”. Obermiller and Spangenberg (1998, p. 164) note too that “if consumers are predisposed to disbelieve ad claims, one fundamental route to persuasion is closed”.

Communicating a CSR positioning is problematic for marketing communicators, however (Morsing and Schultz, 2006), and understanding scepticism toward CSR advertising claims is therefore important. To improve marketplace efficiencies through consumer ability to act as rewarding and punishing agents of firms’ CSR performances (Hansen and Schrader, 1997), it is necessary to address this marketing communications challenge. The next section discusses how firms use advertising to communicate a socially responsible positioning.

### 3.2 CSR Advertising Claims

Advertising provides persuasive information or positive associations designed to increase purchase probability (Keller, 1991). While a corporate image is formed from a variety of sources, few of which are controlled by the firm, *corporate image* advertising (Rossiter and Bellman, 2005), aims to generate awareness of and preference for the corporate brand or master brand (Rossiter and Bellman, 2005, Ch 16). Corporate image advertising based around a CSR positioning appeal claims the firm is somehow demonstrating a commitment to non-economic goals to improve the quality of life of the local community and society at large by reducing the negative externalities and maximizing the positive externalities of its operations, as they affect social and environmental metrics.

Westpac Banking Corporation, one of Australia's 'big four' retail banks, recently provided an example of an advertising campaign based around CSR claims. An electronic execution in this campaign (westpac.com.au, 2007) featured several images of environmental disasters as background to informational content that claimed such disasters were caused by firms loaned money by banks, but Westpac was one of only ten banks around the globe, and the only Australian bank, that had signed the Equator Principles, which would prevent it from lending to potential environmentally irresponsible firms.

In keeping with the conceptualisation of CSR in this study, CSR advertising claims are treated here as those going beyond mere expressions of philanthropic support for social causes that aim to stimulate immediate sales, such as cause-related marketing campaigns, what Pirsch, Gupta, and Landreth Grau (2007) refer to as *promotional CSR*.

Instead, this study deals with those claims that seek to make-sense of a firm's core values by signalling a commitment to Wood's (1991) three principles of legitimacy, public responsibility, and managerial discretion, and how the firm enacts these values through policies and processes to achieve social impacts. That is, the study deals with firms' claims on the basis of what Pirsch, Gupta, and Landreth Grau (2007) refer to as *institutionalised CSR*.

This study departs from extant research into consumer responses to CRM campaigns (e.g., Ellen, Webb, and Mohr, 2006; Webb and Mohr, 1998), in which consumers are called upon to make an immediate purchase of the firm's product in order to have part of that revenue diverted from the firm to a social partner or cause, during what is essential a short-term sales promotion offer. CSR advertising claims, as described in this study, is an attempt by the firm to 'give sense' (Morsing and Schultz, 2006) of how it meet's Wood's three principles. The firm's sense of CSR is not directly dependent on consumer purchases, as it is in CRM. Further, the study departs from extant studies of consumer responses to scenario-based information of firms' CSR records (e.g., Auger et al., 2003; Brown and Dacin, 1997; Sen and Bhattacharya, 2001), in which consumers are typically informed of a firm's CSR, or irresponsible behaviour, by a source that is independent from the firm, and responses subsequently measured. Instead, the use of advertising to communicate the CSR message will provoke immediate resistance, simply because advertising inspires more scepticism than other sources of information (Obermiller, Spangenberg, and MacLachlan, 2005). Reporting on Scandinavian attitudes to firms' CSR communications, Morsing and Schultz (2006, p. 330) observe that half the population "encourages companies either to communicate in a subtle way or not to communicate about their social responsibility at all".

### **3.3 The Susceptibility of CSR Advertising Claims to Scepticism Responses**

The process of persuasion is complex and intricately dependent on a range of contextual, situational, and individual factors (Meyers-Levy and Malaviya, 1999), and some advertisements, by their very nature, may provoke more scepticism than others due to their structure and executional factors (Obermiller and Spangenberg, 1998). While there is general consumer support for information of firms' CSR initiatives, as demonstrated in scenario-based studies (e.g., Brown and Dacin, 1997; Sen and Bhattacharya, 2001), the communication of this information via advertising is problematic.

#### *3.3.1 CSR as Corporate 'Product'*

Product type will influence advertising claim acceptance (Obermiller and Spangenberg, 1998). The 'product' featured in a firm's CSR advertising claims is the firm's promise that it is acting in a socially responsible manner in one or more aspects of its business activities. CSR advertising claims typically confront respondents with a *credence* information claim (Darby and Karni, 1973) about the firm's CSR 'product'. Unlike tangible product features, the promise that the corporation is conducting its activities in a socially responsible manner, with CSR programs, guided by CSR policies, achieving social impacts (Wood, 1991), typically lacks *search* or *experience* characteristics (Nelson, 1970), and is therefore unverifiable. Credence information can never be obtained, is too costly to obtain, or is too complex and requires significant expert knowledge to evaluate (Bloom and Pailin, 1995). Bloom and Pailin argue that, when faced with credence information situations, consumers must place their faith, or credence, on what information is available to them at relatively low cost, and should be more distrustful of credence information situations than search or experience situations.



Consumers will be sceptical of advertising claims unless they have credible bases for evaluating the claims (Calfee and Ringold, 1988). Extant research supports an increase in scepticism toward marketing communications where there are discrepancies between advertising claims, or when claims are difficult to verify (Folkes, 1998; Forehand and Grier, 2003; Mackenzie and Lutz, 1989; Sparkman and Locander, 1980). A poor quality argument is subject to counter-argumentation, can result in a negative attitude and the resistance to persuasion (Pitts, Canty, and Tsalikis, 1985). CSR advertising claims typically present consumers with claims that are difficult to verify. The economics of information hypothesis predicts that “when consumers can easily evaluate the truthfulness of advertising claims before purchase, the claims will most often be true because the market will discipline advertisers who are untruthful” (Ford, Smith, and Swasy, 1990, p. 433), but unverifiable credence claims withdraw this heuristic processing opportunity from respondents, leaving them to question the veracity of such claims.

Certain environmental claims that can be evaluated by the consumer as a result of use/consumption (e.g. “recyclable”), while linked more to individual products rather than overall corporate image, present claims that are more *experience*-oriented, and therefore should be less prone to a scepticism response. Even these green marketing claims, however, have been found to be unclear or misleading (e.g., [Gray-Lee, Scammon, and Mayer, 1994](#)), and have consequently provoked considerable scepticism, leading to the term *green-washing* entering the vocabulary. CSR claims are typically less verifiable, and therefore more *credence*-oriented. As CSR claims cannot typically be verified, even after the consumption experience, as with experience goods, the credence nature of such claims is expected to induce greater scepticism. Similar to

accusations of brands' green-washing, scepticism toward CSR has lead to accusations of *blue*-washing (Willard, 2005).

### 3.3.2 *The Mixed-motive CSR Processing Task*

CSR advertising claims also confront consumers with a mixed-motive information-processing task, requiring respondents to evaluate both an organisation's economic and non-economic, social performance. The communicating of the firm's CSR commitment, and the direct benefits to the consumer of the societal initiatives within CSR advertising claims are difficult to communicate to the consumer (James, 2002). In the context of fair trade products, James notes that the added societal value inherent in the product, what Strong (1997, p. 35) refers to as the "communication of the human element of sustainability", can never be as tangible to the consumer as more functional benefits. Adding a social dimension to commercial messages increases the complexity of the consumer's processing task (Drumwright, 1996), often beyond one's capacity for efficient cognitive processing, or "sufficiency threshold" (see Eagly and Chaiken 1993, pp. 330-33 for a discussion). For respondents to cope with such processing situations, Kahneman and Tversky (1973) argue that heuristic processing replaces more elaborative processing as the processing task moves from a simple to a more complex task.

### 3.3.3 *The CSR Positioning Paradox*

Firms risk a potential 'backfire' effect in attempting to inform consumers of their CSR initiatives via marketing communications. Morsing (2006, p. 176), for example, reports that despite the Danish telecom giant TDC's attempts to reposition itself from a high-profit, shareholder driven company to a more socially responsible organisation, with an extensively communicated CEO-endorsed CSR commitment and examples of several

CSR initiatives, TDC's CSR message was “met with scepticism, disbelief, and accusations of window-dressing”.

Increasingly cynical consumers (Nye, Zelikow, and King, 1997) appear to be suspicious of overly-positive advertising claims. Goldberg and Hartwick (1990) find that overly positive claims are often discounted, while Koslow (2000, p. 262) observes that, when “advertisers try honest, verified, and persuasive advertising, consumers may be concerned that it is too good to be true and are on guard for discovering a hidden and unfamiliar persuasive tactic”. Friestad and Wright (1994) explain that consumers respond to the persuasion goals of advertising based on their *Persuasion Knowledge*, leading Obermiller and Spangenberg (1998) to define the construct of *Ad Skepticism*, a measure of a consumer’s scepticism to advertising in general. Brown and Dacin (1997) warn that consumers may believe the company promoting its CSR record is trying to hide something, and a backlash is likely if consumers question the validity of such claims (Osterhus, 1997).

Attempts to communicate overly positive claims, such as CSR claims, are faced with what Ashforth and Gibbs (1990, p. 188) refer to as the “self-promoter’s paradox”, whereby the conspicuous promotion of good deeds is likely to backfire and evoke scepticism, as ‘protestation of legitimacy’ is interpreted as signalling ‘legitimacy is in fact in doubt’. Conspicuous CSR communications are often associated with firms facing legitimacy problems, with “the more problematic the legitimacy, the greater the protestation” (Ashforth and Gibbs, 1990, p. 185). Highlighting this dilemma, Drumwright (1996, p. 71) finds that “company advertisements with a social dimension have been among the most controversial of marketing approaches”, seen on the one

hand as “marketing's greatest contribution to society”, while on the other, “as marketing's most unabashed exploitation”. Market surveys indicate public distrust of firms’ CSR advertising (e.g., Cone Inc., 2004), and Kanter and Wortzel (1985, p. 9) simply warn that “sincerity is suspect”.

#### 3.3.4 *CSR and Persuasion Theory*

Recourse to theory helps to understand this paradox. The use of advertising to communicate CSR initiatives, for example, has been found to be distasteful to some consumers (Schultz and Morsing, 2003). Davis (1994) argues that two elements of consumer scepticism toward firms’ CSR initiatives may arise in response to CSR advertising claims: *advertiser ethical attributions*, which deal with the consumer’s attempt to evaluate the underlying ethics of the advertiser, and *message ethical attributions*, which deal with the consumer’s attempt to evaluate the underlying ethics of the advertising claim itself. Cognitive responses based on prior knowledge and attitude structures will influence such judgments (Wright, 1973), hence message elements that influence these judgments, such as the firm’s legitimacy, and therefore increase message diagnosticity, should prove salient and inhibit scepticism.

In line with dissonance theory, which posits that inconsistency in an individual’s cognitive system produces dissonance (Festinger, 1957), Margolis (1987, p. 98) suggests that to reduce dissonance, consumers insert the mental step of first deciding if the advertising claim “looks right”. To judge if a claim looks right, an individual will relate message material to other message content or to prior knowledge and attitudes stored in memory. Social judgment theory posits that people's prior attitudes distort their perceptions of the positions advocated in persuasive messages, (see Eagly & Chaiken

1993, p. 363 for a discussion), similar to cognitive responses theory which argues that new information will be evaluated against already-held cognitions that serve as a frame of reference for new messages. Cognitive response theory (Wright, 1973) argues that consumers cognitive responses depend on the newness of the 'product' to the respondent: prior brand attitude for a familiar brand, prior attitude to the product category for a new brand in a familiar product category, or from the advertisement itself when there is no prior attitude if the situation is a completely new product for the respondent (Rossiter and Percy, 1997). Cognitive-response theory assumes that the respondent is motivated "to try to make sense of incoming information from the advertisement" (Rossiter and Percy, 1997, p. 269), that is, the respondent is highly involved with the processing task. The theory, however, does not account for persuasion in the absence of evidence of elaboration on any relevant message content (Meyers-Levy and Malaviya, 1999).

Dual-process theories, such as the Elaboration Likelihood Model (ELM) (Petty and Cacioppo, 1981, 1986) and the Heuristic-Systematic Model (Chaiken, 1980), address this criticism by suggesting a systematic (*central*) and a heuristic (*peripheral*) route to persuasion, with the relative strength of each route determined by the extent of respondent elaboration. When motivation and ability are high, elaboration likelihood is high, and more effortful (central) processing is expected to generate a relatively large number of both ad and brand cognitions. When motivation or ability is low, elaboration likelihood is low, and processing is linked to relatively few advertisement and brand cognitions, with judgments likely formed by heuristics (Chaiken, 1980; Chaiken and Maheswaran, 1994; Petty and Cacioppo, 1979).

Consumers tend to use a ‘schemer schema’ (Wright, 1985), or their persuasion knowledge (Friestad and Wright, 1994) to judge the appropriateness of the firm’s use of CSR advertising claims. Friestad and Wright (1994) found consumers use simple heuristics to evaluate the appropriateness of a company’s CSR claims. This heuristic, or ‘short-hand’ processing judgment will allow the consumer to determine if further message processing is warranted.

Motivation is influenced by individual differences, such as one’s need for cognition (Cacioppo and Petty, 1982) and personal relevance of the communication (Petty and Wegener, 1999), while ability is determined by both situational factors, such as repetition and distraction, and individual differences, such as knowledge (Kang and Herr, 2006). Kang & Herr argue that source effects determine if an advertisement looks right, such that if the source is perceived as credible by the respondent, this may positively heighten attention to the message, with subsequent systematic processing of the message. An individual who perceives CSR to be an inappropriate theme for marketing communications, or does not support the notion of CSR in general, may automatically process a message heuristically and sceptically, whereas a respondent responding to a favourable source effect may then go on to scrutinize the message in greater depth. The supplying of only minimal cognitive resources to the processing task is in line with Eagly and Chaiken’s (1993) *sufficiency threshold* principle. This source effect suggests potential moderation of scepticism towards CSR advertising claims.

Keller (1991, p. 43) relates the dual-process theories to processing goals, and considers two alternative and common processing goals are ad evaluation and brand evaluation. An *ad evaluation* goal motivates a respondent to “decide whether or not they like the ad

execution and how the brand claims are made (e.g., the creative aspects of the ad). Consumers with a *brand evaluation* goal, in contrast, would be motivated to decide whether or not they like the advertised brand”. For an ad evaluation goal, only the cognitive resources necessary to evaluate the merits of the ad execution would be activated from memory, while for a brand execution goal, the consumer “would be expected to retrieve from memory product category knowledge sufficient to process any product information in the ad to form their attitude toward the brand” (Keller, 1991, p. 43). MacKenzie and Lutz (1989) show the relationship between the heuristic and central processing routes of the dual-process theories, adding that evaluation of the ad may influence brand evaluation.

### 3.3.5 *Biased Processing of CSR Claims*

A recent research development has shown that rather than process information objectively, consumers may be motivated by goals other than accuracy and may selectively process message-relevant information in line with those other goals (Johar, Maheswaran, and Peracchio, 2006). This is in line with social judgment theory, which predicts how a person's prior attitudes distort their perceptions of the positions advocated in persuasive messages, and how such perceptions mediate persuasion (Eagly and Chaiken 1993). One such biasing influence is *defense* motivation (Agrawal and Maheswaran, 2005; Ahluwalia, 2002; Eagly and Chaiken, 1993). Consumers may be accuracy motivated to process advertising communications in a systematic and objective manner (Ratneshwar and Chaiken, 1991), or they may also be *defense motivated*, using heuristics to “protect vested interests, attitudinal commitments, or other preferences” (Koslow, 2000, p. 247). Srull and Wyer (1986, p. 541-2) argue that processing goals “often determine what we attend to, how we perceive objects and events, how we use

reasoning processes to make inferences about causal connections, how these events are organized and represented in memory, how they affect both long-term storage and retrieval of information (or lack thereof) to make higher order judgments and how they enter into possible affective reactions”. Keller (1991) agrees that the fact that processing goals influence the information that consumers notice, evaluate, or respond to in an advertisement is critically important.

Defensively motivated consumers may employ a *schemer schema* (Wright, 1985), or a *change-of-meaning event* (Friestad and Wright, 1994), both types of psychological reactance (Brehm and Brehm, 1981) through which individuals attempt to resist persuasion to preserve personal freedom (Eiser, 1990), or protect self-image or material interests (Darke and Chaiken, 2005). Defence goals tend to bias processing in a way that reduces such personal threats (Darke and Ritchie, 2007). When the threat is minor, the resort to simple cues in defence-biased heuristic processing is believed to neutralise the threatening information (Liberian and Chaiken, 1992). A negative stereotype about the source of the message may be evoked to undermine its credibility (Sinclair and Kunda, 1999). This *defensive stereotyping* tends to be automatic when an individual responds to a perceived threat (Spencer, et al., 1998). In this way, the advertising sceptic regards advertising as not credible and, therefore, not worth processing (Obermiller, Spangenberg, and MacLachlan (2005). A lack of credibility will therefore lead to heuristic message processing, based on the consumer’s defence goal.

While a defensive motivation may prompt a heuristic message judgment and scepticism response, defensive information processors may also engage in systematic processing, involving counterarguments and elaboration biased toward self-protection if the threat



from a persuasive message is considered to be relatively high (Liberian and Chaiken, 1992). Kisielius and Sternthal (1984) argue that scepticism may lead to greater elaboration, counterarguing, and less positive evaluations and beliefs, but presumably only for high-involvement individuals who are motivated to assess the threat level. Whether a heuristic or systematic processing route, or both, is adopted by the consumer, persuasion will reflect net favourableness of one's cognitive responses (Meyers-Levy and Malaviya, 1999).

### *3.3.6 CSR from a Resource Matching Perspective*

Which processing route is used, and therefore mediates persuasion of a particular message, depends on factors that influence the amount of cognitive resources an individual is motivated and able to allocate to the processing task. These factors include message relevance, prior knowledge, and time available (Meyers-Levy and Malaviya, 1999). The role of prior knowledge has not been examined in the resource matching literature (e.g., Anand and Sternthal, 1989; Coulter and Punj, 2004; Meyers-Levy and Malaviya, 1999), however, its place in this research stream is an obvious one; if processing demands require prior knowledge as a condition of effective processing, an inability to supply such cognitive resources must result in sub-optimal processing.

Extant research points to consumers typically lacking the prior knowledge, referred to in the study as *social topic* knowledge, needed to effectively process CSR advertising claims (e.g., Auger et al., 2003; Pomeroy and Dolnicar, 2008). Or such knowledge may be moderately accessible and not easy to recall on demand (Tybout et al., 2005). Tybout et al. (p. 77, 2005) argue that the retrieval ease of moderately accessible knowledge would be diagnostic. Thus an involved consumer responding to a CSR advertising claim

but lacking the social topic knowledge that allows one to place the firm's claim into context is likely to turn to a more peripheral processing route (Kahneman and Tversky, 1973). The consumer's ability to process a message therefore depends not only on the supply of cognitive resources but also the resource demands of the message imposed by its complexity (Meyers-Levy and Malaviya, 1999, p. 47). Resource-matching theory addresses this consideration.

Resource-matching theory (Anand and Sternthal, 1989) holds that persuasion of any message, whether strong or weak, is dependent on the commensurability between demand for and supply of cognitive resources, with persuasion optimised if the levels of cognitive resources required and made available are comparable (Keller and Block, 1997; Meyers-Levy and Malaviya, 1999). Coulter and Punj (2004) confirm that persuasion is enhanced when cognitive resources are matched, but only under strong message conditions. If less cognitive resources are allocated to the processing task than are required, persuasion is likely to be diminished due to incomplete, superficial, or inefficient message processing (Meyers-Levy and Malaviya, 1999), for example, if the respondent considers CSR ad claims inappropriate, or if they are not supportive of CSR in general. Should more cognitive resources be allocated to the processing task than are required, questioning or counter-argument, that is, scepticism, or advocacy-irrelevant, idiosyncratic thoughts are likely to ensue. It is expected that the multi-dimensional nature of CSR and the difficulty for consumers to be cognisant of various social problems engaged with in firms' CSR programs may increase the cognitive complexity of the consumer's information-processing requirements, often beyond his or her capacity for efficient cognitive processing, or *sufficiency threshold* (see Eagly and Chaiken 1993, pp. 330-33 for a discussion). Diagnostic advertising claims are expected to serve to

reduce processing complexity by providing consumers increased processing ability by allowing them to match cognitive resource demands with those made available. Mohr, Eroglu, and Ellen (1998) contend that when consumers are faced with the new or changing conditions of firms' CSR initiatives they may not have developed adequate knowledge structures to make good use of CSR advertising claims. Without these knowledge structures consumers will not be able to make available the cognitive resources required for processing. Diagnostic claims can help to create these knowledge structures through, for example, social topic knowledge, as in *sick baby/well baby* appeals (Fine, 1990).

### *3.3.7 Inhibiting Scepticism through Informational Claims*

A recent study by Forehand and Grier (2003), for example, has demonstrated that the negative effect of consumer scepticism toward a firm's motives can be inhibited by the firm's public acknowledgement of the strategic benefits it will receive, along with the benefits to society, through its CSR initiative. In a scenario-based experimental design, Forehand and Grier manipulate the salience of firm-serving benefits and the firm's publically stated motive and find that scepticism is increased when firm-serving benefits are salient and the firm publically stated only public-serving motives, with scepticism greatest when consumers focused on causal attribution to the firm's motive prior to company evaluation. Forehand and Grier conclude that the content of participant attributions supports the contention that previously observed negative effects of consumer scepticism on firm evaluation are due to perceived deception. Scepticism toward marketing messages has resulted from discrepant advertising claims or when advertised claims are difficult to verify (Folkes, 1988; Ford, Smith, and Swasy, 1990; MacKenzie and Lutz, 1989; Sparkman and Locander, 1980). Forehand and Grier's

experiment, though using a scenario-based informational setting, provides support for this inhibition procedure to be effective through the manipulation of the informational content of CSR advertising claims.

### **3.4 Conclusion**

Regardless of a business' actual CSR performance, consumers' evaluations of its CSR are contingent upon the information they receive (Maignan and Ferrell, 2001). This information may be called into question by consumers due to distrust or disbelief of marketer actions, including motives and specific claims (Forehand and Grier, 2003). The informational content of specific claims can inhibit scepticism (Forehand and Grier, 2003). Claims that inhibit scepticism toward CSR marketer actions, by influencing trust or belief of the CSR claim (that is, validating the claim) or influencing perceived attributions of marketer motives, are described here as diagnostic claims.

Diagnostic claims are useful to the consumer as they assist the consumer to activate societal evaluation criteria, substantiate the CSR claim and to evaluate the firm's contribution to alleviating the social problem with which the firm's CSR initiative has engaged. Specific diagnostic elements of CSR claims that are expected to facilitate these effects are discussed in the following chapter. The following chapter, Chapter 4, develops the study's hypotheses to test the potential influence of key diagnostic elements of CSR advertising claims to inhibit scepticism in consumers' response to these claims, along with individual variables likely to influence these effects, and presents a model to illustrate predicted relationships.

## CHAPTER 4: DEVELOPMENT OF HYPOTHESES

Maignan (2001) suggests that irrespective of a business's actual CSR performance, consumers' evaluations of its performance are contingent upon the information they receive. Darley and Smith (1993) argue that the persuasiveness of a communication can be increased easily and dramatically by paying attention to message content. The previous two chapters reviewed the CSR and scepticism constructs and the CSR-consumer relationship, and discussed the nature of CSR advertising claims, and why such claims are prone to consumer scepticism responses. Manipulation of key informational content of CSR advertising claims is expected to influence the level of scepticism to both the claim's believability and attributions for the firm's motivations, the two elements of the scepticism construct used in this study.

While Forehand and Grier (2003) report public disclosure of firm-serving motives can inhibit consumer attribution-induced scepticism toward CSR information, to date, no research has considered how the informational elements of CSR advertising claims might inhibit consumer scepticism. Varying the informational content of CSR advertising claims is expected to influence cognitive responses by increasing the diagnostic value of the CSR advertising claim to consumers. Manipulation of CSR advertising claim content is therefore discussed here in terms of *claim diagnosticity*. Manipulating the dimensions of claim diagnosticity is expected to influence scepticism toward claim believability and motivations by assisting the consumer to activate societal evaluation criteria, and specify the firm's CSR claims in terms of their social impacts, and signal the firm's strategic commitment to CSR.

This chapter commences with an explanation of claim diagnosticity, before discussing the diagnostic dimensions of CSR advertising claim content to be manipulated in the study. Hypotheses are developed to anticipate the impacts of diagnosticity manipulation on the dependent variable, scepticism towards CSR advertising claims. Individual consumer characteristics expected to influence these relationships, CSR Attitude, Product Category Attitude (in lieu of brand attitude), and one's measure of Ad Skepticism, are also discussed.

#### **4.1 Advertising Claim Diagnosticity**

Diagnostic information helps the consumer assign a product to one cognitive category, while non-diagnostic information is ambiguous in that it has multiple interpretations or implies multiple possible categorizations (Herr, Kardes, and Kim, 1991). Diagnosticity is “the extent to which a given piece of information discriminates between alternative hypotheses, interpretations, or categorizations” (Herr, Kardes, and Kim (1991, p. 457), or is “informative” (p. 460). Based on Feldman and Lynch’s (1988) *accessibility-diagnosticity model*, Herr, Kardes, and Kim (1991, p. 457) argue “the probability that any piece of information will be used as an input for judgment or choice depends on (1) the accessibility of the input, (2) the accessibility of alternative inputs, and (3) the diagnosticity or perceived relevance of the inputs”. The accessibility-diagnosticity model emphasises that perceived diagnosticity determines the likelihood of information use as an input for judgment, and notes the value of prior knowledge or experience as an accessible input that may prove diagnostic in new judgments (Herr, Kardes, and Kim, 1991). The accessible input of a product trial, for example, may generate a number of types of trial cognitions to assist the consumer’s judgment of the trial as an information source, one of which is the overall diagnosticity of the trial, or the perceived usefulness

of the product trial in evaluating the brand (Kempf and Smith, 1998). Data considered to be diagnostic, or useful, is likely to affect judgments (Baker and Lutz, 1988; Lynch, Marmorstein, and Weigold, 1988). The accessibility-diagnostics model complements theories discussed in the previous chapter — cognitive response, defense processing motivation, and social judgment theories — all of which account for recourse to an available, or familiar, point of reference in order to *make sense* of new information.

#### **4.2 CSR Advertising Claim Diagnostics**

If consumers are to respond favourably to firms' CSR achievements, they must first be made aware of these achievements. It is asserted that we are living in the *ethics era*, reflecting society's changed expectations of business (Smith, 1995), and that consumers are now more sophisticated than in the past, able to easily process CSR messages due to increased access to product-related information, and changes in the structural characteristics of the marketplace and the social environment (King and Mackinnon, 2001). It is argued that consumers have been easily confused by the myriad different forms of claims and labels, and their ability to make accurate assessments and buy wisely may have been reduced, rather than expanded. The character of contemporary retail establishments, their vastly increased product options, and the misleading, deceptive, and generally uninformative aspects of advertising and packaging are argued to have created confusion for consumers (e.g., Day and Aaker, 1997; Peattie, 2001; Titus and Bradford, 1996). Against this backdrop, it is perhaps unsurprising that Auger et al. (2003) find consumers have low awareness of the ethical attributes of the products they purchase, and also very little understanding of the ethical issues around which companies base their CSR activities. Dawkins (2004) also reports low consumer

awareness of responsible corporate behaviour despite increasing CSR involvement over the past decade.

Diagnostic CSR advertising claim content should address recurring themes in the consumer backlash against CSR, including consumers questioning the believability of the claim, and the firm's motives for the CSR initiative. The success of CSR advertising claims is presumably, in part, dependent on consumers appreciating the social problem the firm is targeting. Marketing ethics research has shown that an individual's evaluation of an ethical dilemma must be preceded by the recognition of the existence of this dilemma (Ferrell and Gresham, 1985; Ferrell et al., 1989). Along similar lines, research on environmental consumer behaviour has highlighted the importance of consumers' awareness of environmental issues to predict environmentally conscious consumer behaviours (Antil, 1984; Berger and Kanetkar, 1995; Schwepker and Cornwell, 1991). Diagnostic claims should provide *vivid* information that is "inherently interesting, attention drawing, and thought provoking" (Herr, Kardes, and Kim, 1991, p. 454). Vivid CSR advertising claims should therefore: (1) create an appreciation of the gravitas of the social problem, and, by so doing, provide the cognitive resources required for processing the firm's CSR claim; (2) describe the firm's contribution to alleviating the social problem in terms of specific social impacts; and (3) signal a consistent, values-driven CSR positioning of the brand that is demonstrative of what Pirsch, Gupta, and Landreth Grau (2007) refer to as *institutionalised* CSR.

The vivid, diagnostic content of CSR claims for this study, what Keller (1991, p. 43) refers to as *retrieval cues*, are: (1) social topic information; (2) claim specificity; and (3) CSR-positioning congruency. Social topic information is expected to add to



diagnosticity as it facilitates an appreciation of the gravitas of the social problem, and hence situates, or contextualises, the firm's CSR contribution in relation to the social problem. CSR claim specificity is diagnostic as it provides a measure of just what the firm is doing to avoid worsening or helping to alleviate a particular social problem, a judgment found to affect consumer response to cause-related marketing campaigns (Pracejus, Olsen, and Brown, 2003/4). CSR claims that are clearly linked to the firm's prior positioning, suggested by the firm having a history of pursuing such CSR initiatives, are expected to be more diagnostic as they reduce dissonance and ease cognitive complexity. Firms' attempts to reposition along CSR lines may be hampered by their prior corporate image, or reputation (e.g., Shultz and Morsing, 2003).

#### 4.2.1 *Social Topic Information for CSR*

CSR claims typically infer that respondents sufficiently comprehend both the social problem engaged and the nature and extent of the firm's efforts to alleviate the problem. It is generally assumed that consumers and marketers have access to topic, or product, knowledge (e.g., Obermiller, Spangenberg, and MacLachlan, 2005). Typically, however, asymmetries of information between consumers and marketers are more common. Much research indicates that consumers are neither adequately familiar with the social issues firms' CSR programs engage with (e.g., Auger et al., 2003; Mohr, Eroglu, and Ellen, 1998; Pomeroy and Dolnicar, 2009; Schultz and Morsing, 2003), nor that firms engage in CSR initiatives at all (e.g., Auger et al., 2003; Sen and Bhattacharya, 2001). Auger et al. (2003, p. 299) note, for example, that "most consumers do not understand the ethical dimensions of products that they purchase despite occasionally extensive media coverage afforded to ethical issues". Research on marketing ethics has shown that individuals' evaluation of an ethical dilemma must be

preceded by the recognition of the existence of this dilemma (Ferrell and Greham, 1985; Ferrell et al., 1989). Similarly, past research on environmental consumer behaviour has highlighted the importance of consumers' awareness of environmental issues to predict environmentally conscious consumer behaviours (Antil, 1984; Berger and Kanetkar, 1995; Schwepker and Cornwell, 1991). If adequate processing resources do not exist in memory, it is argued the consumer will seek information from external, marketer-dominated sources, such as advertising (Cox, 1967). Following this logic, diagnostic CSR advertising claims that provide social topic information can provide the consumer these adequate resources. It is therefore expected that a firm's CSR claims are likely to be more diagnostic if the processor can appreciate the significance of the firm's efforts in attempting to alleviate a social problem.

Fine (1990) accounted for this effect in the *sick baby/well baby* appeal, a common social marketing approach that focuses on the social problem and emphasises a problem's severity. The *sick baby* information gives an understanding of the problem and its severity, while the *well baby* information conveys what the individual can do to make the baby well (Obermiller, 1995). In this instance, however, the *well baby* information imposes no direct responsibility on to the individual but instead affirms the business's CSR initiative and its potential for significant social impacts. Obermiller (1995) argues that several information processing effects that may reduce scepticism should occur as a result of the sick baby appeal: attention to the message should increase; emotional responses may be evoked, which may enhance comprehension; and, if the claims are believed, increased concern and more favourable attitudes may result. The sick baby/well baby appeal hypothesis is supported by priming and contextualisation concepts from cognitive psychology, which find consumer information-processing

judgments and responses are affected by the information that readily comes to mind during the processing task (e.g., Baker and Lutz, 1988; Kisielius and Sternthal, 1986; Lynch, Marmorstein, and Weigold, 1988).

Priming and contextualisation suggest that the cognitive complexity of CSR claims might be reduced in the manner of the sick baby/well baby appeal. Priming, defined as “the activation of words and their meanings”, may be the most fundamental process of retrieval from semantic memory (Ashcraft, 2006, p. 287). The validity of a firm’s CSR efforts in resolving or lessening a social problem may be primed by an explanation of the social problem. Auger et al. (2003), for example, express surprise that consumers are unaware of the ethical issues surrounding the products they buy, despite those issues receiving much exposure in the media, but report that consumers will respond positively when informed of CSR initiatives. In this way, priming may serve to remind processors of issues they have been exposed to in the media, and situate the value of the firm’s CSR initiative in addressing these issues. Also, the ease with which information comes to mind may serve as the basis for judgment (see Tybout et al, 2005, p. 76).

Waenke, Bless, and Biller (1996) argue that judgments are based on the perceived ease of knowledge generation or retrieval. In the social cognition literature, “subjects primed with exemplars of a particular category are more likely to use that category in evaluating a subsequently presented category-relevant stimulus” (Herr, 1986, p. 1106). Priming permits a category to become temporarily more accessible from memory and more likely to be used subsequently in processing new information (Herr, 1989). The effects of priming, which “can activate all kinds of concepts, as well as ideas that

express the joint meaning of several concepts together” (Ashcraft, 2006, p. 287), are similar to those of *context*.

Context is defined by Webster’s New Universal Dictionary as (1) the parts of a sentence, paragraph, discourse, etc., immediately next to or surrounding a specified word or passage and determining its exact meaning; (2) the whole situation, background, or environment relevant to a particular event, personality, creation, etc. A failure of the consumer to appreciate the context of the firm’s CSR initiative is expected to induce negative message-relevant cognitions. The diagnosticity of a firm’s CSR advertising claims may be increased by contextualising the impacts of CSR initiatives (the *target*) by priming with information that situates the gravity of the social problem (the *prime*), thereby reducing scepticism. A claim that provides consumers with social topic information is expected to *map onto* CSR claims and hence make claims more diagnostic. Contextualisation may provide respondents with the cognitive resources required to match the processing demands of the firm’s CSR claims (e.g., Anand and Sternthal, 1989).

Westpac’s early-2007 CSR advertising campaign, for example, stressed the bank’s CSR credentials on the basis of responsible lending; as it was one of only 10 banks around the globe, and the only Australian bank, that had signed the Equator Principles, “agreeing not to fund major projects that endanger communities or the environment” (Westpac, 2007). The claim was primed, or contextualised, by the content statement “Some of the biggest problems in the world today were financed by banks”, preceded by images of a shivering oil-drenched water bird and industrial complex spewing smoke into the atmosphere. The subsequent claim, that the bank had signed the Equator

Principles, without any prior explanation, or contextualisation, would, it might be expected, be far less diagnostic, and therefore cognitively more complex to process.

An important principle of memory is that while information may be available in memory it may be inaccessible without the proper retrieval cues (Tulving and Pearlstone, 1966; Tulving and Psotka, 1971). Researchers have shown that *contextual* information surrounding messages can affect judgments (Alba, Marmorstein, and Chattopadhyay, 1992; Hsee and Leclerc, 1998; Schmitt and Zhang, 1998; Shapiro, MacInnis, and Heckler, 1997), often via *assimilation*, “such that concepts or meanings made more accessible by the context are related positively to the judgments” (Meyers-Levy and Malaviya, 1999, p. 49). With the nature of the social problem absent from the message, social claims may not be as salient and scepticism may be induced. In order to “make the hidden benefits visible” (Andreasen, 1995, p. 283), Mohr, Webb, and Harris (2001, p. 69) recommend managers “develop marketing communications that provide details about how their companies have helped address specific social issues”. Contextualisation is expected to enhance CSR advertising claim diagnosticity.

#### 4.2.2 *CSR Commitment*

CSR Commitment advertising claims state the firm’s record in the social sphere, but, typically, the lack of objectivity of such claims promotes a climate of scepticism for processors. Rather than objective claims that “associate the brand with tangible attributes and provide specific facts to substantiate the association” (Darley and Smith, 1993, p. 101), CSR claims are typically vague quantifiers, or abstract, rather than calculable or estimable (Pracejus, Olsen, and Brown, 2003/2004). As such, CSR claims are predicted to lack diagnosticity, providing little specification as evidence of the

outcomes achieved by the firm's CSR initiatives, and not allowing consumers to discern between firms committed to CSR and those merely paying lip-service to the construct. Feldman, Bearden and Hardesty (2006) provide an insightful discussion of the effects of message specificity, albeit in an employment advertising context.

A recent study of the prevalence and impact of vague quantifiers in the cause-related marketing (CRM) research (Pracejus, Olsen, and Brown, 2003/4) highlights the case for claim diagnosticity. In an evaluation of 3,414 online CRM offers, Pracejus, Olsen, and Brown found only 4% could be categorised as 'calculable formats', with descriptions of the donation amount that allow consumers to calculate the actual amount donated, 26% could be categorised as 'estimable formats', providing just some of the information needed to calculate the actual amount donated, while 70% were 'abstract' formats, providing consumers with almost no information as the donation amount, instead using *vague quantifiers* such as "a portion of the proceeds will be donated". Pracejus, Olsen, and Brown's finding that CRM donation amount can have a significant impact on consumer choice supports the argument that consumers are interested in being able to evaluate the true level of a firm's social commitment. To this end, CSR advertising claims that are more diagnostic should be of interest to consumers, and potentially inhibit scepticism. Though it is suggested that pro-social campaigns such as CRM are the "easiest way for a company to educate the consumer about its philanthropic activities" (Webb and Mohr, 1998, p. 237), Pracejus, Olsen, and Brown's (2003/2004) research indicates that the dominant use of *vague quantifiers* in these advertising claims creates confusion over the firm's actual donation performance, rather than educating consumers about philanthropic endeavours, and likely hinders persuasion effects.

In her seminal paper on corporate social performance, Wood (1991, p. 711) describes CSR as a “three-way interaction of motivating principles, behavioral processes, and observable outcomes”, but CSR outcomes are difficult to observe. Wood outlines a three-element framework for the evaluation of a firm’s CSR performance through the firm’s CSR outcomes, articulated, variously, as policies, programs, or social impacts. It is expected that the specificity of the outcome stated in the CSR advertising claim, that is, whether the CSR outcome is expressed as the firm’s policy, its program for putting its policy into operation, or the estimable social impacts of its policy and programs, will increase a claim’s diagnosticity. Social impacts are difficult to quantify, with economists having typically used econometric models to demonstrate the superior efficiency of free-market solutions to social problems or assessment devices such as social indicators and audits (Wood, 1991). Yet, Wood (1991, p. 711) argues that the social outcomes of a firm’s CSR initiatives are the only things actually observable and open to assessment: “Motivations are not observable, and processes are observable only by inference. Social impacts of policies, programs, and operations, however, are those visible aspects of corporate social performance (CSP) on which the company’s motives will be judged, its use of responsive processes assessed, and its overall performance determined by stakeholders”.

In the Westpac advertising execution mentioned above, the policy of responsible lending and the program for putting this into practice, the signing of the Equator Principles, were articulated, but any impacts of these initiatives were omitted, leaving the individual free to question or counter-argue the brand’s advertising claims. Consumers may expect such responsible lending to be a minimum baseline of banks’ operating activities, potentially limiting the attention paid to such CSR claims, and a

heuristic judgment might be formed in response, based on a *So what?* reaction. Statements of a firm's CSR *outcomes* expressed as policies or programs are expected to prove less diagnostic than outcomes expressed as social impacts (Wood, 1991), and are expected to therefore be subject to greater scepticism. While a boundary condition of the need to exceed minimum baseline standards of consumer expectations may apply (Creyer and Ross, 1997), statements of specific social impacts of CSR programs are expected to be more diagnostic, and inhibit scepticism.

A boundary condition may affect the role of CSR claim specificity, in that only proactive CSR initiatives that go beyond the minimum baseline standards expected of business, or of firms within a particular product category, may strike a chord with consumers and lead to more positive beliefs (Creyer and Ross, 1997). Information about ethical and unethical actions has been found to have an asymmetrical influence on attitudes, such that vices detract from attitudes more than virtues enhance them (Reeder and Brewer, 1979; Skowronski and Carlston, 1987). This same asymmetry has been observed in consumer responses to CSR (e.g., Sen and Bhattacharya, 2001). If a business merely does what is expected of it, however, that is, it meets consumers' baseline expectations but goes no further, consumers may be unimpressed. Consumers who have high expectations of business in terms of CSR, reflected in their level of CSR Attitude, may be unmoved by firms' declarations of their CSR initiatives, as such initiatives were, indeed, the sort of behaviours expected of the firm at the outset.

#### *4.2.3 Diagnostic CSR-Positioning Congruity*

Scepticism has been found to lessen when companies can demonstrate a long-term commitment to CSR (Pirsch, Gupta, and Landreth Grau, 2007; Webb and Mohr, 1998).



This commitment is reflected in a recent marketplace survey which found 74% of those surveyed indicate they are more likely to pay attention to a company's overall messages when they see that the company has a deep commitment to a cause (Cone, 2004). Cognitive response theory (Wright, 1973) posits that consumer responses to message content lead to support arguments or counterarguments, depending on the consistency between new messages and existing beliefs. For an unfamiliar brand, the existing beliefs about the product category replace brand beliefs (Rossiter and Percy, 1997).

A recent meta-analysis of 52 studies found that while CSR may be linked to positive relationships, the primary conduit of superior financial performance from CSR was via reputation effects (Orlitzky, Schmidt, and Rynes, 2003), validating the importance of strategic institutionalised CSR over shorter-term promotional CSR. Corporate reputation, which signals “about a firm's products, jobs, strategies, and prospects compared to those of competing firms” (Fombrun and Shanley, 1990, p. 233), may provide the heuristic cue to low-involvement judgments, as may source trust or credibility. Darke and Ritchie (2007, p. 116) conclude from the dual process research on trust/distrust that “overall, then, existing evidence indicates that source-specific trust acts as a simple heuristic cue and that source-specific distrust increases the level of objective systematic processing”.

Corporate reputation might be described as “the overall evaluation of the company that stakeholders derive from the various beliefs about it that constitute its corporate image” (Rossiter and Percy, 1997, p. 333). From prior brand associations, or product category associations, consumers may form their attributions for the motivation behind the firm's CSR initiative. In line with dissonance theory and attribution theory, incongruent

associations, those that do not fit prior knowledge structures, are expected to induce scepticism. According to dissonance theory, inconsistency in an individual's cognitive system produces dissonance (Festinger, 1957). Attribution theory (Heider, 1958; Jones and Davis, 1965; Kelley, 1967; Nisbett and Ross, 1980) describes the cognitive processes through which an individual assigns an underlying cause or explanation to an observed event, in terms of an evaluation of the motives of others, and explains how these perceived motives influence response. A clear, congruous market position is important to help reduce consumer uncertainty about firms and their products, and provide a point of differentiation against competitors, (Brown and Dacin, 1997), but also provide consumers an insight into a firm's values and motivations. CSR that is presented as integral to the brand, its values, and its established positioning should serve to inhibit scepticism. Pirsch, Gupta, and Landreth Grau (2007) have found long-term, institutionalised CSR to reduce scepticism.

The clear positioning of a firm's CSR initiatives as integral to the firm's values will influence attributions for the firm's actions. Firms engaging in CSR initiatives typically have mixed motives for their actions (Drumwright, 1996), which have been measured along such continuums as "self-serving to society-serving" and "firm-serving to other-serving" (Barone, Miyazaki, and Taylor, 2000; Boush, Friestdad, and Rose, 1994; Campbell and Kirmani, 2000; Forehand and Grier, 2003; Friestad and Wright, 1994; Lichtenstein et al., 2004), in line with Whetten and Mackey's (2002) minimum boundary condition for any social actor to discriminate between the self and the other. Such attributions have been found to subsequently influence evaluation of the firm. Firm-serving motivations have been found to influence negative reactions (Andreasen, 1996; Campbell and Kirmani, 2000; Drumwright, 1996; Ellen, Mohr, and Webb, 2000;

Forehand, 2000; Webb and Mohr, 1998). When consumers are suspicious of ulterior motives, they may “entertain multiple, plausible rival hypotheses about the motives or genuineness” of the claim (Fein 1996, p. 165). Weiner’s (1980) attribution model illuminates causal dimensions of attribution that lead to consumer beliefs about firms’ CSR actions: (1) the locus of the behaviour (which triggers the CSR initiative); (2) the stability of the behaviour (whether it is consistent or temporary); (3) the controllability of the behaviour (whether it is within the control of the firm).

Based on pre-test results, reported in Chapter Six, CSR Positioning Congruity was merged with CSR Outcomes to form a new variable, CSR Commitment, and therefore a separate hypothesis for positioning congruity is omitted from the discussion. Along these lines, and based on the preceding discussion, the following hypotheses are formed to describe the main effects of increased diagnosticity in CSR advertising claims:

H<sub>1</sub>: Social Topic Information diagnosticity should have a main effect on scepticism toward CSR advertising claims, such that greater diagnosticity should lead to reduced scepticism.

H<sub>2</sub>: CSR Commitment diagnosticity should have a main effect on scepticism toward CSR advertising claims, such that greater diagnosticity should lead to reduced scepticism.

The main effects hypothesised above are illustrated in the model overpage.

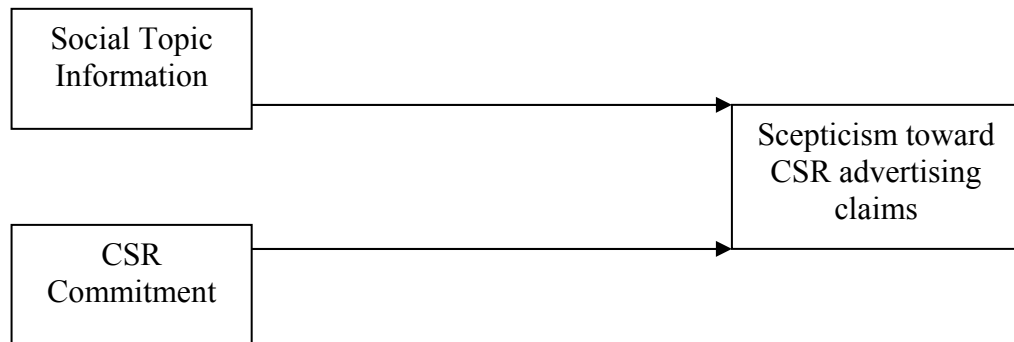


Fig. 4.1 *Claim Diagnosticity Effects on Scepticism toward CSR Advertising Claims*

### 4.3 The Roles of Consumer CSR Attitude, Brand/Product Category Attitude, and Scepticism toward Advertising as Covariates

The impact of claim diagnosticity on scepticism toward CSR advertising claims is expected to be influenced extraneously by several individual characteristics, as personal values held by individuals may influence their evaluations of and behaviours toward companies and products (e.g., Brown and Dacin, 1997). Key covariates to be examined in this study are the consumer's general support for CSR, reported as *CSR Attitude*, support for the product category, reported as *Product Category Attitude*, and general scepticism toward the marketing communication vehicle of advertising, based on the work of Obermiller and Spangenberg (1998) and reported as *Ad Skepticism*.

#### 4.3.1 *CSR Attitude*

The extent to which one believes that business has a social responsibility to society that extends beyond purely economic accountabilities is expected to influence how information of firms' CSR initiatives is perceived (Maignan, 2001). Whether consumers

expect business to be socially responsible, and the extent of that social responsibility, is expected to influence their assessment of CSR advertising claims. Consumers who ascribe a high responsibility for pro-social conduct to firms might be expected to welcome information of CSR initiatives; consumer support for the CSR domain has been positively linked to support for the firm engaging with that domain in its CSR program (Sen and Bhattacharya, 2001). Conversely, consumers with a low ascription for CSR may discount CSR advertising claims, even considering that such brand attributes come at the expense of other more functional attributes, such as price or quality (Sen and Bhattacharya, 2001). It has been suggested that many people believe there is a responsibility not to do harm, but do not automatically believe that others have a right to be helped (e.g., Folkes and Kamins, 1999; Spranca, Minsk and Baron, 1991). In short, if consumers believe it is not the place of business to concern itself with, and use its resources in relation to, non-economic activities (e.g., Friedman, 1970), CSR advertising claims may well be met with negativity, even hostility, leading to biased claim processing, which might ultimately influence scepticism.

#### *4.3.2 Ad Skepticism*

The normative model of advertising is that advertising is seen as a source of information to aid consumer choice, however, consumers have been found to be defensive toward advertising in general (Mittal, 1994), or simply distrust advertising (e.g., Obermiller, Spangenberg, and MacLachlan, 2005). Consumer research has typically found a negative attitude toward the motives of marketers (Boush, Friestad, and Rose, 1994; Calfee and Ringold, 1994; Mangleburg and Bristol, 1998). This distrust, or scepticism, arises simply because the marketing communications vehicle is advertising (e.g., Friestad and Wright, 1994; Obermiller and Spangenberg, 1998). Calfee and Ringold

(1994) found widespread consumer scepticism toward advertising, and concluded that the majority of consumers perceive advertising to be often untruthful.

Obermiller and Spangenberg (1998) capture this general scepticism toward advertising, related to persuasability across individuals, which they refer to as *Ad Skepticism*. Ad Skepticism is a marketplace belief rather than an enduring personality trait, and advertising sceptics are likely to be: (1) less attentive to advertising; (2) less inclined to form beliefs consistent with ad claims; and (3) more likely to counter-argue with ad claims and derogate ad sources. This tendency is related to accumulated consumer experiences and general persuasability (Obermiller and Spangenberg, 1998), age and educational level (e.g., Boush, Friestad, and Rose, 1994), and marketplace knowledge (Mangelburg and Bristol, 1998). Darke and Ritchie (2007) further implicate marketplace knowledge as a source of scepticism, finding that the claim-fact discrepancies of misleading advertising cause consumers to become defensive and suspicious of the firm's future advertising, and that the deceptive advertising of other advertisers will spill-over into suspicion of firms that have previously enjoyed a good reputation. Based on in-depth interviews, Coulter, Zaltman, and Coulter (2001) have identified three groups in terms of their disposition toward advertising: ambivalents, sceptics, and hostiles. Obermiller, Spangenberg, and MacLachlan (2005) find that more sceptical consumers generally like advertising less, rely on it less, attend to it less, and respond more positively to emotional appeals than to informational appeals. These authors also find advertising inspires the greatest amount of scepticism among different communication techniques.

The use of advertising is therefore expected to influence the link between CSR information presented to consumers and scepticism toward that information. One's level of *Ad Skepticism* (Obermiller and Spangenberg, 1998) is expected to influence overall scepticism toward specific CSR advertising claims.

#### *4.3.3 Product Category Attitude: Retail Banks*

Cognitive response theory argues that consumers' cognitive responses depend on the newness of the 'product' to the respondent: prior brand attitude for a familiar brand, prior attitude to the product category for a new brand in a familiar product category, or from the advertisement itself when there is no prior attitude if the situation is a completely new product for the respondent (Rossiter and Percy, 1997). As this study tests responses to an unfamiliar brand, product category attitude, rather than brand attitude, is of interest. Product category attitude reflects a consumer's prior disposition towards the product category, which, according to cognitive response theory, will lead to support arguments or counterarguments, depending on the consistency between new messages and existing beliefs (Wright, 1973).

Mangelburg and Bristol (1998) found advertising scepticism to be positively related to marketplace knowledge, which can be referred to when consumers process ad claims. Marketplace knowledge may refer to knowledge of the product category or the specific firm. According to retrieval strategy, a new stimulus will cause the retrieval of association with other thoughts in active memory (Tybout, Calder, and Sternthal, 1981), so, if a known brand, current brand beliefs, including brand attitude or preference, will be important, but if a new brand, the judgments of the product category (attitude/preference) will be important. A firm's attempt to *reposition* itself as being

socially responsible, that is, alter how the brand is perceived by consumers in terms of CSR relative to competitor brands, may be called into question. Consumer scepticism toward the repositioning attempts of the Danish telecommunications company, TDC, provides one example of this prejudicial effect (Morsing, 2006).

Bhattacharya and Sen (2004) suggest that some industries, such as *sin* industries, like gambling or alcohol, or extractive industries, such as mining or oil companies, are more vulnerable to criticism because of the inherent nature of their business, while other industries that already operate with high levels of CSR activity may set the minimum requirement of CSR quite high for other firms within that industry to be able to legitimise and differentiate their CSR claims. Consumers may discount the claim's validity if the company is "stigmatized beforehand with a bad reputation or if a company is experiencing a legitimacy threat such as a corporate scandal" (Morsing and Schultz, 2006, p. 332). Claims that are incongruous with held beliefs may simply be called into question, in line with Margolis's (1987) cognitive theory that perceivers' first mental step is to decide if a claim looks right.

Attributions are potentially prone to influence because they are constructed through an interaction of event-related information with the observer's prior beliefs (Folkes, 1988). Biases due to prior beliefs have been shown to influence consumer judgments in product harm crises. Dawar and Pillutla (2000), for example, found consumers' interpretations of firms' responses to product-harm crises were influenced by prior expectations about the firm based on accumulated experience with the firm and knowledge of its past behaviour. In a field experiment to investigate the response by consumers to a real-world example of CSR philanthropy, Sen, Bhattacharya, and



Korschun (2006) find the positive results for such CSR activities are moderated by beliefs about the perceived genuineness of the firm's motives. Becker-Olsen and Hill (2006) find that perceived proactive, public-serving motives enhance attitudes toward the firm, while firm-serving motivations are likely to diminish attitudes towards the firm, in line with prior research demonstrating that more positive attributions are linked to more positive attitudes and behavioural intentions (e.g., Eagly and Chaiken, 1975). Therefore, Product Category Attitude ([retail banks](#)) is predicted to influence the effect of diagnosticity on Scepticism toward CSR Advertising Claims.

#### *4.3.4 Product Category Attitude: The Arms Trade*

Extant research indicates that consumer support for a CSR cause is linked to sensitivity to the firm's CSR initiative (e.g. Sen and Bhattacharya, 2001). The CSR issue must be considered a product category in the same sense as the industry sector the firm is operating in. Albeit in a social marketing context, Rossiter and Bellman (2005, p. 435) argue, "there will be two brands to potentially be repositioned – the 'bad' behaviour and the 'good' behaviour." This 'bad' behaviour is what Obermiller (1995) refers to as the 'sick-baby appeal', while the 'good' behaviour is the 'well-baby appeal'. The approach taken in this study is somewhat different to this social marketing context, but is structurally similar. Here, the ad presents the Social Topic Information about the 'bad' behaviour of the effects of the arms trade before framing the firm's 'good' behaviour of its CSR initiatives in relation to the arms trade, making the social issue an important element of the ad to engage the study participant.

#### **4.4 Conclusion**

CSR advertising claim diagnosticity contextualises the firm's CSR initiatives in terms of alleviating a particular social problem, and degree of strategic commitment to, or the extent to which it has institutionalised CSR within its activities. High CSR claim diagnosticity is expected to inhibit overall scepticism toward CSR advertising claims, however, general CSR Attitude, Product Category Attitude, and Ad Skepticism are predicted to have an extraneous influence on this relationship, and are therefore treated as covariates in the study. The following chapter describes the methodological process to be followed in order to test the above hypotheses and validate the proposed model.

## CHAPTER 5: METHOD

The previous chapter developed a model to describe the role of CSR advertising claim diagnosticity in influencing overall scepticism toward CSR advertising claims, and stated hypotheses to test this model. This chapter describes the methodological process to be followed in order to test these hypotheses and validate the proposed model. The chapter includes discussion of pre-tests and pilot study prior to the main study, and reports the results of these preliminary studies, and their impacts on the design of the main study.

The study is to be conducted in the context of the retail banking sector. This product category is chosen as: (1) it represents an active business sector with respect to CSR and CSR marketing communications, illustrated by the fact that Westpac has dominated Australia's annual Corporate Responsibility Index since its introduction in 2003, being adjudged the most socially responsible of the companies participating, 2004-7 consecutively, while other banks now imitate Westpac's CSR approach, and banks have been active in advertising their CSR credentials in recent years (e.g., Westpac's *responsible lending* campaigns of 2007 and 2008); (2) for the consumer, banking is a high-involvement service, characterised by being important to the consumer, risky, and infrequently purchased, with consumers engaged in complex buying behaviour as a consequence (Kotler, et al., 2006); (3) major brands in the Australian banking sector have experienced considerable consumer disaffection over the past decade, due to unpopular operational practices, such as the introduction of fees and the closure of retail branches in rural areas (Beal and Delpachitra, 2005), which may predispose consumers to negative judgments of the banking sector, and banks' asserted CSR initiatives.

It should be noted that investigating a high-involvement processing task is important as consumers process information actively before making a purchase decision, whereas for a low-involvement context, cognitive processing is minimal. Prior examinations of consumer responses to CSR initiatives have typically relied on *shopping goods*, that is, “goods that the consumer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price and style” (Kotler, et al., 2006, p. 374), such as athletic shoes and soaps (Auger et al., 2003), computer printers and calculators (Sen and Bhattacharya, 2001).

## **5.2 Approach**

The hypotheses predicted in this study are to be tested using a between-subjects experimental design. The experimental approach is considered appropriate as the objective of the study is to test a theory of causation by controlling one or more predictor variables and assessing their effect on the dependent variable (Hair et al., 2006). Each participant is to process one treatment of a company’s CSR-related advertisement that is varied along two dimensions: social topic information, and the specificity of information about the company’s CSR commitment, where commitment is signalled by social impacts of the firm’s involvement and the duration of that CSR involvement, the latter signalling CSR positioning congruity.

Initially, as will be discussed in the Pre-test section below, CSR Commitment was separated into two distinct variables, CSR outcomes and CSR positioning congruity, however, based on the pre-test results, these two variables were collapsed into the one variable. Further, while the initial design manipulated the three independent variables at just two levels, low and high, the revised independent variables were manipulated at

three levels, low, moderate, and high, in order to graduate the levels of information specificity through a broader range of detail. Three levels of manipulation also permits investigation of potential issues suggested by the cognitive resource matching hypothesis (Anand and Sternthal, 1989). This yielded nine (3 x3) different experimental treatments, with cell size of approximately 40 respondents for each condition.

As participants will be instructed to read the advertisement carefully, the experiment takes the form of a forced-exposure advertising copy test. Three examples of the nine print advertisement treatments, the high/high, moderate/moderate, and low/low treatments, appear in **Appendix A**. The advertisements feature a fictitious retail bank brand (a UK-based bank planning to enter the local market), in order to avoid the confounding effects of existing beliefs and attitudes toward a familiar bank brand.

The study consists of several pre-test phases and a pilot study prior to the main study. The pre-test phases develop and refine the stimuli to be used in the main study, while the pilot study is conducted in order to pre-test the final experimental stimuli and question protocol. Target advertisements have been manipulated on the two independent variables, information about the social topic engaged – the arms trade – and the fictitious bank brand’s CSR claims in relation to the arms trade. As is customary with advertising studies, participant responses include a thought listing task, or net-favourableness index, initially self-rated by participants (for a discussion, see Spears, Brown, and Dacin, 2006), and later *content analysed* by three independent raters. Other key data is to be generated from a bank of questions that seek responses to a number of scale items and capture demographic data.

The constructs of interest, reflected in the scales used, include the perceived Diagnosticity of the stimulus object, the potential covariates of *Ad Skepticism (Ad Skep)*, *Product Category Attitude*, and *CSR Attitude*, and the dependent variable, *Scepticism Toward CSR Advertising Claims*. The influence of the covariates, *Need for Cognition* and *Involvement*, is also to be investigated. Post-exposure to the experimental stimulus, a print ad for Premier Bank, participants will respond to the target advertisement, first completing the thought-listing task, followed by the measures of the dependent variable, manipulation checks, and demographic characteristics. The questions designed to provide measures of individual characteristics - *Ad Skepticism*, *Product Category Attitude*, and *CSR Attitude*, and the covariates, *Need for Cognition* and *Involvement* – are to be counterbalanced, with half the participants seeing these questions prior to being exposed to the target advertisement, and the remaining half receiving these questions after exposure to the treatment and responding to treatment-specific questions. Analysis of variance is to be conducted to ensure the order of exposure is a non-significant variable. The next section details the development of the stimuli to be used in the main study.

## **5.2 Stimuli Development and Pretesting**

Based on the literature reviewed in previous chapters, the initial design to be pre-tested was based on three independent variables, *Social Topic Information*, *CSR Outcome Specificity*, and *CSR Positioning Congruity*, manipulated at two levels of diagnosticity, low and high. Two levels of manipulation were tested initially in order to examine participant confirmation of diagnostic extremes. Based on this 2 x 2 x 2 factorial design, eight print advertisements containing body copy based on the high/ low manipulations of the study's three independent variables would initially be needed for pre-testing.

To design the advertisements, the first pre-test involved the choice of a social issue, around which the brand could build its CSR initiatives, and selection of the fictitious brand name to be featured in the target advertisements. The second phase involved pre-testing manipulations of the diagnosticity of the study's independent variables, that is, the manipulated informational content of the target advertisements. The third phase involved pre-testing the eight completed advertisements in the online environment, the same environment as that to be used in the main study, in order to check variable manipulations. Following this pre-test, changes were made to the experimental design, with two of the initial variables collapsed into one and manipulation increased from two to three levels. In line with these changes, new advertising stimuli were developed and pre-tested, offline. On the basis of this pre-test's results, a small pilot study was conducted online prior to the main study. Discrete groups of participants, representative of the sample frame for the main experiment but excluded from subsequent participation in the study, were to be used for all pre-tests and the pilot study. The following sections outline these pre-test phases and pilot study.

#### *5.2.1 Pre-test for Social Issue*

The first pre-test was to determine a social problem that a retail bank might plausibly engage with, but one which enjoys generally low consumer awareness and familiarity. A low-awareness CSR initiative was sought as extant research finds consumers are generally unaware of the social problems firms' CSR programs engage with (e.g., Auger et al., 2003; Pomeroy and Dolnicar, 2008; Sen and Bhattacharya, 2001), and this unawareness would therefore allow testing of any contextualisation impact of diagnostic

social topic information. The second phase of this pre-test was used to determine a suitable fictitious brand name to use in the main study.

A small group of consumers (n= 35), representative of the sample frame from which the subjects for the main experiment were to be drawn, was used for the first pre-test. To identify a social topic to be used as the focus of the bank's CSR initiatives, participants indicated the extent to which they felt familiar with a range of contemporary social issues. For the list of social issues, the social concerns of the UK's Co-operative Bank, a real retail bank brand, were used. These included climate change, genetically-modified foods, human rights, animal welfare, and the arms trade. Participants' awareness with each of these various social issues was measured on a seven-point scale, anchored by "Not very familiar" and "Very familiar". The arms trade was chosen as it was the least familiar social issue (mean=2.66, compared to its nearest rival, animal welfare, with a mean=3.60).

### 5.2.2 *Pre-test for Brand Name*

While many international banks operate in the local market, a fictitious UK-based bank, contemplating entering the local market, was to be used, and therefore a range of potential brand names was pre-tested to choose the most likely-sounding name for such a bank. From this same pre-test sample, participants were asked to what extent, on a seven-point scale anchored by "Not very suitable"/"Very suitable", eight real or fictitious bank brand names were considered suitable for a UK-based global bank. As a result, the brand name chosen for the bank was *Premier*, a fictitious UK bank brand (mean= 5.00, compared to its nearest rival, the Co-operative Bank, a real brand, with a



mean=4.54). A fictitious brand is also preferred in order to avoid potential confounds with a familiar brand name, and inherent brand associations, attitudes, or beliefs.

A modified version of the arms trade initiatives currently undertaken by the UK's Co-operative Bank was used to develop the advertising copy for initial testing of the ads. As this bank is recognised as the UK's most ethical and socially responsible bank, actively pursuing CSR initiatives related to animal welfare, human rights, and the environment, as well as the arms trade, using such contemporary issue claims offers the potential to enhance external validity. Advertising copy was then developed around high- and low-diagnosticity manipulations of the three independent variables. These manipulations were tested in the next pre-test phases, discussed in the sections that follow.

### *5.2.3 Scenario Pre-test of Independent Variables for Advertising Copy*

With the preferred social issue and brand name identified, the next pre-test was to check diagnosticity manipulations of the study's independent variables in the proposed advertising copy. Copy to be rated highly diagnostic in terms of social topic information was designed to convey a sense of the gravitas of the arms trade, while low-diagnosticity copy merely mentioned the arms trade but provided little in the way of useful, specific or substantial information. High diagnosticity claims of the firm's CSR outcomes provided specific detail of impacts the firm's CSR initiatives had had in relation to the social issue, the arms trade, while low-diagnosticity CSR outcomes were expressed in terms of policies or programs rather than specific social impacts. This approach was guided by Wood's (1991) expectation that social impacts would prove more diagnostic than less outcome-specific CSR information on a firm's policies and programs. High-diagnosticity CSR positioning congruity was to convey a sense of the

firm's having a history in regard to such CSR initiatives, while in the low-diagnosticsity manipulation of this variable any suggestion of a history of such social initiatives was omitted. As such, a long-term commitment to CSR initiatives was expected to signal what Wood (1991) and Pirsch, Gupta, and Landreth Grau (2007) refer to as *institutionalised* CSR, while the absence of such a signal might be expected to suggest a shorter-term, more *promotional* approach to CSR. Pirsch, Gupta, and Landreth Grau argue the latter approach, as it might provoke questioning or counterargument, should be more prone to consumer scepticism.

The pre-test of these manipulations was conducted among 56 undergraduate, final-year marketing students at a large metropolitan university, qualified for membership of the product category and randomly assigned to test either the low or high manipulation of the independent variables. Half the subjects tested the three independent variables manipulated at the High level, while the remaining half tested these variables manipulated at the Low level. Subjects did not test the manipulations as drafted print advertisements, however, but instead read the manipulated advertising copy assertions as scenarios, in a simplified narrative format, and then answered the questions that followed. That is, the claims were presented without such advertising execution elements as tone, image, header, and tagline.

Participants were first presented with the social topic information about the arms trade, manipulated at either the high or low level, and then responded to questions to indicate the extent to which they learned something new about the international arms trade from the information, the extent to which they felt they were informed about the arms trade as a social issue, and the extent to which the extract suggested the arms trade is a serious

problem for society. All statements were measured using seven-point semantic differential scales, anchored by Strongly disagree/Strongly agree.

Once responses to the social topic information were completed, participants then turned the page and read the manipulated assertions of the firm's CSR initiative outcomes and then gauged the congruity with the brand's positioning, signalled by the stated duration of these initiatives. To measure the diagnosticity of the CSR information, participants were asked to indicate the extent the information allowed them to evaluate the firm's social contribution, whether the firm was genuinely interested in fixing the social problem, and how socially responsible they could describe the firm to a friend. Seven-point scales were used, anchored by Not very useful/Very useful, Not very genuine/Very genuine, and Not very socially responsible/Very socially responsible, respectively. As a measure of processing ease, participants were also asked to provide a measure of the perceived ease of processing of both the information on the arms trade and the firm's CSR claims. Processing ease was measured on a seven-point scale, anchored by Very difficult to understand/Very easy to understand. As an involvement measurement, participants were also asked to indicate the extent they concentrated while reading the information. A seven-point scale was used, anchored by Concentrating very hard/Concentrating very little.

#### *5.2.4 Development of Advertisements / Stimuli*

Following the scenario-based copy pre-test, copy manipulations were amended and eight advertisements were professionally designed to be pre-tested in the same online environment as the eventual main experimental study. The advertisements were designed in accordance with the attention tactics recommended for high-Involvement

brand preference informational print advertising executions (Rossiter and Bellman, 2005). All eight advertising executions for the different treatments were identical except for the body copy, to avoid confounds due to differing the ads on relevant dimensions, such as visual imagery and tone (see Herr, Kardes, and Kim, 1991, p. 455 for a discussion). The advertisements featured a large, attention-getting full-colour image, headline, body copy, tagline, brand name/brand mark, and contact details. Body copy was kept approximately the same length for each treatment (192 - 199 words) to ensure a similar processing load across treatments. It is worth noting that this is at the top end of the copy length recommended for such informational print advertisements; Rossiter and Bellman (2005) recommend body copy of between 50 and 200 words for such informational print advertising executions.

The revised advertising copy again manipulated the diagnosticity of the social topic information either High or Low by providing some level of detail of the social problem, the arms trade, or, alternatively, provided a non-specific, comparatively uninformative mention of the social issue. Diagnostic outcomes of the firm's CSR initiatives provided specific, clear, measurable impacts of what the firm had achieved in relation to the social issue, while less diagnostic information merely conveyed expressions of policy and/or programs. To indicate the CSR-brand positioning consistency, the copy either indicated the firm had a long-term commitment to the social issue, stating this in terms of years, or else omitted any indication of the duration of the firm's concern for the social issue. The image to be used in the study, held constant across treatments, was chosen from a bank of arms trade-related images in consultation with the professional creative advertising designer.

### 5.2.5 *Pre-test of Advertisements (Online)*

To test the eight advertisements in the same online environment as to be used in the main study, a small sample of approximately 160 target consumers ( $n = 20-25$  per treatment) was used, qualified on the basis of age and retail banking product category membership, and randomly assigned to the different treatments. To confirm the suitability of the experimental manipulations of the three variables, respondents were asked a total of three questions, similar to those used in the previous pre-test, and are presented in the table below. One question was asked in order to check each of the three independent variables' manipulation. Additionally, responses to four other questions were sought in order to gain an understanding of: (a) involvement with the arms trade in the local marketplace; (b) the expectation for business to be socially responsible; (c) the appropriateness of time expressed in years as a measure of commitment to a CSR issue; and (d) the general disposition toward banks in the local marketplace. The seven statements, reported on a seven-point scale, anchored by Strongly disagree/Strongly agree, are provided in Table 5.2, below.

1. I learned something new about the arms trade from the ad.
2. The ad allows me to judge whether Premier Bank is acting responsibly in terms of the arms trade.
3. Premier demonstrates a genuine commitment to minimising the harm of the arms trade.
4. I think the international arms trade is a problem for society.
5. I think business should be responsible for its impact on society and the environment.
6. I can judge how committed a business is to a social or environmental issue by the number of years it has been working with that issue.
7. My general attitude toward banks is very positive.

*Table 5.2      Online Pre-test Questions of Draft Advertisements*

It must be noted that the relatively small numbers of observations in each condition will make any experimental effects expected to be seen in this pre-test quite small. With this relatively small sample, it is expected that only relatively large differences in means will be detected. The results of this pre-test are presented in the next chapter. Following this pre-test, the three variables were collapsed into two, with CSR Outcomes and CSR Positioning Congruity represented in the new variable, CSR Commitment, and ad copy was again manipulated to achieve greater discrimination between levels. It was also decided to manipulate the two variables at three levels, at low, moderate, and high diagnosticity, for the next pre-test stage. It was decided for this pre-test to be conducted offline, rather than use the online consumer panel, to allow greater flexibility in obtaining feedback from participants. This stage is discussed in the following section.

#### *5.2.6 Pre-test of New Advertisements (Offline)*

New advertisements were developed to be tested using a discrete, small sample of respondents reflecting the target population (n=24, with eight participants viewing each treatment). Whereas the full-factorial design's eight ad treatments had been tested in the previous online pre-test, only three treatments were developed for this stage of testing, High/High, Moderate/Moderate, and Low/Low for the two variables, Social Topic Information and CSR Commitment. This was done to test for perceptions of diagnosticity across these clearly manipulated levels. Once the manipulations were adjudged to suitably represent the three discriminating levels, the nine treatments of the full-factorial design would be developed for the pilot study. The results of this pre-test, presented in the following chapter, highlighted the difficulty of manipulating diagnostic information about the arms trade and the chosen brand's CSR commitment in relation to this social issue, but provided encouraging support for the manipulation of the two

variables at the high, moderate, and low levels. As well, additional questions were added to the basic manipulation pre-test question bank, including several open-ended questions, in order to provide a greater understanding of respondents' ad-processing perceptions.

Two open-ended questions were: (i) (immediately post-exposure to the ad treatment) "First, please take a moment to write down any thoughts and/or feelings you had while reading the ad", and (ii) (following the stimulus-related questions) "Please write down any thoughts and/or feelings (e.g. surprise, confusion) you had during your reading of any of the above questions". Also, as these pre-tests were conducted in small groups, further respondent insights were gained through focus group-style discussions following participants' completion of the questionnaire, prior to being de-briefed about the study and thanked for their participation (participants were offered a small reward for their participation, which could have been taken as an open voucher at the local book store, a contribution to a University of Wollongong Black Opal students' trip to Thailand for the purpose of constructing houses for local communities, in cooperation with *Habitat for Humanity Australia*, or a combination of half of each of these).

As the image to be used across all treatments was quite a powerful and negative one, reactions to this element of the ads' execution was of particular interest. Response to the image to be used in the advertisements was measured by seeking participants' response to the statement: "The image in the ad induced a feeling of anger in me before I read the ad, measured on a seven-point scale, anchored by Strongly disagree/Strongly agree. As well, comments in response to the first open-ended question, provided in the previous paragraph, would likely reveal cognitive and/or affective reactions to the image during

processing, and the post-questionnaire group discussion would provide another avenue for these reactions to be explored. Following this pre-test stage, the nine treatments and main study question protocol were to be tested in a pilot study, discussed next.

#### 5.2.7 Pilot Study

On completion of the pre-test of the revised advertising treatments ( $X=3$ ), the full-factorial experimental protocol was piloted in the online environment with a small, discrete sample of the target population ( $n=40$ ), randomly assigned to treatments. As the study questions had either been subjected to extensive trial and modification during the pre-tests, or were taken from existing construct scales in extant research, it was considered a small, discrete sample was sufficient for this stage of the design's development. It was decided to proceed directly to data collection for the main study on the basis of the stimuli and questionnaire developed to this point. The pilot study results are described in the next chapter. The remaining sections of this chapter describe the procedure to be undertaken in conducting the main study.

### 5.3 Main Study Procedure

The data is to be collected using an online permission-based consumer panel, accessed using the database of a commercial market research firm, *Research Now*, covering the national market. Randomly drawn panel members, representative of the Australian adult population based on basic Australian Bureau of Statistics socio-demographic profiles, are to be invited via email to participate in the study, with the online interface closed once the required number of qualified respondents for each treatment is met. A total of approximately 360 responses is needed, 40 responses per treatment for each of the nine treatments; Hair et al. (2006) recommend a group size minimum of 30, noting that fewer



than 30 members may prevent obtaining the required power, especially if effect sizes are small. While the use of an online data gathering method may appear to skew the sample towards the more technologically able members of the local population, given the level of internet penetration in the local market is 72% of the population, and internet banking is among the top three online activities ([www.business.nsw.gov.au](http://www.business.nsw.gov.au), 2007), the resulting sample is argued to be representative of the population of interest. All participants are to be randomly assigned to one of the nine experimental treatments.

Subjects are to be instructed that a UK-based bank is planning to enter the local market and has engaged the University of Wollongong\* to seek insights from a small group of local consumers' into a potential market-entry advertising approach (\* *The clearly-stated involvement of the University of Wollongong is a requirement of the Ethics Committee of the University of Wollongong*). Upon deciding to participate in the study, panel members are directed to the emailed link to start the experiment. Having qualified for membership of the retail banking product category, participants will commence the study either by completing scale items to measure their individual characteristics of CSR Attitude, Ad Skepticism, Product Category Attitude, Need for Cognition, and Involvement, or viewing the target advertisement. In order to minimise carryover effects, the order will be counterbalanced. If viewing the advertisement, participants are to be advised to examine the ad carefully with the objective of forming an evaluation of the bank. The first post-exposure questions are to measure the dependent variable. Manipulation checks will be included to ensure internal validity. Questions to capture participants' basic demographic details will also be included.

Participants are also to be advised there are no right or wrong answers to the study's questions. In spite of this instruction, any processing bias is to be ascertained as part of the study; toward the end of the study participants are to indicate whether they thought they were expected to rate the advertisement favourably, unfavourably, or not either of these by the researcher. Under *forced-exposure* copy-testing conditions, they are to be assured that all responses are anonymous, and instructed to take as long as they need to read the advertisement before turning to the questions. The importance of answering all questions in the study is to be stressed. Failure to answer all questions will cause a prompt to appear on the participant's computer screen, highlighting the unanswered question.

Upon completion of the study questions, participants are to see a message from the Ethics Committee of the University of Wollongong, in which they will be advised that the study is not for the purpose indicated at the outset, but instead is a purely academic study, not for commercial use, designed to assess how consumers respond to different levels of detail involving social issue information in advertising. The participant is to be advised that the initial instruction was given in order to simulate the desired processing conditions for consideration of an unfamiliar brand's advertising message, and that if they do not wish to proceed with submission of their responses they may check the *Decline* box, without jeopardising receipt of the nominal reward they customarily receive for participation in the study. Having acknowledged that they are aware of the actual purpose of the study and checking the box requiring their agreement, a qualification required by the Ethics Committee of the University of Wollongong, participants will then be able to submit their responses. Upon submission, participants

will be thanked for their valuable assistance. The requirement of the Ethics Committee is to act in lieu of the customary debriefing at the end of such experimental studies.

## **5.4 Data Collection**

As well as measures of the dependent variable, scepticism toward CSR advertising claims, the study includes measures of the three covariates, CSR Attitude, Product Category Attitude, and Ad Skepticism, the two covariates, Need for Cognition and Involvement, demographic characteristics, and manipulation checks in the other. Existing scales, or modified versions of existing scales, are employed to measure these constructs. The constructs, and any modifications thereof, will be discussed in the following sections.

### **5.4.1 Covariates**

Obermiller and Spangenberg's (1998) Ad Skepticism (*Ad Skep*) scale will be used to measure this theorised intervening influence on consumer scepticism to CSR advertising claims. *Ad Skep* consists of nine questions, which indicate one's "general tendency toward disbelief of advertising claims" (Obermiller and Spangenberg, 1998, p. 159). *CSR Attitude* provides a measure of the extent to which one ascribes a social responsibility, beyond mere economic responsibilities, to business. This construct is measured using four items, taken from Maignan's (2001) 16-item scale. The justification for the reduction from 16 to four items, originally used by Maignan to evaluate support for Carroll's (1979) four types of social responsibility, is based on Rossiter's (2002) COARSE argument for scale-development; the Object and Attribute classification steps of this argument recommend when to use single-item versus

multiple-item scales. These four items are to be summated and averaged to reflect a consumer's *CSR Attitude*.

As an unknown, fictitious brand, Premier Bank, is used, prior brand attitude is not relevant, but, as consumers may hold prior beliefs and attitudes towards the product category, retail banking, which are likely to influence their message processing, a measure of product category attitude is used instead. Based on Bergkvist and Rossiter's (2007) finding that there is no difference in the predictive validity of the multiple-item and single-item measures of brand (here, product) attitude, a single-item measure of *Product Category Attitude* is used in this study. Using a seven-point scale, anchored by Very negative/Very positive, participants are asked their general attitude toward banks. Given the inclusion of lengthier scales in the study, it might be argued that this, single-item scale reduces the likelihood of survey fatigue for the participant.

#### *5.4.3 The Dependent variable- Scepticism toward CSR Advertising Claims*

As an important element of the scepticism measure must be the respondent's belief or disbelief of specific advertising claims, as suggested by Forehand and Grier (2003), a measure of these beliefs must also be included. The level of belief of the two distinct information variables that comprise the advertisement's copy should provide greater insight into the nature of any scepticism towards the CSR claims. That is, scepticism toward the social topic information presented should be considered along with the information presented about the company's CSR outcome claims, as well as overall scepticism toward the advertisement. In this way, the impact of disbelief of the social issue information on disbelief of the firm's claims in contributing to overall scepticism can be understood.

Advertising such as that used in this study essentially features two product categories, the social topic (in this instance, the arms trade) and brand or type of business (in this instance, the unknown UK Premier Bank). This important point is discussed, albeit in relation to social marketing campaigns, by Rossiter and Bellman (2005), who note, “In practice, there will be at least two brands to potentially be positioned – the ‘bad’ behaviour and the ‘good’ behaviour” (p. 435). It is asserted here that CSR advertising claims should follow a similar format to social marketing advertisements, such as the *sick baby/well baby* (Obermiller, 1995) structure discussed earlier, and should therefore be assessed in terms of each part as well as the overall whole.

To measure scepticism toward the social topic information provided in the advertisement, a single item will be used: “I believe the information in the ad about the arms trade”, anchored by Strongly disagree/Strongly agree on a seven-point scale. To identify belief of the firm’s CSR claims, the extent of participants’ agreement was sought to the statements: “I believe the information in the ad about Premier Bank’s achievements”; and “I believe Premier does what it claims to reduce the impacts of the arms trade”, measured on a seven-point scale and anchored by Strongly disagree/Strongly agree. This level of analysis therefore provides greater understanding of the individual drivers of overall belief or disbelief, invaluable in understanding how manipulation of the two independent variables interact with each other to induce or inhibit overall belief or disbelief of the CSR advertising message.

To measure overall scepticism toward Premier Bank’s CSR advertising claims, Du, Bhattacharya, and Sen’s (2007) *CSR Beliefs* scale is used. This scale consists of two

items: “Premier seems like the sort of bank I can believe”; and “I think Premier is a socially responsible business”, both measured on a seven-point scale anchored by Strongly disagree/Strongly agree. Rather than interrogate specific belief levels about the social topic or what the firm claims it is doing/has achieved in relation to this social issue, this overall assessment captures both elements of Forehand and Grier’s (2003) conceptualisation of scepticism, a conceptualisation that includes belief of the claim and attributions toward the motivations of the firm for participating in and advertising its CSR initiatives.

#### 5.4.3 *Manipulation Checks*

Manipulation checks are included in order to corroborate the manipulations of the independent variables established in the pre-test phase. For the manipulation of the two independent variables that make up CSR advertising claim diagnosticity, Social Topic Information and CSR Commitment, participants will be asked the extent to which the advertisement’s content was diagnostic, or enabled them to judge informativeness. This will firstly be done based on perceptions of the two variables manipulated within the ad copy, then for the advertisement overall. Three questions, summed and averaged, are used to measure the diagnosticity of the information about the social topic, the arms trade: “The ad is informative about the arms trade”; “I learned something new about the arms trade from the ad”; and “The ad makes it clear that the arms trade is a problem for society and why”. Three further questions, summed and averaged, are used to measure the diagnosticity of the information about the firm’s CSR commitment: “The ad is informative about what Premier is doing to help reduce the effects of the arms trade”; “The ad describes what Premier is doing to reduce the effects of the arms trade”; and “It

is clear from the ad that Premier Bank is against the arms trade”, also measured using a seven-point scale, anchored by Strongly disagree/Strongly agree.

## **5.5 Data Analysis**

The relationships of the proposed model, including moderation effects, will be analysed by regression analysis, “a multivariate statistical technique used to examine the relationship between a single dependent variable and a set of independent variables” (Hair et al., 2006, p. 188). As the study involves multiple comparisons of treatment groups, analysis of variance (ANOVA) will be used to test whether the entire set of sample means suggest the samples were drawn from the same general population, and the probability that differences in means are due solely to sampling error (Hair et al., 2006). ANOVA also permits the testing of more than one independent variable, affording greater insights into the research problem (Hair et al., 2006). Analysis of covariance (ANCOVA) will also be conducted “before the effects of the experiment are calculated” (Hair, et al., 2006, p. 406) to take out any differences due to the covariates: ad skepticism, CSR attitude, product category attitude, and attitude to the *social issue product category* of the arms trade. The statistical software package used was SPSS. The following chapter provides an analysis of the study’s data.

## **CHAPTER 6: PRE-TESTS AND PILOT STUDIES**

The previous chapter discussed the method to be used for this study, a full-factor, between-subjects experimental design advertising copy test, with two independent variables manipulated at three levels, and outlined the pre-test and pilot stages undertaken in preparation of the design of the main study. This chapter reports the results of the pre-tests and pilot study. The CSR advertising claims featured in the study involved CSR initiatives related to the social issue of the arms trade for Premier Bank, an unknown retail bank brand, headquartered in the UK and contemplating entering the local market. The results presented here commence with the pre-test of the manipulated scenarios of the proposed advertising copy, in particular, measures of the manipulation of Social Topic Information, CSR Outcomes, and CSR Positioning Congruity.

### **6.1 Results of Scenario Pre-test of Diagnostic Advertising Copy**

This pre-test of scenarios presented in text only, not as draft print ads, was conducted using a sample of the target consumers (18 years of age or over and consumers of the retail banking product category), composed of final year, undergraduate marketing students ( $n=56$ ). Manipulation checks were included to determine if the respondents appropriately interpreted the treatment manipulation of the three independent variables, Social Topic Information diagnosticity, CSR Outcome diagnosticity, and CSR Positioning Congruity diagnosticity. The first of these, Social Topic Information diagnosticity, was measured using a single item: “How useful is the extract in informing you about the arms trade as a social issue?”, measured on a seven-point scale, anchored by Not very useful/Very useful. This manipulation was found to be statistically significant ( $F(df=1,54)=30.79$ ,  $p < 0.01$ ). CSR Outcome diagnosticity was measured



using the single item: “To what extent does this information allow you to evaluate the bank’s social contribution?”, measured on a seven-point scale, anchored by Not very useful/Very useful. This manipulation revealed no statistically significant difference between treatments ( $F(df=1,54)=0.41, p > 0.05$ ). CSR Positioning Congruity diagnosticity was checked using the single item: “How socially responsible would you describe the bank to a friend?”, measured on a seven-point scale, anchored by Not very socially responsible/Very socially responsible. This manipulation also revealed no statistically significant difference between treatments ( $F(df=1.54)=0.23, p > 0.05$ ). The results of the analysis of variance (ANOVA) for the manipulation checks are presented in Table 6.1.

	Sum of Squares	df	Mean Square	F	Sig.
Q3 Between Groups	73.143	1	73.143	30.788	.000
Within Groups	128.286	54	2.376		
Total	201.429	55			
Q8 Between Groups	.643	1	.643	.409	.525
Within Groups	84.786	54	1.570		
Total	85.429	55			
Q10 Between Groups	.446	1	.446	.233	.631
Within Groups	103.393	54	1.915		
Total	103.839	55			

*Table 6.1 Pre-test 1 Manipulation Check (ANOVA)*

The three independent variables were initially manipulated at the High and Low levels in order to maximise the diagnosticity effect size. While this pre-test suggested the Social Topic Information was suitably manipulated ( $M=4.86$  (High)/ $2.57$  (Low)), the remaining variables did not vary as intended in their diagnosticity ( $M=4.61$  (High)/ $4.82$

(Low) for CSR Outcome diagnosticity, and  $M=4.79$  (High)/ $4.61$  (Low) for CSR Positioning Congruity). The results of this scenario-based pre-test therefore prompted a revision of the copy to be used in the advertising stimuli being developed for the subsequent pre-test stage, the online testing of the advertisements for the eight experimental treatments. Prior to the development of the required ads, and through discussions with the professional copy writer responsible for designing the ad stimuli, advertising copy was revised to achieve a larger effect of diagnosticity between the high and low manipulation levels, particularly for both the brand's CSR claims and its CSR positioning congruity.

## **6.2 Results of Online Pre-test of Advertisements**

Following the pre-testing of the advertising copy scenarios, adjustments were made to the advertising copy within which the independent variables were manipulated. Eight advertisements were designed for pre-testing the experimental treatments in the online environment. An online sample of approximately 160 target consumers ( $n = 20-25$  per treatment), drawn from the same consumer research panel to be used in the main study, was used for this pre-test phase, with each treatment sample exposed to one of the eight ( $2 \times 2 \times 2$ ) target advertisements. Manipulation checks were conducted to determine if the respondents appropriately interpreted the treatment manipulation of the three independent variables, as intended by the researcher. To check Social Topic Information diagnosticity, participants rated "I learned something new about the arms trade from the ad" on a seven-point scale, anchored by Strongly disagree/Strongly agree. This manipulation was found to be statistically significant ( $F(df=1,163)=14.28$ ,  $p < 0.01$ ). CSR Outcome diagnosticity was measured using the single item: "The ad allows me to judge whether Premier Bank is acting responsibly in terms of the arms

trade”, measured on a seven-point scale, anchored by Strongly disagree/Strongly agree. This manipulation revealed no statistically significant difference between treatments ( $F(df=1,163)=0.77, p > 0.05$ ). CSR Positioning Congruity diagnosticity was measured using the single item, “Premier demonstrates a genuine commitment to minimising the harm of the arms trade”, measured on a seven-point scale, anchored by Strongly disagree/Strongly agree. This manipulation also revealed no statistically significant difference between treatments ( $F(df=1,163)=0.40, p > 0.05$ ).

As this pre-test phase involved the online collection of data, under uncontrolled field experiment conditions, it was decided to analyse participants’ effort expended against their test answers to eliminate the possibility that individuals who expend low effort do not answer the questionnaire reliably. To do this, the effect of effort on the answers to the questionnaire was first looked at by calculating the number of minutes taken to complete the questionnaire, which showed a mean time of 4.3 minutes (standard deviation = 8.03) with a median time of 2.92 minutes, and skew to the right, towards longer times.

Time for completion was expected to approximate the amount of effort expended by each participant. As respondents in some experimental conditions took more time to complete the questionnaire than others, it is possible that either the different treatments had varying cognitive processing demands, a condition controlled for in the advertisements’ design through message word totals, or that effort was unevenly distributed in the cells. It was therefore important to eliminate this as a source of bias. A one way analysis of variance (ANOVA) of experimental condition against completion time found that time was not statistically significant:  $F(df=7,157)=0.76, p >$

0.05, allowing time to complete to be eliminated as a source of bias affecting test results.

The second thing examined with respect to effort was whether the answers to the questions in the questionnaire showed any effect of completion time. This was looked at by recoding the completion time data into quartiles to provide an effort score, with the bottom quartile (the quickest 25% of the sample) thought to make the least effort, and the top quartile (the slowest 25% of the sample) the most effort. It must be acknowledged that this assumption, that effort was exhibited behaviourally in this manner, cannot be guaranteed. Nonetheless, a chi squared analysis of the cell counts for each question against the effort score was performed, to “compare the *observed* and *estimated covariance matrices*” (Hair, et al., 2006, p. 706). Also, following the procedure for Bonferroni correction, “for adjusting the selected *alpha* level to control for overall *Type 1 error* rate when performing a series of separate tests” (Hair, et al., 2006, p. 384), the critical *p* value was adjusted by dividing 0.05 by the number of comparisons (in this case 13) to provide a corrected *p* value for the multiple comparisons. This Bonferroni correction resulted in an adjusted critical *p* value of 0.004. The range of chi squared statistics ( $df=36$ ) was between 9.8 and 28.3, and the associated *p* values ranged between 0.06 and 0.93, indicating that it was highly unlikely individuals’ answers to the questionnaires were based on the estimate of effort expended.

ANOVA analyses were conducted in order to check the manipulation of the three independent variables. Social Topic Information was found to be statistically significant

( $F(1,163)=14.28$ ,  $p=0.00$ ). Mean scores for Social Topic Information across the two treatments are presented in Table 6.2.

<b>Level</b>	<b>Number</b>	<b>Mean</b>
Low	85	4.73
High	80	5.56

*Table 6.2 Manipulation Check: Mean scores for Social Topic Information*

Neither CSR Outcome nor CSR Positioning Congruity were found to be statistically significant, with  $F(1,163)=0.77$ ,  $p=0.38$  and  $F(1,163)=0.40$ ,  $p=0.53$ , respectively. Mean scores for the two treatments are presented in Table 6.3(a) and 6.3(b).

<b>Level</b>	<b>Number</b>	<b>Mean</b>
Low	85	4.87
High	80	5.06

*Table 6.3(a) Manipulation Check: Mean scores for CSR Outcome*

<b>Level</b>	<b>Number</b>	<b>Mean</b>
Low	85	5.06
High	80	5.21

*Table 6.3(b) Manipulation Check: Mean scores for CSR Positioning Congruity*

The only experimental condition, which was sufficiently salient to create differing perceptions in the respondents, was the Social Topic Information variable. As the two variables detailing the firm's CSR performance, CSR Outcomes and CSR Positioning Congruity, highlighted a problem in how the firm's commitment to CSR was manipulated, these two variables were reconsidered in order to attain greater discrimination between treatments. It was decided to re-specify these variables as a new variable, *CSR Commitment*, which would describe the outcome of the firm's CSR initiative(s) and signal its history of involvement with the social issue(s).

It was also decided to manipulate the independent variables at three levels rather than two. It was felt three levels of manipulation, low, moderate, and high, would provide greater discrimination of diagnosticity, allowing improved testing between stated policies and programs versus impacts, in line with Wood's (1991) assertions. Testing of specific and enumerated outcome information against less quantified and less diagnostic information would also be permitted. Based on the finding that, in a cause-related marketing (CRM) context at least, specific information on the amount of a company's donation to a cause can significantly influence consumer choice decision (Pracejus, Olsen, and Brown, 2003/4), specific, quantifiable information about a firm's CSR

commitment might be expected to be salient with consumers. Three levels of manipulation would examine this CRM observation in a CSR advertising context.

The difference between the CRM situation and CSR situations, such as in this study, however, is that a stated proportion or set amount of a purchase price (e.g. “for each item purchased \$1.50 will be donated to \_\_\_\_”) may be cognitively more accessible and therefore more meaningful than specific quantities provided in either STI or CSR Commitment information. While the former might well assist evaluation, the latter may prove cumbersome, requiring the consumer to deal with a more abstract, heavier cognitive load in their processing, which ultimately proves to be less diagnostic. \$1.50 may be easily processed as a proportion of an item’s purchase price, and its donation worth therefore evaluated, but the processing of quantification of a firm’s social impacts may suffer from a lack of some contextual reference point. It is difficult to evaluate \$X million dollars contributed to issue Y, for example, as X must be considered in both absolute and relative terms. That is, is X a small or large amount, and is X a small or large amount when compared with what other firms, or other firms in that particular product category, are contributing? Extant research suggests the processing of numbers is cognitively more challenging compared to rhetoric/descriptive information. Denes and Signorini (2000), for example, provide a discussion of some of the current issues in the transcoding of words and numbers.

New stimuli, reflecting this revised design, were then developed for pre-testing using a discrete sample of the study’s target population. To allow a more qualitative insight into participants’ processing of the experimental treatments, this pre-test was to be conducted in the offline environment. Further questions were added to provide a greater

understanding of respondents' ad-processing perceptions, and, as well, reactions and responses to elements of the stimuli were discussed focus-group style, as described in the previous chapter. The results of this pre-test are discussed in the next section.

### **6.3 Offline Pre-test**

New experimental stimuli were developed to reflect the two independent variables, Social Topic Information and CSR Commitment, now manipulated at low, moderate, and high levels. As part of this development, advertising copy underwent another iteration to refine diagnosticity manipulation for pre-testing. To test these new stimuli, a discrete sample of respondents reflecting the target population (n=24, with approximately eight participants viewing each treatment) was used. Whereas the full-factorial design's eight ad treatments had been tested in the previous online pre-test, only three treatments were developed for this stage of testing, High/High, Moderate/Moderate, and Low/Low for the two variables, Social Topic Information and CSR Commitment. The purpose of this was to evaluate the manipulated diagnosticity of each independent variable at each of the three clearly manipulated levels. As the purpose of this pre-test was to engage participants in a 'focus group-style' discussion of their interpretations of and reactions to the manipulated information, it was felt this would be optimally achieved by maximising the effect size of three discrete information levels. A discussion of the full-factorial combinations would, it was considered, not produce the clarity of interpretation sought. Participants' interpretations and reactions would be used to calibrate the stimuli and questionnaire for the main study. Once each of the three levels of manipulation of Social Topic Information and CSR Commitment were checked and explored through discussion, the full-factorial design to be used in the main study could be completed.



Manipulations of the, now, two independent variables at three levels were checked using single items for each construct, measured on a seven-point scale, anchored by Strongly disagree/Strongly agree. Perceived Social Topic Information diagnosticity was gauged by the question: “The ad gives me a clear sense of the scale of the problem of the global arms trade” ( $F(df=2, 21) = 9.87, p < 0.01$ ), with the treatment means: High=5.7, Moderate=4.4, Low=3.0. Perceived CSR Commitment diagnosticity was gauged by the question: “The ad makes it very clear what Premier is doing to help reduce the effects of the arms trade” ( $F(df=2, 21) = 3.00, p = 0.07$ ). While the manipulation check of CSR Commitment diagnosticity did not reveal a statistically significant difference between the three manipulation levels for this small sample at the 95 percent confidence interval, it was significant at the ninety-three percent level, with treatment means: High=6.1, Moderate=5.4, Low=4.1.

This pre-test also investigated attitude towards the arms trade and attitude toward CSR, and revealed a generally consistent result across the three treatments’ means for each. Measured using a seven-point scale, negativity toward the arms trade (“I think the international arms trade is a serious problem”, measured on a seven-point scale, anchored by Strongly disagree/Strongly agree) across the High, Moderate, and Low treatments had means of 5.4, 5.9, and 5.6, respectively, while positive support for business being socially responsible (“I think business should be responsible for its impact on society and the environment”, measured on a seven-point scale, anchored by Strongly disagree/Strongly agree) reported means of 6.8, 6.6, and 6.6. Means for the three treatments in response to the statement: “The image in the ad had little or no effect on how I evaluated the ad”, measured on a seven-point scale, anchored by Strongly

disagree/Strongly agree, reported some impact of the image used (2.8, 3.8, and 2.7 for high, moderate, and low respectively). Further insight was sought to this effect's valence through the question: "My immediate reaction to this ad is \_\_\_\_\_", with participants to complete this open-ended question.

The image used in the ad incited varying levels of indignation, as shown by responses to the statement: "The image in the ad induced a feeling of anger in me before I read the ad". It was therefore decided to scrutinise the propensity for such an emotive image to stir negative affect in respondents in the main study. The ability of images used in advertising to influence product attitude, along with verbal content, is well grounded in extant research (e.g., Rossiter and Percy, 1980).

The overall persuasiveness of the different treatments, as reflected in agreement responses to "Overall, this ad is very informative, believable, and persuasive", appears to provide initial support for the study's thesis, that scepticism diminishes with more diagnostic information, with means in the correct direction: High=5.7, Moderate=4.7, and Low=3.7. Though these sample sizes were small, the experimental effects of the treatments were encouraging, with the results presenting an opportunity for improved manipulation of the independent variables, moving from this penultimate stage to the main study.

Qualitative insights from this pre-test phase were also noted for final preparation of the main study. Immediately after exposure to the target ad, and prior to responding to the scale measure questions, participants completed a cognitive thought-listing task, writing down any thoughts they had while reading the ad. Results of this task provided insights

into perceptions of the image used, the value of more specific information, and the ethics of the tactics used. Immediately following completion of the scale measure questions, participants were asked to complete a second cognitive thought-listing task in relation to the questions they had just answered, noting, for example, surprise or confusion in regard to any question. Following completion of the questionnaire, and prior to debriefing, participants were asked what they thought of the advertisement for Premier Bank. Several comments were positive, with praise for a bank taking such a stand, while others expressed surprise that the ad was for a bank, as the image and social topic were perceived as incongruous with banks. It must be noted that the arms trade appears to be a more salient issue in the UK and Europe than in Australia, and presumably this is why the UK's Co-operative Bank includes the issue and such initiatives as those mentioned in the study as a key pillar of its ethical platform. This point will be discussed in a later chapter. The image used in the ads was also commented on; with the general opinion expressed that it was a powerful, but unsettling, attention-getting device.

#### **6.4 Conclusion**

The pre-test phases were conducted to provide a little-known social topic for the study, the arms trade, an appropriate brand name for the target brand of UK-based bank contemplating entry into the local market, and manipulation checking of the treatment conditions for the independent variables. A pilot study, conducted in the same online environment as intended for the main study, was conducted in order to test independent variable manipulations and key questions from the question protocol. Following the pilot study, changes were made to the structure of the experimental design, with the initial three independent variables manipulated at two levels changed, after two of the

initial variables were collapsed into the CSR Commitment variable, to two factors manipulated at three levels.

A final pre-test, using a mixture of both quantitative and qualitative measures, provided a check of the new two-factor/three level design, and also allowed valuable insights to be gained into the type of advertising, ad elements, particularly the image used, and the question format. Given the development of the experimental treatments to this point, and with the insights gleaned from the final offline pre-test, it was felt that the next phase of the study, the main full-factorial experimental design could be conducted. The results of the main study are discussed in the next chapter.

## **CHAPTER 7: MAIN STUDY RESULTS**

The previous chapter presented the results of the pre-test phases for the study. Those pre-tests involved choosing a social issue and brand name to be featured in the experimental stimuli, and testing advertising claims for both the Social Topic Information and outcomes of the CSR initiatives of the target brand, Premier Bank, manipulated at two levels, with discrete groups of representatives of the sample frame for the study, first as bland text-based scenarios in a paper-and-pencil task, then as full-colour print ads in an online setting. Based on those results, the study was modified to feature just two independent variables, manipulated at three rather than two levels. The final pre-test stage checked reactions to the study's revised design in an off-line environment that allowed the collection of both quantitative and qualitative feedback. Quantitative measures, based on responses to scale items, were combined with qualitative insights to inform the design of the main study, conducted in an online environment and involving randomly chosen members of a permission-based consumer panel. An overview of the study and the study's results are presented in the sections that follow.

### **7.1 Study Overview**

The purpose of this study is to examine the impact of claim diagnosticity on consumer scepticism to CSR advertising claims. The main study consisted of a 2 (Social Topic Information/CSR Commitment) x 3 (low/moderate/high) between subjects design. Social Topic Information diagnosticity was manipulated by the amount and specificity of information provided on the social issue engaged within the firm's CSR initiatives, the arms trade. CSR Commitment diagnosticity was manipulated by the amount and specificity of information about the impacts of Premier Bank's initiatives in regard to

the arms trade. The dependent variable, Scepticism toward CSR Advertising Claims, was measured in terms of overall evaluation of the message source, Premier Bank. However, belief of the two message elements, the two independent variables described above, was also measured in order to investigate the antecedents of overall message scepticism.

Study participants were a representative cross-section of adults in the Australian marketplace, 18 years of age or over, randomly selected from the database of a leading online consumer panel, and qualified by a screen question for usage of the product category, retail banking. All respondents received a modest remuneration for their participation, as is the normal procedure with online panel research studies, and agreed to have their responses included when advised of the University of Wollongong's Ethics Committee's 'debriefing' requirement upon completion of the study.

Following pre-tests to decide the image, social issue, fictitious brand name, and ad copy elements to feature in the study, nine professionally designed print advertisements, identical in executional tactics and tone but for the ad copy, the diagnostic information for the nine treatment combinations, were produced. The experimental stimuli were presented as full-page, full-colour print advertisements. Treatment cell size varied between 42-50 respondents.

For high diagnosticity information about the social topic, the ad's copy mentioned a number of victims of the arms trade, the types of effects of the arms trade, and specific information about cluster bombs, as these arms related directly to the bank's CSR claims. For moderate manipulation of this variable, ad copy mentioned these same

issues, but in more general, non-numeric terms. For low diagnosticity manipulation, mere mention was included that each day the arms trade causes suffering to people around the world, and that the UN had raised its concern over the issue. Premier Bank's refusal, under its ethical policy, to do business with firms with links to the arms trade, the amount of business that had been turned away since 1982 as a result, the dollar amount of money the bank had raised for the clearing of unexploded ordinance in poor, war-torn countries, and the number of landmines and cluster bombs that had been cleared as a result, were all mentioned to manipulate high diagnosticity information about the firm's commitment to mitigating the effects of this social problem. The moderate manipulation presented the same information but in a general, non-numeric form. The low manipulation merely indicated the bank had to take a stand against the arms trade, the majority of its customers supported its ethical stance on the arms trade, it actively contributed to programs such as the Clear Fields campaign, and it matched employees' support for the campaign dollar-for-dollar, or through supporting their volunteerism. It should be noted that Clear Fields is a fictitious organisation, though there are organisations that exist for the purpose of clearing unexploded ordinance in war-devastated countries.

A total of 470 respondents participated in the online study. All individuals who completed the study in less than 7 minutes were excluded ( $n=49$ ), as this was determined the minimum time required to read only the instructions, stimulus material, and questionnaire. As a second *cleaning* criterion, all individuals in the data set who had a standard deviation of 0 (that is, answered the same answer for every item on 8 different scales) were also excluded ( $n=4$ ). A final total of 417 useful responses were therefore included in the analysis.

Participants answered questions to provide personal measures of attitudes to advertising, retail banks, CSR, and the arms trade, were exposed to the target ad, then answered questions about scepticism toward the Social Topic Information and CSR Commitment, the dependent variable, and manipulation checks (**Appendix B**). These sets of questions were counter-balanced in order to avoid demand effects. T-tests were conducted to ensure the order of exposure had no significant effect on the order of presentation for the dependent variable ( $t=1.16$ ,  $df=415$ ,  $p>0.05$ ), as well as scepticism toward the social topic information ( $t=1.96$ ,  $df=415$ ,  $p>0.05$ ) and scepticism toward the brand's CSR claims ( $t=1.16$ ,  $df=415$ ,  $p>0.05$ ). Lastly, demographic information and consent were sought.

Overall, attitude toward the product category, retail banks, displayed a normal distribution that was slightly positive (Mean=3.94), but attitude toward the arms trade was negative (Mean=2.13), and positively skewed. Subjects' ages ranged from 18 to 81, with the average age of 44. Genders were approximately evenly balanced, with 49.6 percent females and 50.4 percent males. University-level study was the highest level of education attained for 34 percent of participants, TAFE (tertiary)-level for 25 percent, year 12 (final year of high school)-level for 21 percent, and year 10 of high school-level for 19 percent. Participants were a national sample, with the percentage from each state or territory varying between 1.7 (Tasmania) and 30 percent (NSW). As location of residence was considered to have the potential to affect involvement with the social issue, participants indicated where they had lived for the majority of the previous five years. A total of 97 percent of participants had lived in Australia over this period of time.



Existing scales, or modified versions of existing scales, were used to measure key constructs, typically on a seven-point scale. Where scales were modified, this was done in accordance with extant literature. Measures of the covariates and dependent variables follow in the next sections. Manipulations of the independent variables were checked using a one-way ANOVA. The statistical software package, JMP (SAS Institute, 2003), was used to conduct the analysis of the study's data. These results are presented in the sections that follow.

## **7.2 Results**

### *7.2.1 Manipulation Check of Independent Variables*

Manipulation checks were included to determine if the respondents appropriately interpreted the treatment manipulation of the two independent variables, Social Topic Information diagnosticity and CSR Commitment diagnosticity, as intended by the researcher, and as had been displayed in the final pre-test.

#### *7.2.1.1 Social Topic Information Diagnosticity*

Manipulation of the Social Topic Information independent variable was checked using a single-item, seven-point scale, anchored by Strongly disagree/Strongly agree: "The ad is informative about the arms trade." ANOVA (analysis of variance) results (Table 7.1) revealed that at least one of the means was different from the other two ( $F(df=2,414)=7.88, p<0.01$ ).

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	33.523	2	16.762	7.878	.000
Within Groups	880.855	414	2.128		
Total	914.379	416			

*Table 7.1 Social Topic Information Manipulation Check, ANOVA*

A Post Hoc Tukey test was run to identify differences in the means. This test identified the difference between the treatment means for the Low (M=4.69) and High (M=5.40) conditions was statistically significant (sig. value of  $p=0.00$ ), and the difference between the Low and Moderate (M=5.07) conditions was statistically significant at the greater significance level of  $p=0.085$ . The difference between the Moderate and High conditions was not significant ( $p=0.139$ ). Participants were able to reliably identify the Low condition as much less diagnostic for the social topic than the High condition, but that the difference in diagnosticity between the Moderate and High conditions was perceived as somewhat less discernable.

#### 7.2.1.2 CSR Commitment Diagnosticity

Manipulation of the CSR Commitment independent variable was also checked via a single question, using a seven-point scale anchored by Strongly disagree/Strongly agree: “It is clear from the ad that Premier Bank is against the arms trade.” The ANOVA for the manipulation check is presented below in Table 7.2. ANOVA results revealed that there was a statistically significant difference between at least two of the three treatments of CSR Commitment diagnosticity just beyond the 95 percent confidence level ( $p=0.059$ ).

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.150	2	6.075	2.843	.059
Within Groups	884.569	414	2.137		
Total	896.719	416			

*Table 7.2 CSR Commitment Manipulation Check, ANOVA*

A Post Hoc Tukey test was run to identify differences in the means. This test identified the difference between the treatment means for the Low (M=5.48) and High (M=5.88) conditions was statistically significant just beyond the 95 confidence level ( $p=0.055$ ), but the difference between the Low and Moderate (M=5.76), and the Moderate and High conditions was not statistically significant,  $p=0.23$  and  $p=0.79$ , respectively. While participants were relatively able to reliably identify the Low condition as being much less diagnostic for Premier Bank's CSR Commitment than the High condition, the Moderate treatment was not perceived as substantially different in diagnosticity from either the Low or the High condition. Participants appear to have rated the Moderate and High treatments as more similar in diagnosticity than the Low and Moderate. While the overall reliability of this scale was just outside statistical significance at the 95 percent confidence level ( $p=0.059$ ), treatment means were in the right direction, echoing the final pre-test the manipulation check for this variable and providing evidence that the manipulation worked.

### *7.2.2 Analysis of Covariates*

Prior to testing the overall model, principal components analyses (PCA) were conducted on the study's covariates to confirm the measure of each is univariate in nature.

#### 7.2.2.1 Covariate: CSR Attitude

CSR Attitude was measured by the four items, taken from Maignan's (2001) 16-item scale: (i) Businesses must play a role in our society that goes beyond the mere generation of profits; (ii) Businesses must maximise profits; (iii) Businesses must refrain from bending the law even if this helps improve performance; and (iv) Businesses must be ethical even if it negatively affects economic performance, on a seven-point scale, anchored by Strongly disagree/Strongly agree. The PCA suggested a two-factor solution, with social responsibility questions in the first factor and the fourth item on profitability by itself in the second factor. The factor loadings are shown in Table 7.3.

#### Principal Components

Eigenvalue	1.8340	0.9930	0.6075	0.5655
Percent	45.8504	24.8247	15.1885	14.1364
Cum Percent	45.8504	70.6751	85.8636	100.0000

*Table 7.3 (continued over)*

### Rotated Factors

Business must refrain from bending the law even if this helps profits	0.7797	0.0217
Business must be ethical even if it negatively affects economic performance	0.7650	-0.0872
Business must play a role in society that goes beyond the mere generation of profits	0.7934	-0.0135
Business must maximise profits	-0.0326	0.9976

*Table 7.3 CSR Attitude, Principal Components Analysis (Four Items)*

As a result, the second question “Businesses must maximise profits” was deleted from the scale. This question, included in Maignan’s original 16-item scale to identify consumers’ ascription of Carroll’s (1979) four levels of social responsibility to business, appears at odds with the other three items, measuring perceived legal, ethical, and philanthropic responsibility, and appears to have been interpreted with some ambiguity or confusion by respondents. The subsequent PCA resulted in a one-factor solution with a Cronbach’s Alpha of 0.68, explaining 60.8 percent of the variance in the data, with items loadings ranged from 0.56 to 0.60. These results are shown in Table 7.4.

### Principal Components

Eigenvalue	1.8246	0.6100	0.5655
Percent	60.8192	20.3320	18.8489
Cum Percent	60.8192	81.1511	100.0000

*Table 7.4 CSR Attitude, Principal Components Analysis (Three Items)*

#### 7.2.2.2 Covariate: Product Category Attitude

A single item is used to measure the covariate Product Category Attitude: “My general attitude towards banks is \_\_\_\_\_”, measured on a seven-point scale and anchored by Extremely negative/Extremely positive. The use of one item to measure product category attitude here, in lieu of brand attitude, is based on Rossiter’s (2002) COARSE scale development logic, and Bergkvist and Rossiter’s (2007) finding for the suitability of one item scales for the measurement of two common marketing constructs, attitude to the ad and attitude to the brand. The measurement of attitude to the product category replaces attitude to the brand when the brand is unfamiliar to respondents (Rossiter and Percy, 1997), as is the case in this study. The descriptive results for this measure were  $M=3.94$ , and  $SD=1.46$ .

#### 7.2.2.3 Covariate: Attitude to the Arms Trade

Based on the same logic, a single item was used to measure Attitude to the Arms Trade: “My general attitude toward the arms trade is”, measured on a seven-point scale and anchored by Extremely negative/Extremely positive. In essence, the social topic is

processed as a second product category (Rossiter and Bellman, 2005). The descriptive results for this measure were  $M=2.13$ ,  $SD=1.48$ .

#### 7.2.2.4 Covariate: Ad Skepticism

To measure respondents' general scepticism towards advertising, Obermiller and Spangenberg's (1998) nine-item *Ad Skep* scale was used. A principal components analysis was conducted to ensure the construct's univariate nature, with all except the first eigenvalue below one. Cronbach's alpha was 0.93.

#### 7.2.3 Dependent Variable: Scepticism toward CSR Advertising Claims

Four items were used to measure the dependent variable, Scepticism toward CSR Advertising Claims. One item was taken from Forehand and Grier's (2003) *firm evaluation* scale, "Premier seems like the kind of bank I can trust.", and two were taken from Du, Bhattacharya, and Sen's (2007) *CSR beliefs* scale: "I think Premier is a socially responsible business." and "Premier has had real impacts through its initiatives against the arms trade." Also, as scepticism essentially measures belief, a fourth item was added which not only investigates overall belief but also situates Premier Bank within its competitive set: "Premier seems like the sort of bank I can believe." All items were measured on a seven-point scale anchored by Strongly disagree/Strongly agree, and showed a PCA univariate solution, with Cronbach's alpha of 0.93, with item loadings ranged from 0.89 to 0.94.

As well as overall scepticism toward Premier Bank's CSR advertising claims, belief of the target advertisement's diagnostic message elements – the information about the social topic and Premier's specific claims in relation this topic - was investigated. The

value of measuring such discriminable attribute levels, as discussed by Hastak and Olson (1989), was noted in Chapter 5.

Belief of the Social Topic Information ( $M=4.95$ ,  $SD=1.53$ ) was measured by a single item: “I believe the information in the ad about the arms trade”, measured by a seven-point scale anchored by Strongly disagree/Strongly agree.

Belief of Premier Bank’s CSR claims in relation to the arms trade were measured using three items on a seven-point scale anchored by Strongly disagree/Strongly agree: (i) I believe the information in the ad about Premier Bank’s achievements; (ii) I believe Premier does what it claims to reduce the impact of the arms trade; and (iii) Premier has had real impacts through its initiatives against the arms trade. The three items displayed a one-factor PCA solution, with Cronbach’s alpha of 0.89, and individual item loadings ranged from 0.85 to 0.87.

### **7.3 Hypothesis Testing**

#### *7.3.1 $H_1$ Impact of STI on Scepticism toward CSR Advertising Claims*

In order to test the study’s hypotheses, the extraneous influence of the four covariates was extracted from the dependent variable in order to provide more sensitive treatment effects and increase within-group variance (Hair et al., 2006). To test  $H_1$  and  $H_2$ , a 2 (Social Topic Information/CSR Commitment) x 3 (high/moderate/low) ANCOVA was run, with Scepticism toward CSR Advertising Claims as the dependent variable. The Effect Tests for the model are displayed in Table 7.5 below. The output for the overall model, with results for  $H_1$  and  $H_2$  is shown in **Appendix C**.



Source	Nparm	DF	Sum of Squares	F Ratio	Prob > F
STI	2	2	1.697849	0.6668	0.5139
CSR	2	2	8.593508	3.3751	0.0352
STI *CSR	4	4	5.983016	1.1749	0.3213

*Table 7.5 Overall Model Effect Tests*

H<sub>1</sub> stated that Social Topic Information diagnosticity should have a main effect on scepticism toward CSR advertising claims, such that greater diagnosticity should lead to reduced scepticism. A main effect of Social Topic Information was not observed ( $F=0.67$ ;  $df=2$ ;  $p=0.51$ ). That is, there is no evidence to suggest scepticism toward CSR advertising claims differs between any of the three STI treatments. Therefore H<sub>1</sub> could not be supported.

This result would suggest that information about the social topic alone does not influence scepticism toward a firm's CSR claims. Subjects exposed to the high manipulation of Social Topic Information ( $M=4.89$ ,  $SD=1.22$ ) were only somewhat less sceptical towards Premier Bank's CSR advertising claims than those who saw the moderate manipulation of STI ( $M=4.63$ ,  $SD=1.38$ ), while those who received the low STI treatment were narrowly less sceptical ( $M=4.69$ ,  $SD=1.31$ ) than those who received the moderate treatment. It is noted that the variation within groups is greater than the variation between groups.

### 7.3.2 $H_2$ Impact of CSR Commitment on Scepticism toward CSR Advertising Claims

$H_2$  stated that CSR Commitment diagnosticity should have a main effect on scepticism toward CSR advertising claims, such that greater diagnosticity should lead to reduced scepticism. As reported in Table 7.5, the main effect of CSR Commitment was statistically significant ( $F=3.38$ ,  $df=2$ ;  $p=0.04$ ), therefore  $H_2$  is supported. That is, there is evidence to suggest that scepticism toward CSR advertising claims differ between at least one pair of the treatments. This effect is illustrated in Figure 7.1. This graph does not remove the extraneous influence of the covariates included in the analysis of covariance (ANCOVA), run to test the overall model, and described above. This masks some of the observed effect, but is presented here for clarity.

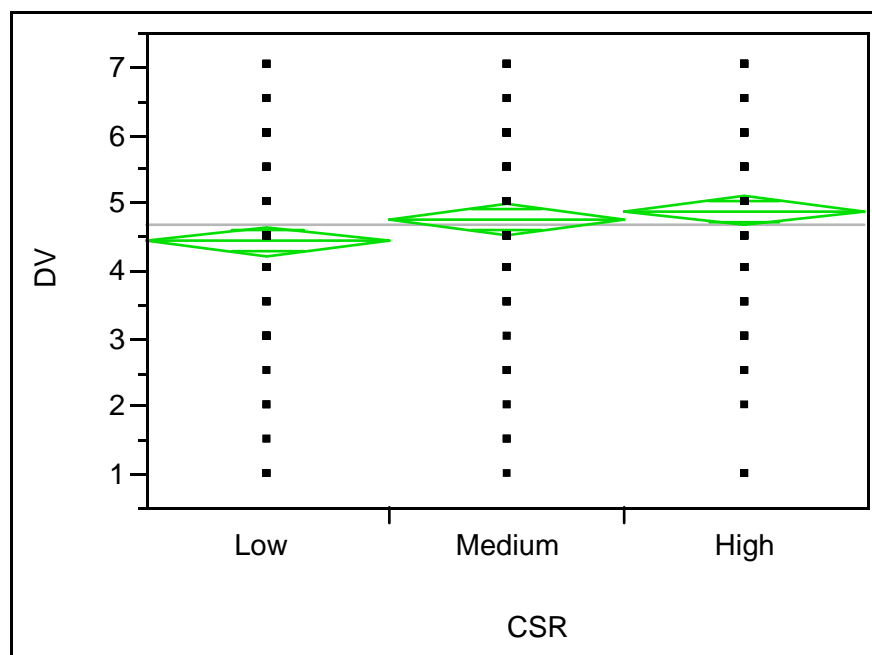


Figure 7.1 Oneway Analysis of Scepticism toward CSR Ad Claims (DV) By CSR

The ANOVA results (Figure 7.1) indicate that there is a significant difference between the mean scores on at least one of the scales. Afterwards, a Tukey, or Tukey's HSD

(honestly significant difference), test was conducted to identify the differences in the multiple mean scores. This test calculates the minimal difference needed between the means for the difference to be declared significant (for a discussion, see Aron and Aron (2009)), calculated here to be 0.149465. The Tukey post hoc test revealed that while the Low and High conditions were statistically significant from each other, neither was significantly different from the Moderate conditions, as presented in Table 7.6.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.129	2	7.565	4.493	.012
Within Groups	697.080	414	1.684		
Total	712.210	416			

*Table 7.6 One-way ANOVA of Scepticism toward CSR Advertising Claims against CSR Commitment*

### *7.3.3 Hypothesis Testing Summary*

H<sub>1</sub> cannot be supported, suggesting that the provision of more, rather than less, diagnostic information about the social topic has no statistically significant impact on the overall scepticism perceivers have toward firms' CSR advertising claims related to that particular social issue. Support is provided for H<sub>2</sub>, however, implicating more diagnostic information about a firm's commitment as a critical variable in inhibiting consumers' scepticism responses toward CSR advertising claims. The implications of these findings are discussed in section 7.5.

The next section presents the results of a stepwise regression undertaken to identify the contribution toward variance in the dependent variable of the theorised covariates found to be statistically significant.

#### **7.4 Stepwise Regression**

A stepwise regression was conducted on the covariate measures in order to produce a parsimonious model, that is, a model that identifies variables that explain the most variance in the dependent variable (e.g., Lowe, Winzar, and Ward, 2007). Of the four covariates theorised in the study, three were found to have a statistically significant impact on the dependent variable. Attitude to the arms trade, the second product category measure included in the study, was found to be statistically insignificant, and is therefore omitted from this analysis. The stepwise regression indicated that *Ad Skepticism* explained 15 percent of the variance in the dependent variable, CSR attitude explains 10 percent of the variance (with the effect of *Ad Skep* removed), and Product Category Attitude: Banks explains 3% of the variance (with the effects of *Ad Skep* and CSR Attitude removed). The output for this stepwise regression is shown in Table 7.7.

Step	Parameter	"Sig Prob"	Seq SS	RSquare
1	Ad Scepticism	0.0000	131.0725	0.1549
2	CSR attitude	0.0000	84.36607	0.2547
3	PCA Banks	0.0002	20.90988	0.2794

*Table 7.7 Stepwise Regression Step History for Covariates*

## **7.5 Discussion of Main Study Results**

The results of the main experiment were not consistent with the first hypothesis,  $H_1$ , relating to the main effects of the diagnosticity of information about the social topic. The hypothesised main effect of diagnostic CSR Commitment information,  $H_2$ , however, was supported. That is, while more diagnostic Social Topic Information did not have a statistically significant impact on overall scepticism levels, more diagnostic information about the firm's CSR commitment did. The study revealed there was very little variation in overall scepticism toward the CSR advertising claims of Premier Bank despite more diagnostic information being provided to describe some of the negative facets of the arms trade. Treatment means show that while highly diagnostic information about the arms trade induced only slightly less scepticism toward Premier Banks's CSR claims than the least diagnostic information, but moderately diagnostic information produced a higher level of scepticism than both Low and High Social Topic Information treatments.

One possible reason for the apparent lack of influence of more diagnostic Social Topic information is the generally negative attitude the study's participants reported toward the arms trade ( $M=2.13$ ,  $SD=1.48$ ). As respondents were found to be polarised negatively towards the social issue, displaying a positively skewed distribution, the presence of such extreme views may have negated the potential for more diagnostic detail about the arms trade's social impacts to influence overall judgments. Further support for this explanation is seen in the manipulation check results for STI. The means for the STI manipulation check revealed little perceived discrimination between low diagnosticity ( $M=4.59$ ) and high ( $M=5.55$ ), with the moderate manipulation ( $M=5.75$ ) perceived as somewhat more diagnostic than the high manipulation.

The image used in the experimental stimuli may have also had a strong, negative influence on judgments of the arms trade information treatments. Pre-tests found both a high negative reaction to the slightly pixilated image of a stern-faced African youth menacingly brandishing an automatic weapon. The reaction to the image was also negative in the main study, when measured on a seven-point scale anchored by Extremely negative/Extremely positive ( $M=2.84$ ,  $SD=1.86$ ). Given the strength of this image, and in light of the increased cognitive load presented by more diagnostic information about impacts of the arms trade, the potential for the image to induce heuristic processing of the social topic may be a plausible explanation for this effect. As consumer support for the CSR issue has been found to influence response to the firm's CSR initiative (e.g., Sen and Bhattacharya, 2001), more diagnostic information about the social topic might be expected to more effectively contextualise the firm's CSR initiatives, and thereby increase comprehension of and reduce scepticism toward its initiatives. The role of social topic information clearly warrants further research attention. This point will therefore be further discussed in Chapter 9.

In contrast to social topic information, more diagnostic information about the firm's CSR commitment was found to have a statistically significant influence on the dependent variable, overall scepticism toward the firm's CSR advertising claims. This is an interesting result, given the increased cognitive load and the processing demands this imposes, and warrants further investigation. This issue will also be discussed further in Chapter 9.

## **7.7 Conclusion**

The results of the main study, based on a 2 x 3 analysis of variance that accounts for the influence of three significant covariates, did not indicate a role for social topic information as hypothesised. The hypothesised role for the ability of more diagnostic information about the firm's actual CSR commitment to inhibit scepticism cognitions in perceivers was supported. The next chapter considers these results in light of the study's purpose, extant literature, and the theories applied here.

## **CHAPTER 8: DISCUSSION**

This research study set out to investigate how the executional factors of CSR advertising claims influence consumer scepticism. In particular, the goal of the study was to investigate how scepticism as a consumer response to CSR advertising claims might be inhibited through the manipulation of the diagnosticity of two key message variables, information of the social topic and the firm's commitment to its CSR initiatives related to the social topic. As marketing communications managers increasingly seek to inform key stakeholder groups, including consumers, of their firms' CSR achievements, the propensity for scepticism to erode communication success is an important concern. While more passive communication channels, such as corporate websites and annual reports, have proved popular for communicating pro-social corporate behaviours, evidence suggests firms increasingly turning to corporate image advertising to get their CSR messages across. The recent advertising campaign of Westpac Banking Corporation, with campaign executions featuring different social issues engaged with by the bank in its lending or management practices, are just one example of such communication attempts.

This study considered several theories to develop a conceptual framework to identify how scepticism toward such CSR advertising claims might be inhibited. The previous chapter presented the main study's results. This chapter discusses those results in light of extant research findings and relevant theories, and presents conclusions. The following chapter discusses the study's theoretical and managerial implications, and limitations, and makes recommendations for future research.



## 8.1 Conclusions

The main study sought to address two fundamental research questions: (i) Will the inclusion of more diagnostic social topic information in CSR advertising claims inhibit consumer scepticism toward such messages?, and (ii) Will the inclusion of more diagnostic information about the firm's commitment to the social issue in CSR advertising claims, in terms of the impacts of its initiatives and its history of engagement with the issue, inhibit consumer scepticism toward such messages? The conclusions presented here to answer these questions are derived principally from the results of the main study, but explanations are at times informed by the study's pre-test phases, particularly the final pre-test, which was conducted in an offline environment and contained both quantitative and qualitative approaches.

### *8.1.1 The Role of Social Topic Information and Scepticism toward CSR Advertising Claims*

Scepticism towards a firm's communicated message is an important cognitive response that erodes the effectiveness of the intended communication. Scepticism has been found to have downstream impacts on brand judgments, such as brand attitude and brand beliefs, and information-gathering behaviours (Obermiller and Spangenberg, 1998; Obermiller, Spangenberg, and MacLachlan, 2005). The design of message elements to reduce scepticism and promote persuasion is therefore important for marketing communication managers.

One of the message elements theorised to inhibit scepticism and encourage message acceptance is that of social topic information. Consumers typically lack awareness of

social issues (e.g., Auger et al., 2003), and Fine (1990) has suggested such information is a key element of social marketing campaigns. Obermiller (1995) summarised this social marketing approach, suggesting that social topic information should emphasise a problem's severity, and thereby prompt several information processing effects that may reduce scepticism: attention to the message should increase; emotional responses to the message may be evoked, which may enhance comprehension; and, if the claims are believed, increased concern and more favourable attitudes may result. As discussed in Chapter 4, the social topic information hypothesis appears to have support in the priming and contextualisation concepts from cognitive psychology. Consumer information-processing judgments and responses have been shown to be affected by the information that readily comes to mind during the processing task (e.g., Baker and Lutz, 1988; Kisielius and Sternthal, 1986; Lynch, Marmorstein, and Weigold, 1988). Social topic information does not appear to have played these roles in this study. It is therefore worthwhile considering plausible reasons for this failure.

An important element of such evaluations, linked to the theory of contextualisation, may be explained by the concept of applicability (Higgins, 1996), that is, the degree of fit between contextual primes and presented stimuli. While Higgins may have referred to contextual primes as the setting within which target stimuli, such as a brand's advertisements, were presented, the theory may be extended here to conceive of the social topic information presented as the first element of the ad, made up of the image and introductory advertising copy, as the contextual prime for the subsequent brand CSR claims. Applicability has been found to influence individuals' judgments and decision making, information that is subsequently presented in an applicable context is more likely to be evaluated than that presented in an inapplicable context (Herr, 1986).

Applicable contextual information will be categorised as appropriate to the subsequent information, while inapplicable information will be categorised as not belonging to the same category and therefore have less influence on the subsequent information (Meyers-Levy and Sternthal, 1993). This inapplicability, or incongruity, was a common observation of pre-test participants in the final pre-test phase.

Applicability is linked to the assimilation and contrast effects associated with priming. Assimilation effects occur when the primed context is biased to be accepted, or assimilated, into individuals' judgments or attitudes, while contrast effects occur when judgments or attitudes are biased away from the inapplicable, or incongruous, primed context (Sherif and Hoveland, 1961). Assimilation effects are explained by excitation transfer theory (Higgins, Bargh, and Lombardi, 1985) and the storage bin theory (Wyer and Srull, 1981). Meyers-Levy and Sternthal (1993) argue contrast effects are most likely to occur when individuals expend cognitive resources to elaborate on the incongruity of contextual information that does not fit the advertised brand. Schwarz et al. (2003) argue inapplicable contextual priming may be ignored by consumers as it is perceived as irrelevant or non-diagnostic. In a recent study of contextual priming and applicability, Shen and Chen (2007) found support for Meyers-Levy and Sternthal's (1993) proposition that under conditions of low applicability, individuals suppress or discount the use of priming context in judging target brands, and under high applicability, ad and brand evaluations assimilated with the priming context. It must be noted that these results refer to the primed context of the media within which the primed message is placed, and the conclusions drawn for the purposes of this study are made by treating the social topic information element of the CSR advertising execution as the

equivalent of the contextual prime. Such a supposition is therefore open to criticism and in need of further investigation.

The influence of such a negative image used in the experimental stimuli is another potential reason for this observed result; Dahl et al. (2003, p. 268) suggest that shock advertising may offend audiences due to “norm violation, encompassing transgressions of law or custom, breaches of a moral or social code, or things that outrage the moral and physical senses”. Fill (2006, p. 513) warns that the incongruous situations presented in shock advertising, such as the image of a man dying of aids used in Benetton campaign during the 1980s, is a good way to gain audience attention, but attention is “followed by an attempt to work out why an individual has been surprised”. While Fill suggests this “usually takes the form of cognitive engagement and message in order that the message be understood” (p. 513), it is uncertain whether the cognitive engagement takes place with the social topic information or the subsequent brand CSR claims in regard to the social issue. In their study of picture-based persuasion processes, Miniard et al. (1991, p. 104) found “the imagery evoked by the pictures and, to a lesser extent, cognitions about picture appropriateness served as important determinants of picture-based persuasion.” The qualitative input from the final pre-test would suggest the shocking image may have distracted the respondent from the social topic information and lead them to try to understand the connection of a bank with a social issue such as the arms trade. That banks and the arms trade were an incongruous juxtaposition in an advertisement was an observation raised by a number of pre-test participants. Miniard et al. (1991, p. 104) also reported “lower involvement subjects followed a peripheral route, reducing their product evaluations when the ad contained an inappropriate, unattractive visual element.” The first pre-test to identify a little-known social topic for the study’s

design would suggest generally low involvement with local subjects, unlike, northern European audiences, as previously discussed, suggesting the possibility of peripheral rather systematic processing of the social topic information in the different experimental stimuli.

While the image used in such advertising tactics is an important attention-gaining device, a negative and shocking image may lead to a heuristic emotional response, consistent with a low-involvement processing approach, rather than encourage more systematic central processing of the informational content, as with a high-involvement decision-making task. Fill (2006, p. 536) suggests the style of an advertising message should reflect a “balance between the need for information and the need for pleasure or enjoyment in consuming the message”. The unfortunate reality of CSR advertising claims, such as those used in this study, and social marketing campaigns, is that they typically highlight a negative situation that needs to be addressed – what Fine (1990) refers to as the *sick baby* appeal – and therefore provide pleasure or enjoyment – the *well baby* appeal – only after the negative, and possibly incongruous, ad elements have confronted the processor. Burke and Edell (1989) found that ad-induced feelings influenced ad attitudes and brand judgments, both directly and indirectly through evaluations of the ad’s characteristics. In investigating the role of disgust as an emotional mediator of advertising effects, Shimp and Stewart (2004, p. 52) note too that “consumers may experience strong felt disgust” when advertising “portrays a situation considered morally offensive or abhorrent in some fashion.”

Message framing research findings may also inform this situation. Meyers-Levy and Maheswaran (2004, p. 160) explain that positively framed messages stress “either the

benefits gained or the negative consequences avoided if one accepts a course of action”, while negatively framed messages “stress either the negative consequences incurred or the benefits forgone if one does not accept such action.” Maheswaran and Meyers-Levy (1990) note that prior studies examining message framing effects on persuasion had delivered mixed results. These researchers found “positively framed messages may be more persuasive when there is little emphasis on detailed processing, but negatively framed messages may be more persuasive when detailed processing is emphasized” (p. 361). Homer and Yoon (1992) found that emotional effects on brand attitudes were influential irrespective of whether the ad was negatively or positively framed, but that brand-related thoughts were more important in brand attitude formation when the message was negatively framed. Block and Anand Keller (1995) found the effectiveness of a positively or negatively framed message depends on the respondent’s involvement, with highly involved respondents pursuing more elaborative, systematic processing, and negatively framed messages more effective than those with a positive frame. The experimental stimuli used in this study were negatively framed through the image and the social topic information, prior to the brand’s (positive) CSR claims, which may have not worked unless participants were highly involved with the processing task. That participants were generally negative toward the social topic, the arms trade, may suggest they were not particularly involved in reading arms trade-related information, particularly if they sought to make sense of the incongruity of the arms trade and an unfamiliar bank in an advertisement.

In an early job-choice study among MBA students, Keller and Staelin (1987) examined the effects of quality and quantity of information on decision effectiveness. These researchers (p. 212) found that these two information dimensions, all things being equal,

“have opposing influence on decision effectiveness”; information quality improves decision effectiveness but that information quantity reduces decision effectiveness, and where high levels of information quality were made available, evaluations were found to suffer. A balance of quality and quantity is clearly needed. The framework used to design the experimental stimuli for this study recommended a cognitive load of no more than 200 words of advertising copy. While all nine treatments were around or under this recommended limit, the provision of more diagnostic detail of both social topic information and detail of the firm’s CSR commitment naturally exceeded the word length of the less diagnostic manipulations. The word lengths of the nine experimental treatments ranged between 130 -204 words. According to Keller and Staelin (p. 212), the study’s design therefore may have had an in-built natural tendency to overload the participant with “too much” information. The provision of a large quantity of information in a research design such as a forced-exposure advertising experiment that features a negatively framed claim of a commercial firm’s non-financial attributes and benefits, may have ventured into the territory of “too much” information, particularly in regard to the negative social issue featured.

The failure of social topic information diagnosticity to influence the dependent variable as hypothesised might also be considered from a source credibility and cognitive resource perspective. Artz and Tybout (1999) interpret these issues from a persuasion knowledge model (PKM) framework, and found that an expert source is more persuasive than a biased source, such as a commercial brand, if the message claims are quantified, but a non-expert source is more effective if the message claims are verbal. Artz and Tybout (p. 59-60) argue “When sources present information that is incongruent with their expertise (i.e. non-experts present quantitative claims or experts

present verbal claims), consumers are predicted to scrutinise the source in an effort to explain the discrepancy. A self-interested source, which itself raises the consumer's level of skepticism, may be viewed as evidence that the discrepancy is a manipulative tactic". These authors' findings demonstrate that "violation of these expectations, as well as source bias, prompts greater elaboration about the source" (p. 60).

In also considering consumer processing from an *elaboration likelihood* model (ELM) (Petty, Cacioppo, and Schumann, 1983) perspective, and contrasting their research findings with those of Yalch and Elmore-Yalch (1984), Artz and Tybout (p. 60) find that processing "may depend upon the cognitive resources that subjects are willing and able to devote to processing a quantitative claim". Yalch and Elmore-Yalch's subjects were exposed to a longer message than Artz and Tybout's, which revealed that when the resources required for processing were increased by quantifying message claims, task demands likely exceeded the cognitive resources subjects had available, which lead to peripheral message processing in forming evaluations. Artz and Tybout conclude (p. 60) "Message-source congruity effects anticipated by PKM are likely to be observed when the resources available exceed those required to process a quantitative message, while peripheral processing of source information in accord with ELM is expected when the resources available are insufficient to process a quantitative message". Artz and Tybout (p. 60) suggest that, from a practical standpoint a spokesperson, or message source, should be selected "in combination with the choice of the message format". An expert may be more persuasive than a non-expert, such as the commercial brand (e.g. Premier Bank), if message claims are quantified, and to avoid the appearance of self-interest. Testing such an approach was beyond the scope of this study, but will be considered as a suggestion for future research in the following chapter. As social topic information



claims typically rely on non-profit community or environmental organisations, a third-party organisation (TPO) endorsing the commercial brand's social topic claims would advance this research topic.

The failure of the study's manipulation of social topic information diagnosticity to have a significant influence on respondents' overall scepticism toward the CSR advertising claims of Premier Bank challenges extant theory. Obermiller (1995) makes a convincing case for the role of a *sick baby* appeal, an appeal commonly used in social marketing campaigns, through the presentation of social topic information. In this instance, however, respondents perceived little value in more diagnostic detail about the death and wretchedness created by the arms trade, the social topic used in the study, but were more impressed by diagnostic information about the firm's commitment to doing something about the issue. Auger et al. (2003) find it curious that consumers report knowing little about particular social problems given their regular exposure to their discussion in news media. It would appear that consumers tend to filter bad news, a perhaps not unsurprising behaviour given the preponderance of bad stories that make up the typical news bulletin, and may be particularly prone to filtering recurring themes of bad news, such as suffering caused by armed conflict, or even becoming desensitised to it due to its regular occurrence. The discussion will now move to considering the results of the study's second research question, and consider the influence of diagnostic information about the firm's commitment to doing something about the issue on consumers' scepticism cognitions.

### 8.1.2 *The Role of CSR Commitment and Scepticism toward CSR Advertising Claims*

Support for the study's second hypothesis, that more diagnostic information regarding the firm's CSR commitment will inhibit scepticism toward CSR advertising claims, appears to vindicate Wood's (1991) argument that detail on the social impacts of a firm's CSR initiatives should prove more salient to consumers than explanations of CSR outcomes expressed in terms of policies or programs. This finding also coincides with Pracejus, Olsen, and Brown's (2003/4) finding that, in a cause-related marketing campaign, the amount of the donation to the cause partner can have a significant impact on consumer evaluation and choice.

Diagnostic information is described here as information that helps the consumer assign a product to a single cognitive category, rather than information that is ambiguous, implying multiple interpretations or multiple possible categorizations (Herr, Kardes, and Kim, 1991). The independent variable, *CSR Commitment*, potentially informed respondents of two distinct elements of diagnostic detail regarding the firm's CSR stance, the specific initiatives it was engaged in, and the magnitude of the role it has played through those initiatives, and the history of its commitment to that particular social issue. Each of these descriptions is argued to be an important diagnostic message element.

As reported in Chapter 7, more diagnostic detail of Premier Bank's CSR commitment had a statistically significant influence on the dependent variable, scepticism toward CSR advertising claims. It is acknowledged, however, that the significance was only displayed between the Low and High treatments; while the mean for the Moderate treatment was in the hypothesised direction, this treatment's effect was not significantly

different from either the Low or High conditions. Nonetheless, it is an interesting outcome that more diagnostic CSR commitment information, that is, information that tells of specific social impacts of the firm's CSR actions, can inhibit scepticism toward the firm's CSR advertising claims, thus supporting Wood's (1991) proposition and Pracejus, Olsen, and Brown's (2003/4) cause-donation findings in a cause-related marketing campaign context.

Pirsch, Gupta and Landreth Grau (2007) find that more *institutionalised* CSR attracts less consumer scepticism than more short-term, *promotional* CSR. The signalling of more unequivocal institutionalised CSR in the High manipulation of CSR commitment, against the shorter-term and potentially more promotional Low manipulation, appears to offer support to these researchers' findings in a CSR advertising claim context.

The implication for marketing communication managers charged with informing audiences of the organisation's CSR record is, as Wood (1991) proposed, that consumers appreciate diagnostic detail about the firm's commitment to the social issue when evaluating CSR advertising claims. Diagnostic information provides detail on the specific social impacts of the firm's CSR engagement, and confirms the engagement is institutionalised, and longer-term, rather than merely promotional, and shorter-term, and potentially opportunistic.

## **8.4 Manipulation of Independent Variables**

### *8.4.1 Social Topic Information*

In spite of the absence in this study of a statistically significant impact of diagnostic social topic information on the dependent variable, scepticism toward CSR advertising

claims, this appears to be a CSR advertising message element worthy of further investigation. A generally negative attitude to the social topic chosen for this study, the arms trade, may have acted to nullify the impact of more diagnostic information. The powerful image chosen as the ad's attention-getting message element may have had a similar neutralising effect. Information about the workings of one particular anti-personnel device, cluster bombs, may not have been sufficiently diagnostic to enhance the context of Premier Bank's CSR initiatives. Given consumers' reported lack of awareness of social issues, and cognitive psychology theories such as priming and contextualisation, this is a CSR advertising message element in need of further examination.

#### *8.4.2 CSR Commitment*

The question of how much information to provide consumers about the firm's CSR initiatives and achievements is not a trivial one, particularly in an advertising context. It is important that firms provide consumers, and other stakeholders, with appropriately diagnostic information about their CSR initiatives and achievements in order, as Maignan (2001) notes, that consumers are able to identify those firms that are taking their social responsibilities seriously from those that are merely paying the construct lip service. Presenting this information in an effective and palatable form is therefore critical.

CSR Commitment information was manipulated here at three levels, based on a framework suggested by Wood (1991). Low diagnosticity CSR Commitment was manipulated by presenting information about Premier Bank's policies and programs, but providing no real hint of any result, or impact, of these policies and programs. Moderate

diagnosticity CSR Commitment provided more useful information about the policies and programs and also alluded to where and how Premier Bank had been successful through these policies and programs, without quantifying such success. High diagnosticity CSR Commitment built on the moderate level information by quantifying what was done and the impacts of this. In spite of perceived incongruity between the social issue and the banking product category, the provision of more specific, diagnostic information about the bank's CSR Commitment had a statistically significant impact on cognitions of scepticism towards the bank's claims. Maignan's (2001) argument that CSR information needs to be communicated to validate authentic CSR programs from those firms paying CSR lip service is supported here.

#### 8.2.2 *The Effects of Covariates*

Of the four covariates included in the overall model, three – *Ad Skepticism*, support for CSR, and attitude to banks - had a statistically significant influence on the dependent variable, while one – attitude to the arms trade - did not. Ad skepticism, measuring one's general scepticism towards advertising, had the largest influence of the three significant covariates on the dependent variable. This presents a challenge for marketing communications managers seeking to inform key stakeholder audiences, such as consumers, of their CSR initiatives and programs. However, the results of this study suggest overall scepticism to the advertised claims might be mitigated somewhat through providing more diagnostic information about the firm's CSR commitment. That is, by giving consumers the sort of information that enables them to judge between brands' CSR performances. Support for CSR and attitude to the product category of retail banks had considerably less impact on the dependent variable, but nonetheless played a significant part in influencing the results.

### **8.5 Dependent Variable: Scepticism toward CSR Advertising Claims**

Forehand and Grier (2003) used a conceptualization of scepticism based on consumer distrust or disbelief of CSR advertising claims or marketer motives, which not only captured the consumer's response to the informational content presented but also the consumer's attribution for the firm's CSR involvement. The attempt to measure the dependent variable here, scepticism toward CSR advertising claims, using the same construct, with scale items included to measure perceived motivations of the firm's CSR initiatives, revealed the construct did not have a univariate solution. As attribution for motivations appears to reside more naturally in the domain of cynicism (e.g., Kanter and Wortzel, 1985), rather than scepticism, responses to the attribution questions were excluded from the dependent variable's measure in this study. Instead, scepticism toward Premier Bank's CSR advertising claims were measured only using responses to the overall evaluation of Premier Bank as a credible, socially responsible, and trustworthy business. This approach is in line with other scepticism-related studies (e.g., Mohr, Eroglu, and Ellen, 1998; Obermiller and Spangenberg, 1998, 2001; Obermiller, Spangenberg, and MacLachlan, 2005).

### **8.4 Conclusion**

A main effect of Social Topic Information inhibiting scepticism toward CSR advertising claims was not supported in this study. Various theoretical explanations for this have been provided here, along with the observation that consumers tend to filter *bad news*, especially the sort of bad news that is reported frequently, with little apparently able to be done to alleviate it happening again and again, such as carnage caused by armed struggle. However, support was found for the ability of more diagnostic information

about the firm's CSR Commitment to inhibit scepticism toward CSR advertising claims. The implications for these findings, along with the study's limitations and suggestions for future research, are presented in the following chapter.

## **CHAPTER 9: CONCLUSIONS**

The previous chapter discussed the results of the study. This final chapter discusses the study's theoretical and managerial implications, limitations, and proposed directions for future research.

### **9.1 Theoretical Contribution**

The study investigated the ability of two dimensions of diagnostic information to inhibit consumer cognitions of scepticism in response to a firm's CSR advertising claims. Several theories were advanced in order to develop hypotheses for this inhibition effect of Social Topic Information and CSR Commitment. Among these theories, contextualisation theory, drawn from cognitive psychology, suggested providing more diagnostic information about the social topic, here, impacts of the arms trade, would provide a useful context from which the firm's CSR claims might receive added understanding and relevance. The main effect of Social Topic Information was not observed, calling the role of such diagnostic information into question, and need of further investigation. Obermiller (1995) makes a compelling case for the ability of such information to increase sensitivity and response to the issue. The results of this study appear to question whether such information can inspire these results.

A major drawback of providing more diagnostic social topic information, effectively educating audience members of the social problem's impacts and severity, is that such information frames the advertisement very negatively, potentially activating perceptual filtering mechanisms and undermining the subsequent, positively-framed CSR initiatives and successes of the target brand. The addition of a large, attention-getting



image that features an aspect of the negative social issue, such as the one depicting the troubled face of an African youth brandishing an automatic rifle, accentuates the risks of this negatively-framed advertising message. In the final pre-test, the impact of the image used in the ad in inducing anger in participants before they read the ad, was found to increase in the less diagnostic treatments. On a seven-point scale, anchored by Disagree strongly/Agree strongly, participants responded to the statement “The image in the ad induced a feeling of anger in me before I read the ad”, with means of 3.3 (High), 5 (Moderate), and 5.3 (Low).

Ad likability, measuring how much a consumer likes or dislikes an advertisement, is one of the most important measures used to determine if an ad is to be included in a campaign (for a recent discussion of the acceptance of ad likability within the advertising industry, see Bergkvist and Rossiter, 2008). The potentiality for the debilitating effects of the negative framing of social issues in diagnostic CSR advertising claims means images and manipulation of Social Topic Information should avoid stances that upset and disgust, as occurred in this study, but should try to achieve more positive evaluations. The use by Westpac of images of, for example, an oil-covered, shivering penguin, affected by an oil spill, or a penguin standing on a seemingly thawing iceberg, alluding to global warming, are examples of images that take a softer, less direct *in-the-face* approach.

The role of more diagnostic information about the results of the firm’s CSR initiatives and the firm’s history of engagement with the social issue in inhibiting consumers’ scepticism towards the firm’s advertising claims was found to be reliable. In an

advertising context, where the balance of quality and quantity of information is critical, more diagnostic information appears to assist evaluation.

## **9.2 Managerial Implications**

Among a range of communication elements, firms are increasingly turning to corporate advertising communications to inform key stakeholder audiences, such as consumers, of their non-financial, CSR initiatives. Advertising is often regarded a “relatively *indirect* form of persuasion, based on information or emotional appeals, designed to create favourable mental impressions that ‘turn the mind toward’ purchase” (Rossiter and Percy, 1997, p. 3); favourable mental impressions, and eventual purchase, are obstructed if audience members respond to the communication attempt with scepticism. While consumers have been found to be more sceptical of advertising than other communication modes, more diagnostic information in advertising copy can influence overall message scepticism to CSR advertising claims.

Given the reported lack of awareness consumers have of social problems, the question for marketing communication managers charged with informing key audiences of their firms’ CSR initiatives is whether they should advertise such initiatives, and, if so, whether there is a need for their advertising communications to play some role in educating audience members about the severity of the social problems their CSR initiatives engage with. Given the low communication effectiveness of such communication modes as point-of-purchase promotions, personal selling promotions, and softer promotional vehicles such as corporate annual reports and websites (Pomeroy and Dolnicar, 2009), it is not surprising to see more firms turning to corporate image advertising to tell key stakeholders of their CSR initiatives. The

process of turning of minds toward purchase is a gradual one, starting with attitudes and beliefs, and moving through to behavioural response. Enhancement of beliefs, the antithesis of scepticism, is the critical starting point.

Consumers expect corporations to demonstrate responsibilities to society (Dawkins, 2004), a finding echoed in this study. Consumers also want to be informed of what firms are doing to meet these responsibilities (Dawkins, 2004). Corporate image advertising that features the firm's CSR programs and initiatives is a highly conspicuous communication method for marketing managers to inform key stakeholder audiences. While advertising is prone to scepticism among respondents, this study provides support for diagnostic CSR advertising information as a way of reducing such scepticism. Research can guide marketing communications managers as to just what information will be considered diagnostic for a particular situation. While future research may succeed in establishing a role for social topic information in inhibiting scepticism toward CSR ads, a clear role was not found here. Some minimal level of educating unaware consumers of the gravitas of the social problem the firm is using its resources to address is presumed necessary; even the most diagnostic CSR claims by the ad's target brand may lack meaning if not referenced in some way. It is challenging for marketing communicators to strike an optimal balance between quantity and quality of information presented in advertisements, but the findings of this study suggest more diagnostic information on CSR Commitment should reduce scepticism and improve persuasion.

### **9.3 Limitations**

As with any experimental design, this research study has several limitations. First, the use of an online consumer panel naturally presents a lack of experimental control; when, under what conditions and level of distraction, and the time taken to complete the study were all potential influences beyond the control of the researcher. This is evident in the range of times taken to complete the study, and that approximately 10 percent of the total participants were excluded due to either inappropriately quick time for completion or abnormally consistent question responses. While it is anticipated a laboratory experiment would permit greater experimental control, it would not allow the nationally representative sample of consumers captured via the online consumer panel. While it is acknowledged that internet users may not necessarily be representative of the entire population, given the high number of Australian bank customers that participate in online banking, this data-collection method appears appropriate in this instance.

Second, the use of an unknown brand, the fictitious Premier Bank, engaging with a social issue that was found (in the first pre-test) to be of low salience for local consumers, may have given the study an artificiality that may have been less conspicuous had a real and familiar brand, and a more pressing social problem been used. This point lends itself to future research, and will be discussed further in that section below. Third, the manipulation of both the Social Topic Information and CSR Commitment proved challenging, and may have been done more effectively, especially if using an alternative social issue.

Third, the choice of the arms trade as the social issue, a societal problem that consumers reported a negative attitude toward but little awareness of, may have acted to dampen

the resonance of Premier Bank's CSR profile and weaken general study responses. Results demonstrated a tendency for respondents to answer near the central point of scales, suggesting a lack of extreme opinions. Pre-testing revealed the arms trade was perceived as somewhat incongruous with the retail banking product category; this may have influenced participants' evaluations.

Fourth, the manipulation of Social Topic Information may have been perceived as displaying a poor fit with the image used in the stimuli. The image used was chosen as it was judged to be an effective attention-getting device, and it conveyed the essence of the social problem that Premier Bank was basing its CSR claims in relation to. When pre-tested, several participants commented that an explanation of the workings of cluster bombs – which was included in the more diagnostic manipulations of this variable – had little obvious connection to a serious-faced black youth brandishing a rifle. This inconsistency between two of the key executional elements of some of the experimental stimuli may have had some extraneous influence not accounted for in several of the treatments, particularly the High conditions of Social Topic Information.

#### **9.4 Future Research**

Wary of a backlash, firms have in the past been somewhat reluctant to use advertising communications to inform key stakeholders, such as consumers, of their pro-social initiatives; the self-promoter's paradox and the questionable ethics, as perceived by some audience members, of seeking to profit from misery are particular risks. But, as firms increasingly turn to this marketing communications approach, research into consumer response to firms' CSR advertising claims is both timely and needed. This research is a first attempt to examine consumer response to CSR advertising claims at

the initial stage of processing evaluation, cognitive responses, a first step in attitude formation. It is also the first attempt to examine consumer responses to firms' advertised CSR claims where the CSR initiatives are not simply support of a cause, but go to the core of the firm's values and how it institutionalises pro-social initiatives into its daily operations. If consumers are to know which firms are serious about CSR and which firms are merely paying the concept lip-service, being made aware of core corporate values, and the impacts of those values when put into practice, is arguably more informative than just cause support. As such, this research departs from much of the CSR-consumer research that has simply considered different aspects of cause-related marketing campaign effects. From this starting point, several directions for future research are suggested.

#### *9.4.1 Alternative and More Applicable Social Topics*

While the Social Topic Information, as manipulated in this study, did not have a statistically significant influence on the dependent variable of scepticism towards CSR advertising claims, other social topics, variously manipulated, would provide the opportunity to further test the contextualisation role of such information for the target firm's subsequent CSR claims. Pre-test results revealed the arms trade was perceived as a somewhat incongruous issue to be linked to a bank in the local market, and, while the arms trade inspired negative sentiment in the study's participants it appears to be an issue that local consumers are not particularly involved with. Future research using social issues that are more congruous with the product category of the target firm, and more salient for local consumers would extend this research topic. It is noted that Westpac, a leading local retail bank seen as the first-mover in CSR in the banking

sector, has to date featured environmental impacts and employee relations as key platforms of its CSR advertising campaign.

#### *9.4.2 Familiar Brands*

The target brand used in this study, Premier Bank, was both an unfamiliar and fictitious brand. Future research using familiar brands that capture a range of brand loyalty strata offers another interesting extension of the findings of this study. Depending on the product category, brands offer consumers the opportunity for social identification and a sense of community, which may influence scepticism toward CSR advertising claims. The impact of positive and negative reputational influences could also be investigated, as known corporate reputation is expected to intervene between CSR advertising diagnosticity and scepticism response. Research (e.g. Dawar and Pillutla, 2000) has shown that a positive reputation for CSR can provide a buffer against consumer retribution in the event of a crisis; how reputations can be bolstered through more diagnostic CSR advertising claims that inhibit initial responses of scepticism offers a contribution to this knowledge theme.

Two further opportunities for future research are in considering the role of cynicism in influencing scepticism toward CSR advertising claims, and in identifying meaning criteria for segmenting consumers for whom more diagnostic advertising would prove resonant. Related to scepticism, cynicism towards firms' perceived self- or other-serving motivations may interact with diagnostic CSR information to provide a deeper understanding of consumer responses. While the CSR Commitment element of diagnostic CSR information studied here seeks to capture the social impacts of the firm's CSR initiatives as well as its values, as signalled by the history of its

commitment to the social issue(s) engaged with, cynicism towards the underlying motivations of corporations for pro-social endeavours that is unaffected by such diagnostic information cannot be ruled out.

## **9.5 Conclusion**

This thesis offers interesting initial insights into consumer scepticism toward CSR advertising claims. Pressure is increasingly on firms to not only do good, but to also let key stakeholder audiences know that they are doing so. This way, it is suggested (Hansen and Schrader, 1997), not only markets but entire economies may be shaped for the better. Information, and increasingly information provided through advertising marketing communications, is the critical link between what firms do and how consumers, just one key stakeholder audience, respond through their purchase behaviour. Behavioural and attitudinal responses originate in the cognitive responses consumers form toward the informational inputs they receive and process. More effective CSR communication, the corollary of less scepticism toward such information, is critical for marketing communications managers. More diagnostic information regarding a firm's CSR Commitment has been found here to inhibit scepticism towards a firm's CSR advertising claims. The role of more diagnostic information about a little known social topic was not found to be a clear one in this study. Future research directions have been suggested to expand our understanding of this increasingly important corporate communication challenge.



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## APPENDIX A: EXPERIMENTAL STIMULI **HIGH/HIGH**

[www.premierbank.com.au](http://www.premierbank.com.au)

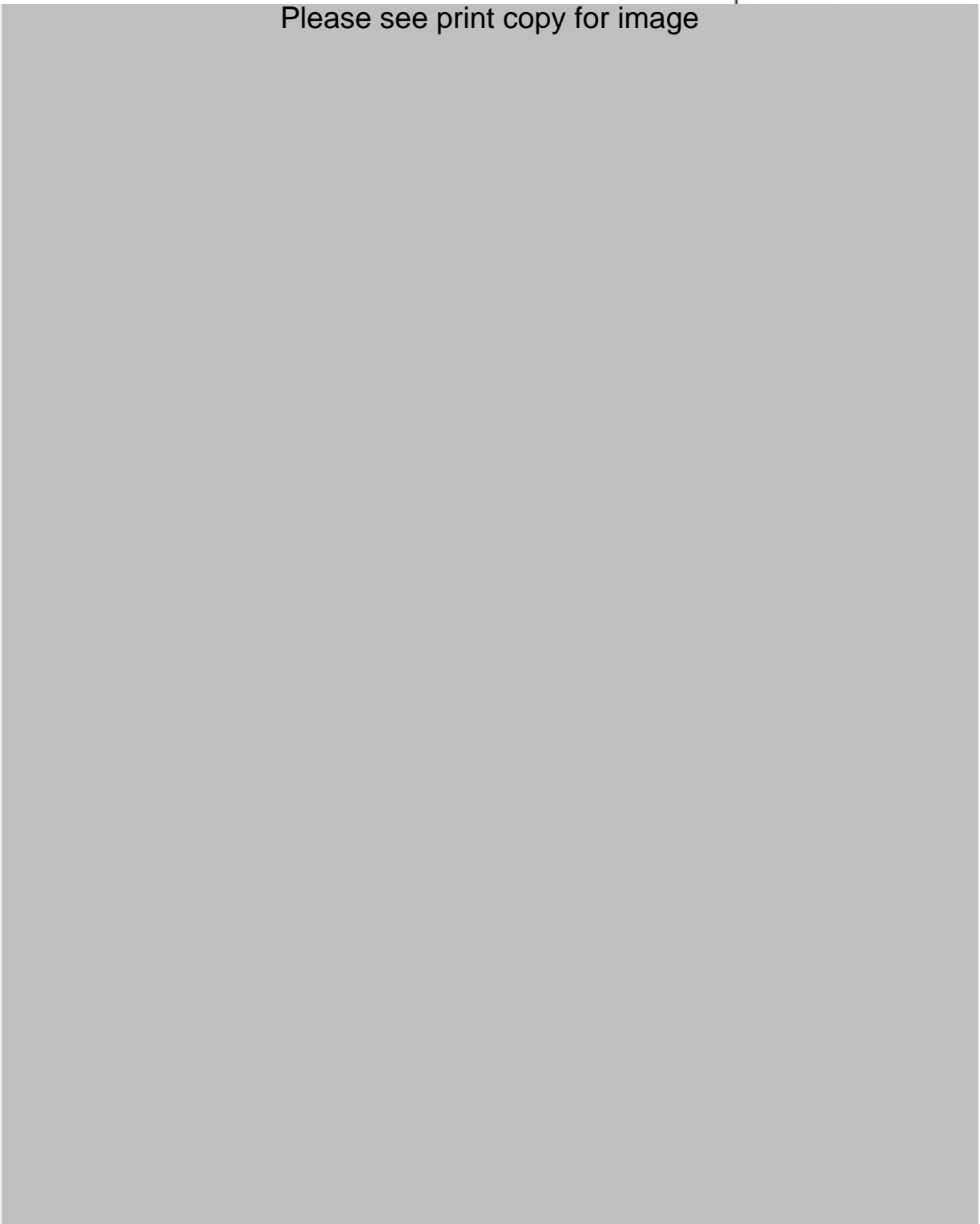
Please see print copy for image



## APPENDIX A: EXPERIMENTAL STIMULI MOD/MOD

[www.premierbank.com.au](http://www.premierbank.com.au)

Please see print copy for image

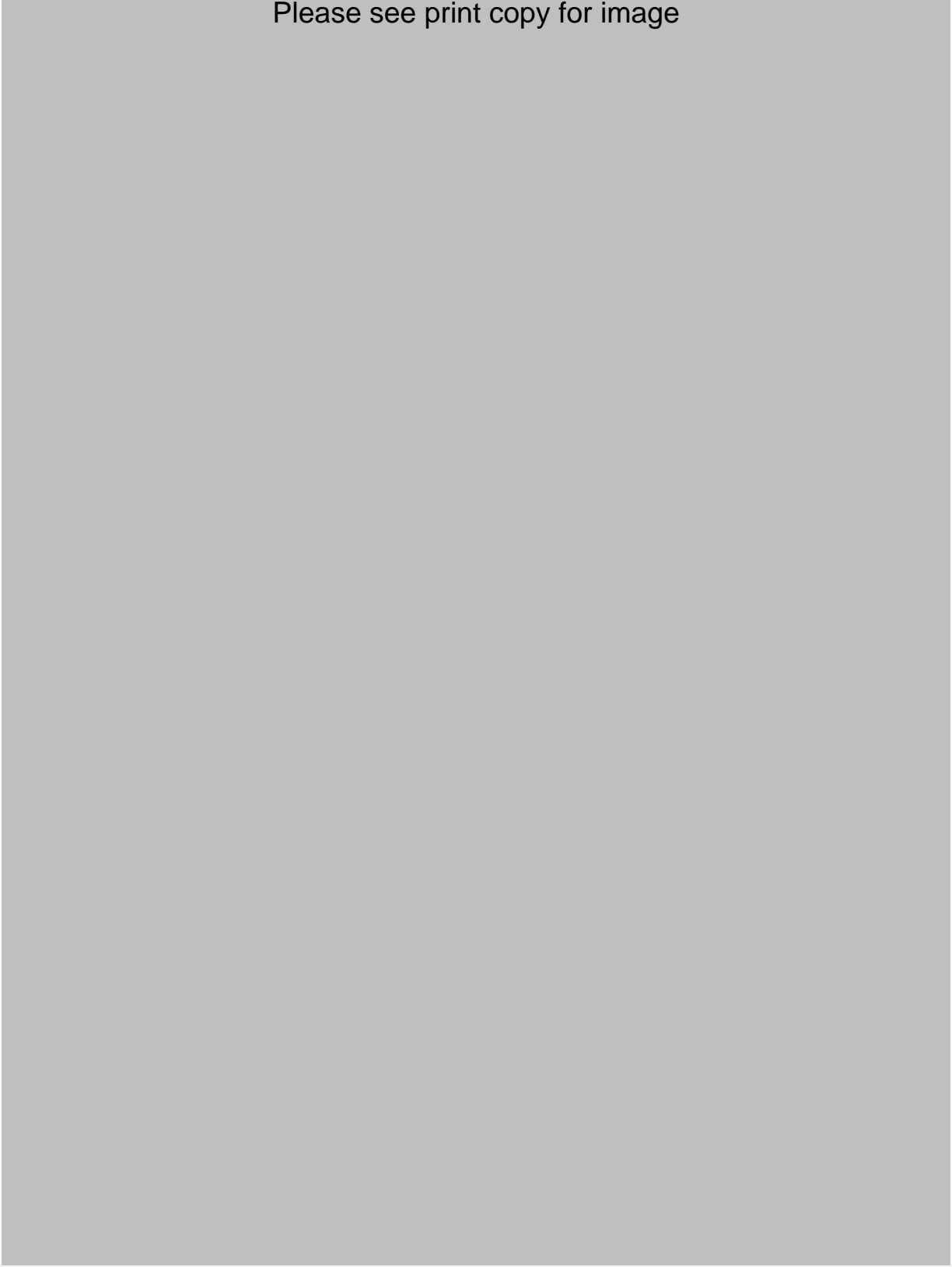




## APPENDIX A: EXPERIMENTAL STIMULI LOW/LOW

[www.premierbank.com.au](http://www.premierbank.com.au)

Please see print copy for image



## **Appendix B: Study Question Protocol**

### **Advertising Skeptism (Ad Skep)**

(Strongly disagree/Strongly agree: seven-point scale)

1. We can depend on getting the truth in most advertising.
2. Advertising's aim is to inform the consumer.
3. I believe advertising is informative.
4. Advertising is generally truthful.
5. Advertising is a reliable source of information about the quality and performance of products.
6. Advertising is truth well told.
7. In general, advertising presents a true picture of the product being advertised.
8. I feel I've been accurately informed after viewing most advertisements.
9. Most advertising provides consumer essential information.

### **Attitude to Corporate Social Responsibility**

(Strongly disagree/Strongly agree: seven-point scale)

1. Businesses must play a role in our society that goes beyond the mere generation of profits.
2. Businesses must refrain from bending the law even if this helps improve performance.
3. Businesses must maximise profits.
4. Businesses must be ethical even if it negatively affects economic performance.

**Brand Attitude (Product Category: Retail Banks)**

(Very negative/Very positive: seven-point scale)

My general attitude towards banks is \_\_\_\_.

**Brand Attitude (Product Category: Arms Trade)**

(Very negative/Very positive: seven-point scale)

My general attitude toward the arms trade is \_\_\_\_.

**Scepticism toward the Social Topic Information**

(Strongly disagree/Strongly agree: seven-point scale)

I believe the information in the ad about the arms trade.

**Scepticism toward CSR Commitment**

(Strongly disagree/Strongly agree: seven-point scale)

1. I believe the information in the ad about Premier Bank's achievements.
2. I believe Premier does what it claims to reduce the impacts of the arms trade.

**Scepticism toward Premier Bank's CSR claims (DV)**

(Strongly disagree/Strongly agree: seven-point scale)

1. Premier seems like the sort of bank I can believe.
2. I think Premier is a socially responsible business.

**Manipulation Check: Diagnosticity of social topic information (arms trade)**

(Strongly disagree/Strongly agree: seven-point scale)

1. The ad is informative about the arms trade.
2. I learned something new about the arms trade from the ad.
3. The ad makes it clear that the arms trade is a problem for society and why.

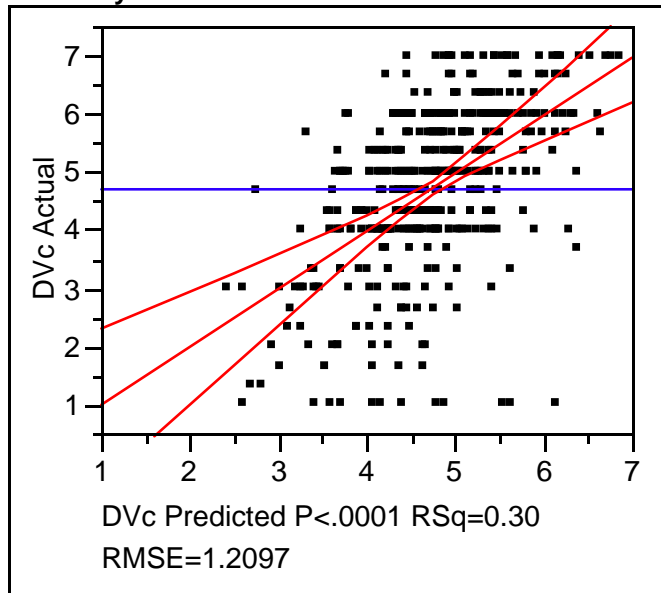
**Manipulation Check: Diagnosticity of CSR Commitment**

(Strongly disagree/Strongly agree: seven-point scale)

1. The ad is informative about what Premier is doing to help reduce the effects of the arms trade.
2. The ad describes what Premier is doing to reduce the effects of the arms trade.
3. It is clear from the ad that Premier Bank is against the arms trade.

## APPENDIX C: OUTPUT FOR THE OVERALL MODEL

Least Squares Fit  
Response DVc  
Whole Model  
Actual by Predicted Plot



### Analysis of Variance

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	12	254.65403	21.2212	14.5004
Error	404	591.25058	1.4635	Prob > F
C. Total	416	845.90461		<.0001

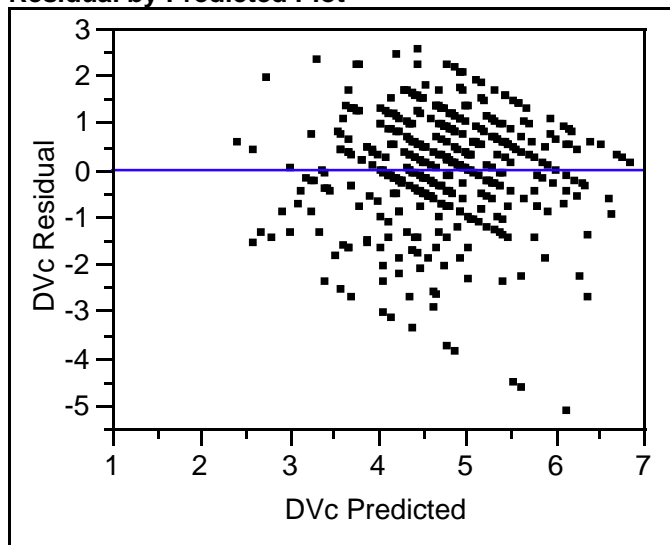
### Parameter Estimates

Term	Estimate	Std Error	t Ratio	Prob> t
Intercept	0.017651	0.423723	0.04	0.9668
STI Dummy[Medium-Low]	0.2164538	0.248571	0.87	0.3844
STI Dummy[High-Medium]	0.009574	0.250661	0.04	0.9696
CSR Dummy[Medium-Low]	0.3838168	0.26081	1.47	0.1419
CSR Dummy[High-Medium]	0.2282631	0.263846	0.87	0.3875
STI Dummy[Medium-Low]*CSR Dummy[Medium-Low]	-0.281837	0.358293	-0.79	0.4320
STI Dummy[Medium-Low]*CSR Dummy[High-Medium]	-0.158215	0.361389	-0.44	0.6618
STI Dummy[High-Medium]*CSR Dummy[Medium-Low]	-0.152215	0.353633	-0.43	0.6671
STI Dummy[High-Medium]*CSR Dummy[High-Medium]	0.4735174	0.353091	1.34	0.1807
Ad Scepticism	0.3493098	0.057695	6.05	<.0001
csr attitude 2	0.4294171	0.057556	7.46	<.0001
PCA Banks	0.1755204	0.046619	3.77	0.0002
PCA Arms trade	-0.001633	0.04321	-0.04	0.9699

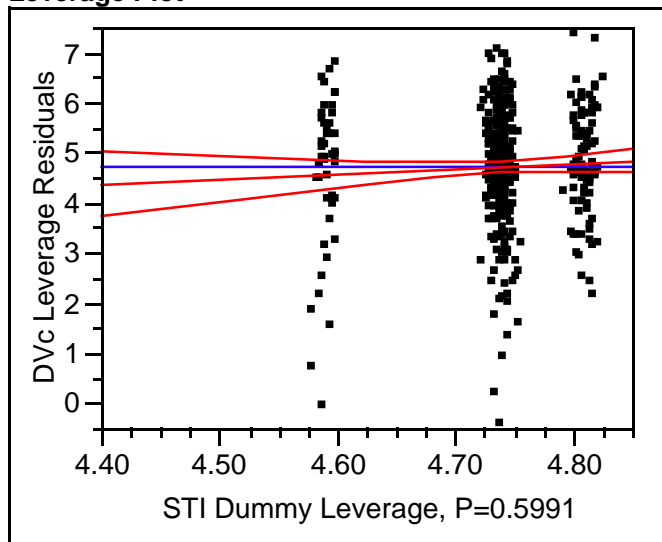
### Effect Tests

Source	Nparm	DF	Sum of Squares	F Ratio	Prob > F
STI Dummy	2	2	1.501302	0.5129	0.5991
CSR Dummy	2	2	8.618981	2.9447	0.0538
STI Dummy*CSR Dummy	4	4	4.864765	0.8310	0.5060
Ad Scepticism	1	1	53.646600	36.6566	<.0001
csr attitude 2	1	1	81.462964	55.6634	<.0001
PCA Banks	1	1	20.745531	14.1754	0.0002
PCA Arms trade	1	1	0.002091	0.0014	0.9699

**Residual by Predicted Plot**



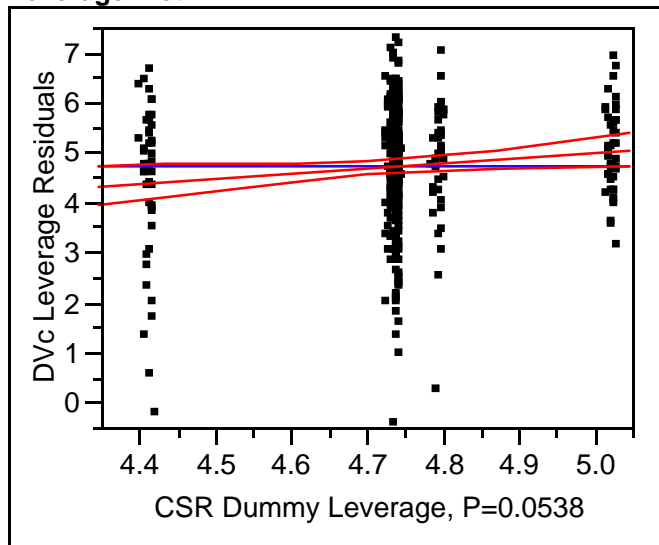
**STI Dummy  
Leverage Plot**



**Least Squares Means Table**

Level	Least Sq Mean	Std Error	Mean
Low	4.4027301	0.17885834	4.69466
Medium	4.6191839	0.17309106	4.63218
High	4.6287579	0.18030189	4.89125

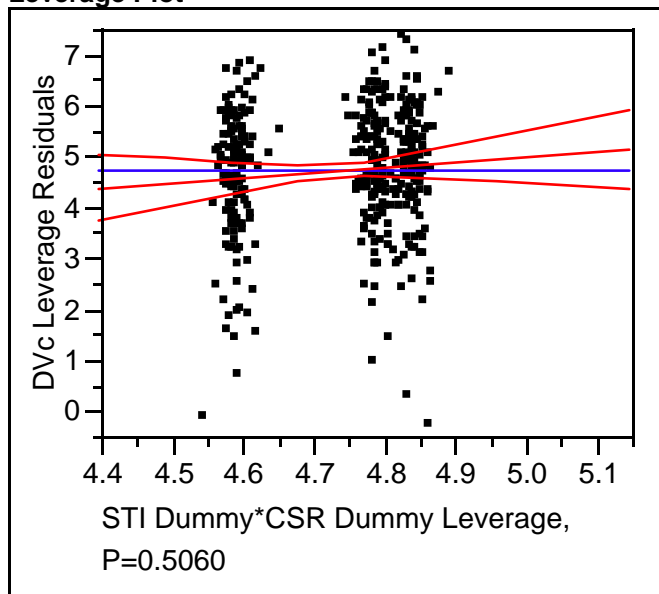
**CSR Dummy  
Leverage Plot**



**Least Squares Means Table**

Level	Least Sq Mean	Std Error	Mean
Low	4.4027301	0.17885834	4.55083
Medium	4.7865469	0.18946881	4.74020
High	5.0148100	0.18291417	4.92857

**STI Dummy\*CSR Dummy  
Leverage Plot**

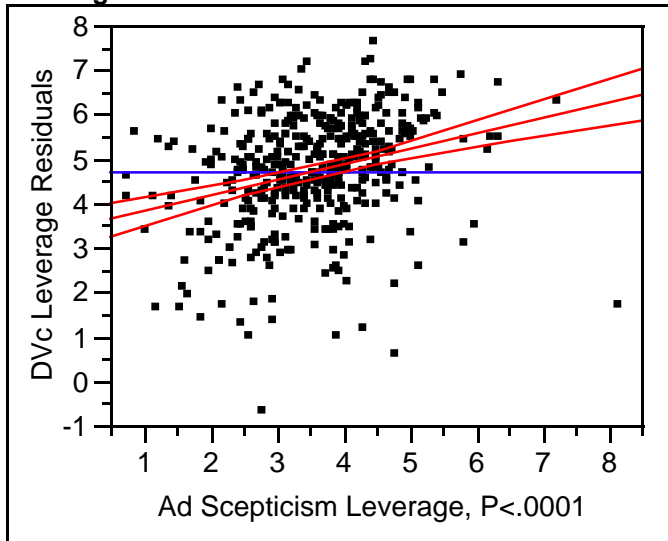


**Least Squares Means Table**

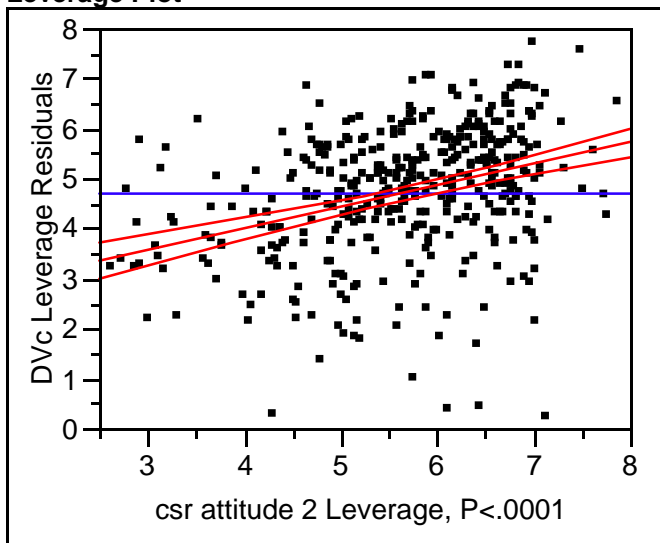
Level	Least Sq Mean	Std Error
Low,Low	4.4027301	0.17885834
Low,Medium	4.7865469	0.18946881
Low,High	5.0148100	0.18291417
Medium,Low	4.6191839	0.17309106
Medium,Medium	4.7211634	0.17489182

Level	Least Sq Mean	Std Error
Medium,High	4.7912115	0.17523143
High,Low	4.6287579	0.18030189
High,Medium	4.5785228	0.17742669
High,High	5.1220884	0.17487913

### Ad Scepticism Leverage Plot

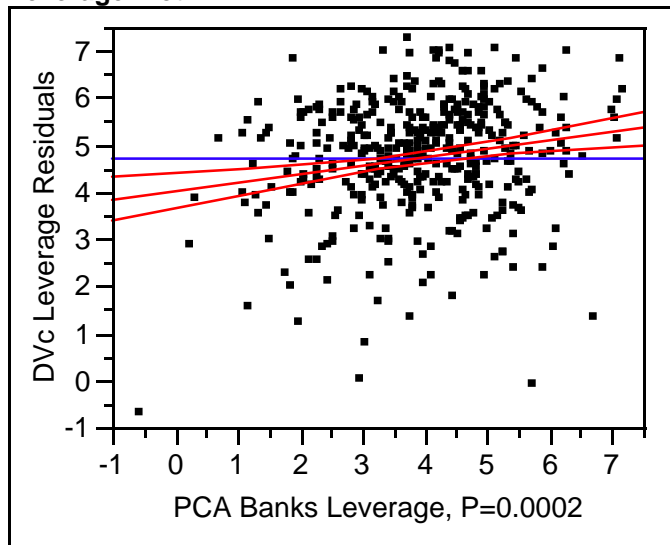


### csr attitude 2 Leverage Plot

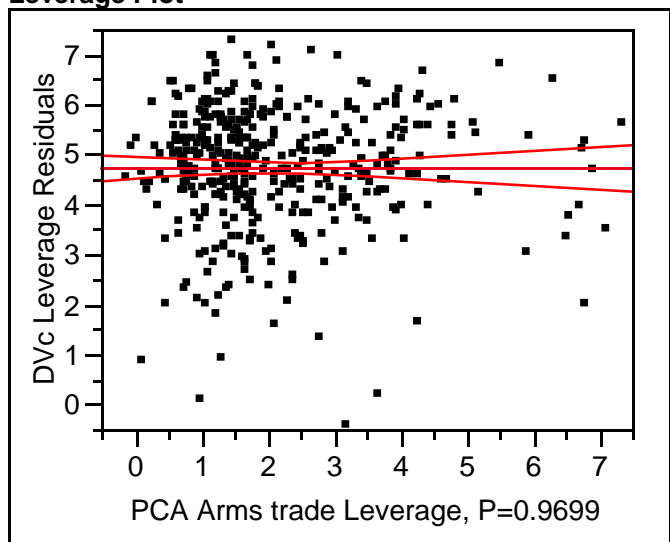




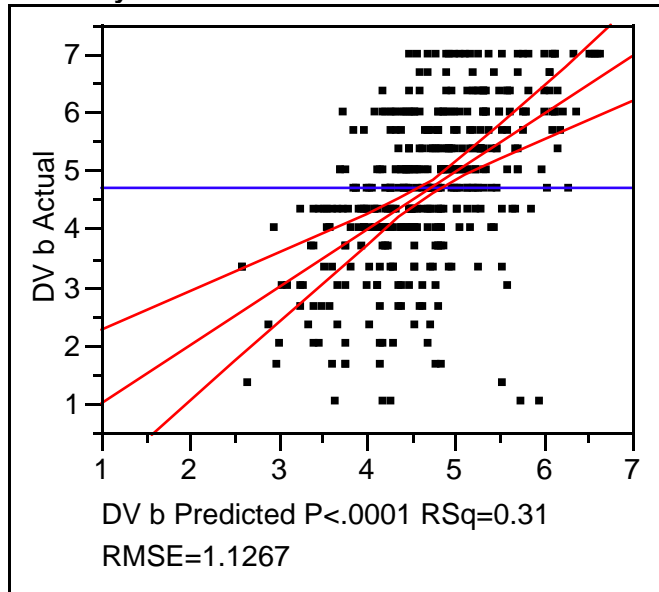
**PCA Banks**  
**Leverage Plot**



**PCA Arms trade**  
**Leverage Plot**



**Response DV b**  
**Whole Model**  
**Actual by Predicted Plot**



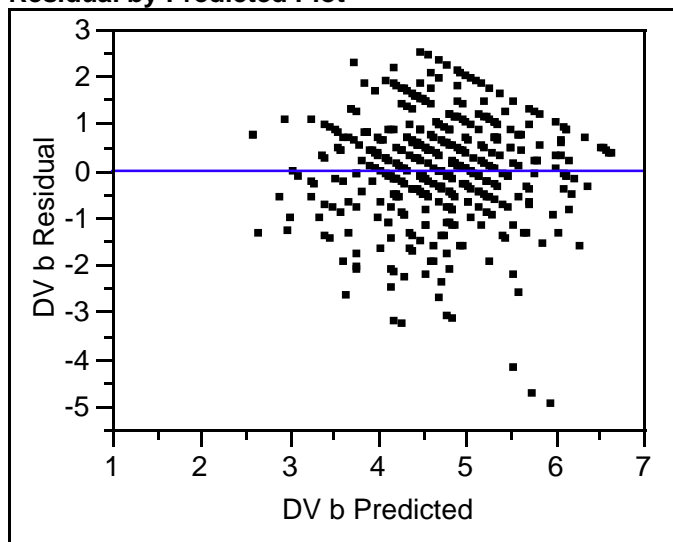
**Parameter Estimates**

Term	Estimate	Std Error	t Ratio	Prob> t
Intercept	0.3193414	0.394627	0.81	0.4189
STI Dummy[Medium-Low]	0.1775304	0.231502	0.77	0.4436
STI Dummy[High-Medium]	-0.07332	0.233448	-0.31	0.7536
CSR Dummy[Medium-Low]	0.3000213	0.242901	1.24	0.2175
CSR Dummy[High-Medium]	0.2389259	0.245728	0.97	0.3315
STI Dummy[Medium-Low]*CSR Dummy[Medium-Low]	-0.257622	0.333689	-0.77	0.4405
STI Dummy[Medium-Low]*CSR Dummy[High-Medium]	-0.013057	0.336573	-0.04	0.9691
STI Dummy[High-Medium]*CSR Dummy[Medium-Low]	0.100235	0.329349	0.30	0.7610
STI Dummy[High-Medium]*CSR Dummy[High-Medium]	0.1330773	0.328845	0.40	0.6859
Ad Scepticism	0.3742344	0.053733	6.96	<.0001
csr attitude 2	0.3791829	0.053604	7.07	<.0001
PCA Banks	0.1427724	0.043417	3.29	0.0011
PCA Arms trade	0.021143	0.040243	0.53	0.5996

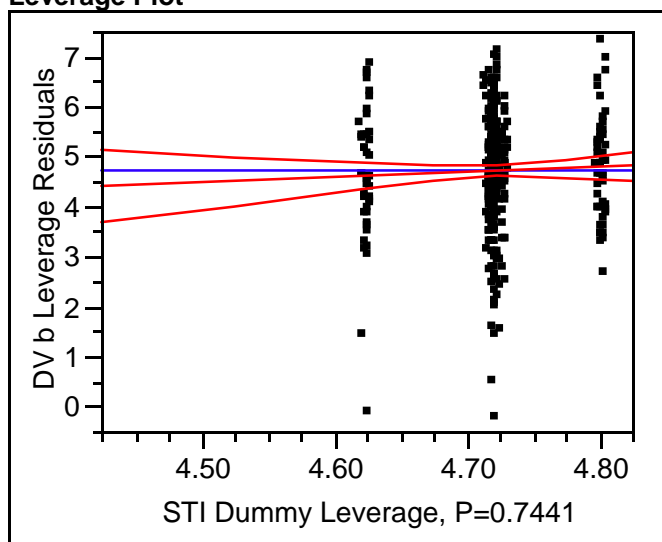
**Effect Tests**

Source	Nparm	DF	Sum of Squares	F Ratio	Prob > F
STI Dummy	2	2	0.751028	0.2958	0.7441
CSR Dummy	2	2	6.563785	2.5854	0.0766
STI Dummy*CSR Dummy	4	4	1.361211	0.2681	0.8984
Ad Scepticism	1	1	61.575532	48.5075	<.0001
csr attitude 2	1	1	63.518337	50.0380	<.0001
PCA Banks	1	1	13.726441	10.8133	0.0011
PCA Arms trade	1	1	0.350398	0.2760	0.5996

**Residual by Predicted Plot**



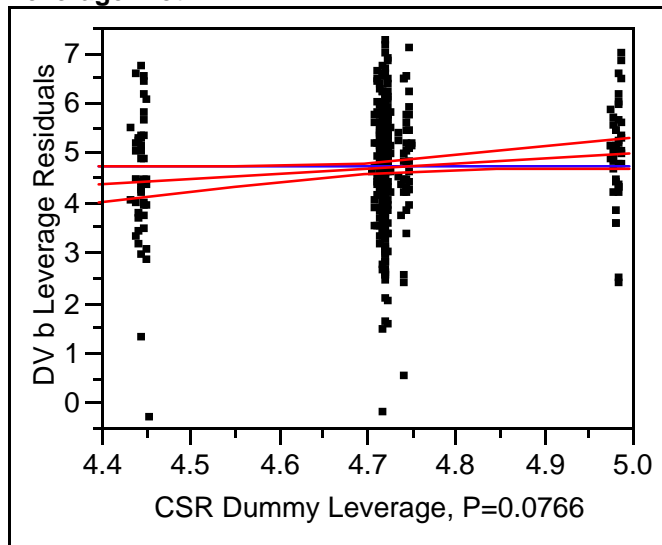
**STI Dummy  
Leverage Plot**



**Least Squares Means Table**

Level	Least Sq Mean	Std Error	Mean
Low	4.4281171	0.16657641	4.66921
Medium	4.6056475	0.16120517	4.63218
High	4.5323273	0.16792084	4.86052

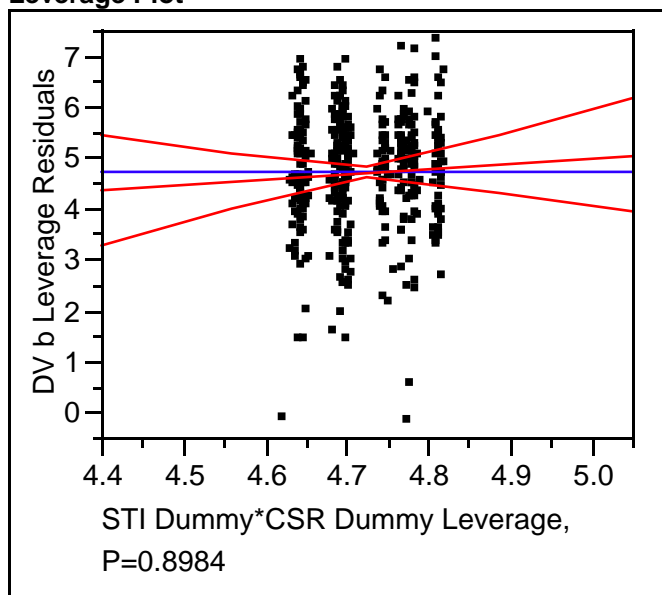
**CSR Dummy  
Leverage Plot**



**Least Squares Means Table**

Level	Least Sq Mean	Std Error	Mean
Low	4.4281171	0.16657641	4.52482
Medium	4.7281385	0.17645828	4.72794
High	4.9670643	0.17035373	4.91190

**STI Dummy\*CSR Dummy  
Leverage Plot**

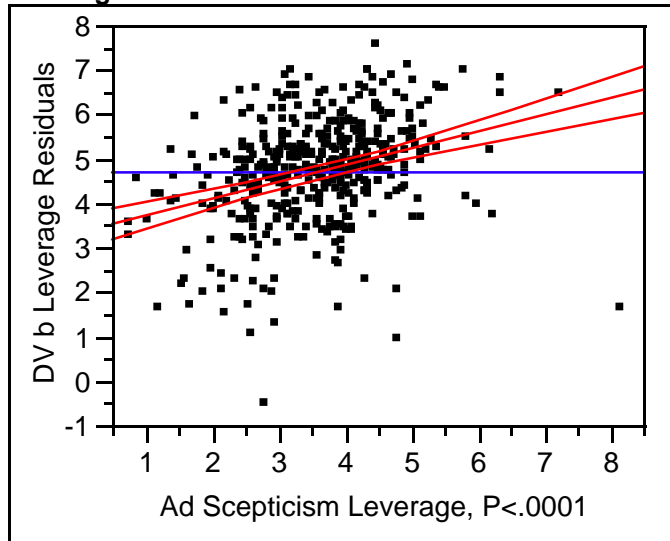


**Least Squares Means Table**

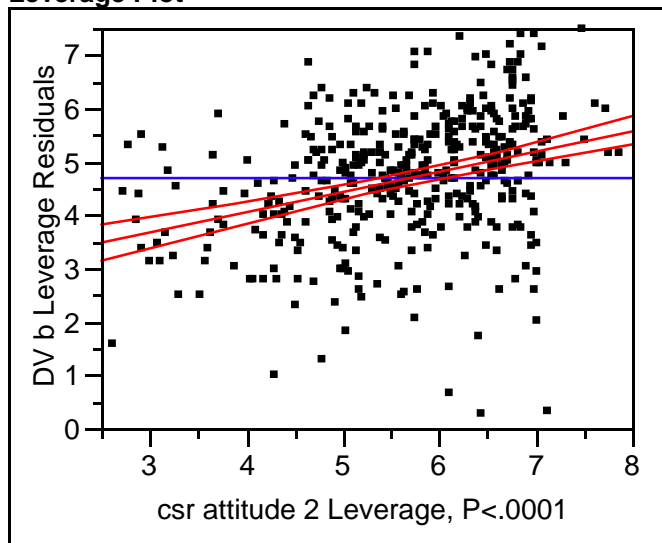
Level	Least Sq Mean	Std Error
Low,Low	4.4281171	0.16657641
Low,Medium	4.7281385	0.17645828
Low,High	4.9670643	0.17035373
Medium,Low	4.6056475	0.16120517
Medium,Medium	4.6480468	0.16288226

Level	Least Sq Mean	Std Error
Medium,High	4.8739159	0.16319855
High,Low	4.5323273	0.16792084
High,Medium	4.6749616	0.16524307
High,High	5.0339080	0.16287045

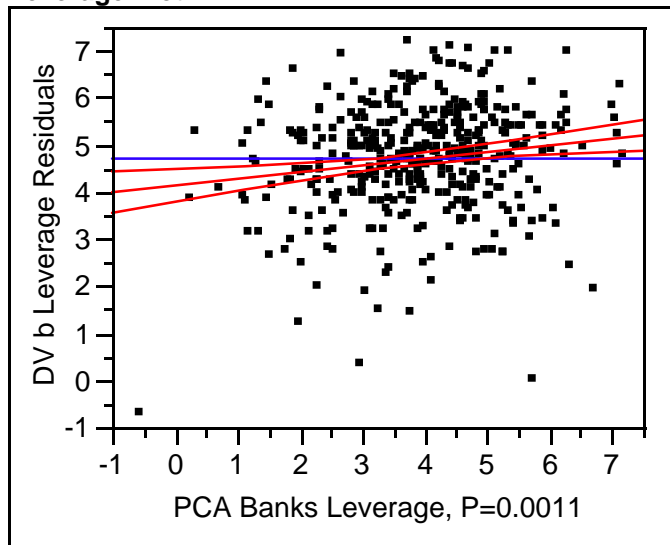
### Ad Scepticism Leverage Plot



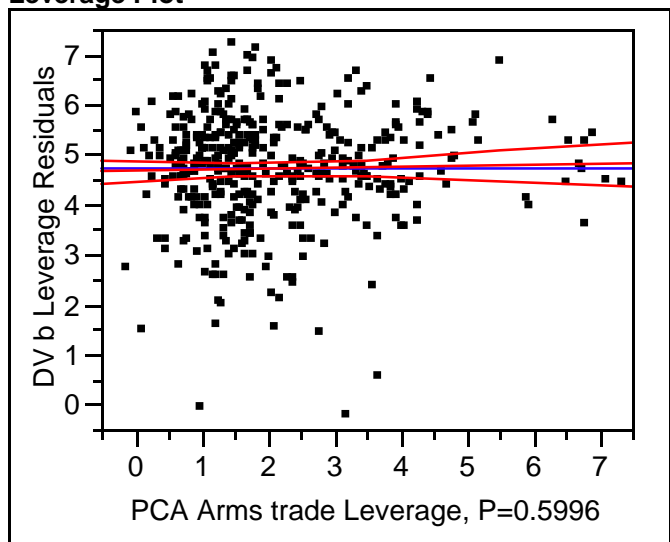
### csr attitude 2 Leverage Plot



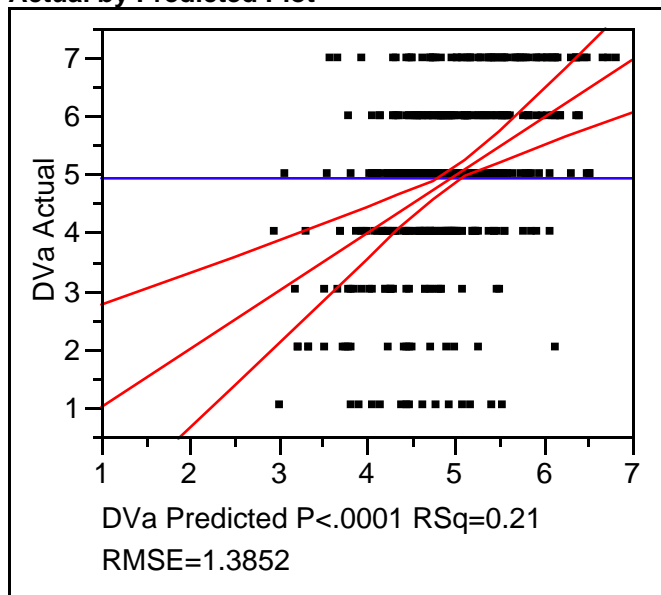
**PCA Banks  
Leverage Plot**



**PCA Arms trade  
Leverage Plot**



**Response DVa**  
**Whole Model**  
**Actual by Predicted Plot**



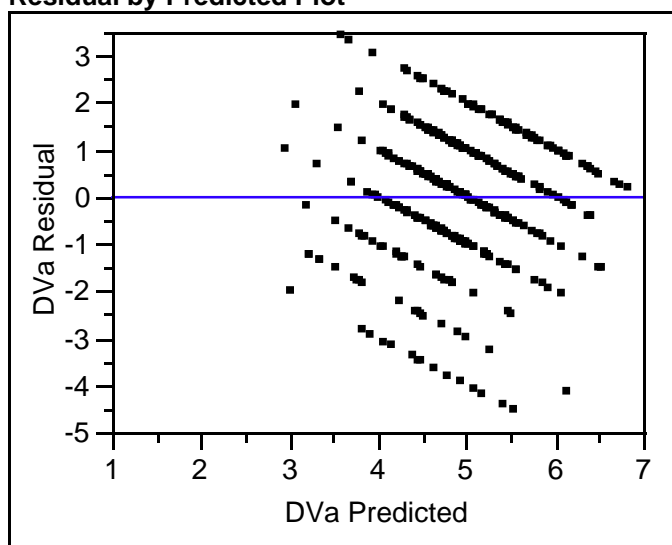
**Parameter Estimates**

Term	Estimate	Std Error	t Ratio	Prob> t
Intercept	0.7611638	0.485165	1.57	0.1175
STI Dummy[Medium-Low]	0.151761	0.284615	0.53	0.5942
STI Dummy[High-Medium]	0.1218419	0.287008	0.42	0.6714
CSR Dummy[Medium-Low]	0.0839909	0.298629	0.28	0.7787
CSR Dummy[High-Medium]	0.0066956	0.302105	0.02	0.9823
STI Dummy[Medium-Low]*CSR Dummy[Medium-Low]	0.526001	0.410247	1.28	0.2005
STI Dummy[Medium-Low]*CSR Dummy[High-Medium]	-0.490816	0.413791	-1.19	0.2363
STI Dummy[High-Medium]*CSR Dummy[Medium-Low]	-0.631276	0.404911	-1.56	0.1198
STI Dummy[High-Medium]*CSR Dummy[High-Medium]	0.7122394	0.404291	1.76	0.0789
Ad Scepticism	0.2667858	0.066061	4.04	<.0001
csr attitude 2	0.3878356	0.065902	5.88	<.0001
PCA Banks	0.1801374	0.053379	3.37	0.0008
PCA Arms trade	0.0236586	0.049475	0.48	0.6328

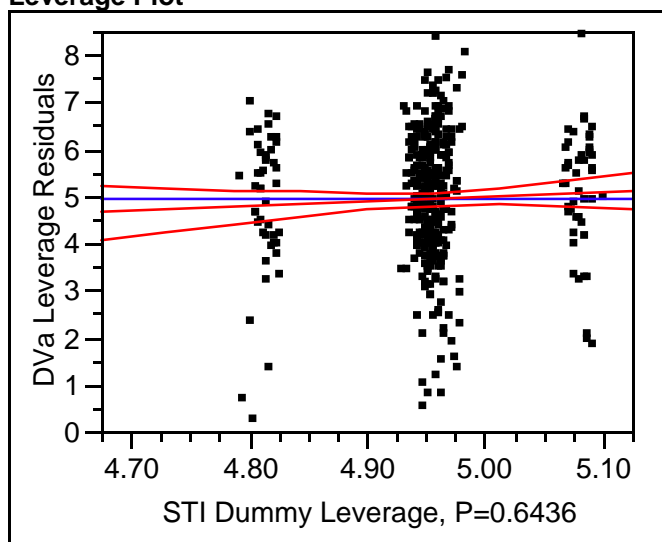
**Effect Tests**

Source	Nparm	DF	Sum of Squares	F Ratio	Prob > F
STI Dummy	2	2	1.693180	0.4412	0.6436
CSR Dummy	2	2	0.228796	0.0596	0.9421
STI Dummy*CSR Dummy	4	4	7.837988	1.0213	0.3960
Ad Scepticism	1	1	31.292930	16.3095	<.0001
csr attitude 2	1	1	66.450302	34.6332	<.0001
PCA Banks	1	1	21.851309	11.3887	0.0008
PCA Arms trade	1	1	0.438739	0.2287	0.6328

**Residual by Predicted Plot**



**STI Dummy  
Leverage Plot**

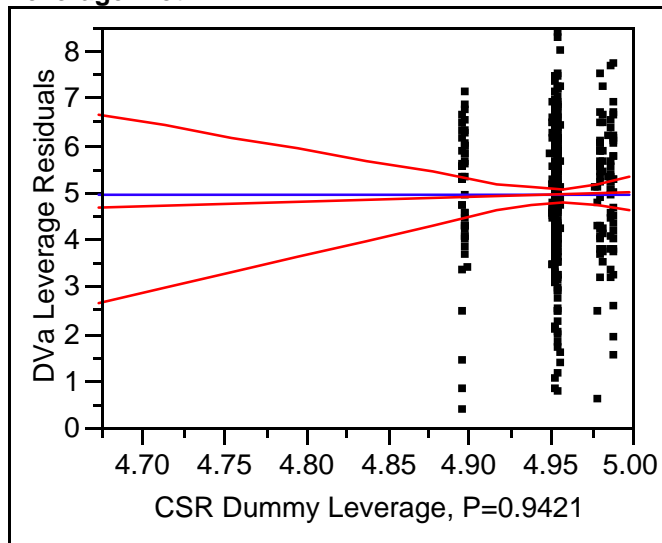


**Least Squares Means Table**

Level	Least Sq Mean	Std Error	Mean
Low	4.6852126	0.20479357	4.70992
Medium	4.8369736	0.19819002	5.01379
High	4.9588155	0.20644645	5.12057



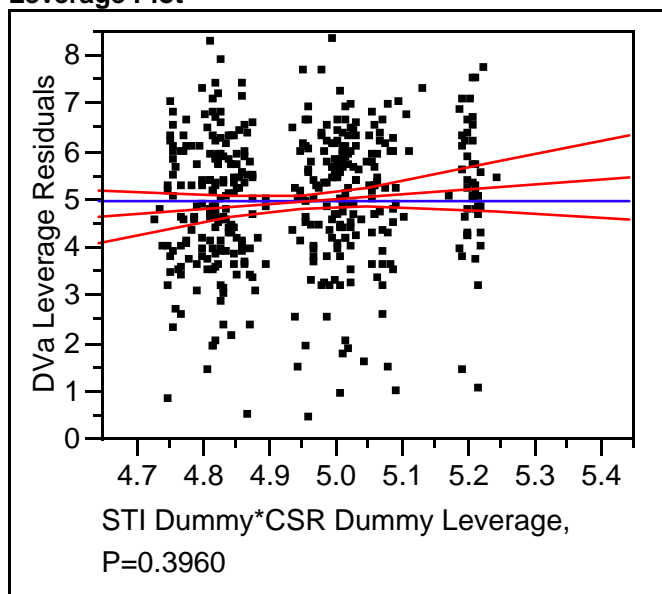
### CSR Dummy Leverage Plot



### Least Squares Means Table

Level	Least Sq Mean	Std Error	Mean
Low	4.6852126	0.20479357	4.82270
Medium	4.7692035	0.21694261	5.11029
High	4.7758991	0.20943752	4.93571

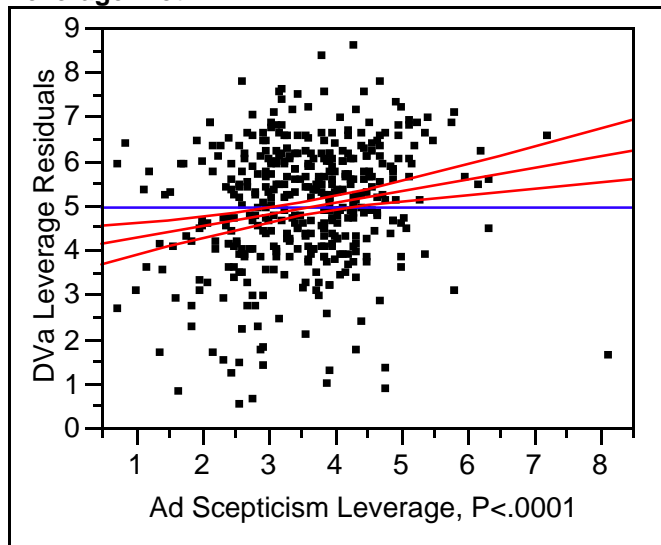
### STI Dummy\*CSR Dummy Leverage Plot



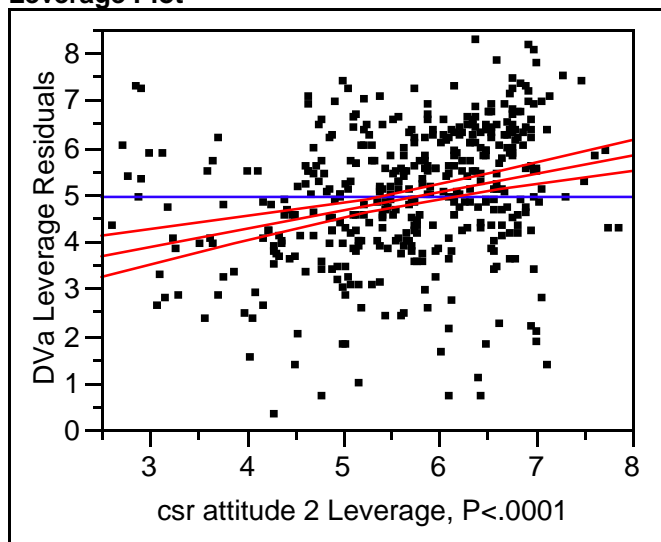
### Least Squares Means Table

Level	Least Sq Mean	Std Error
Low,Low	4.6852126	0.20479357
Low,Medium	4.7692035	0.21694261
Low,High	4.7758991	0.20943752
Medium,Low	4.8369736	0.19819002
Medium,Medium	5.4469655	0.20025189
Medium,High	4.9628452	0.20064074
High,Low	4.9588155	0.20644645
High,Medium	4.9375313	0.20315433
High,High	5.1656504	0.20023736

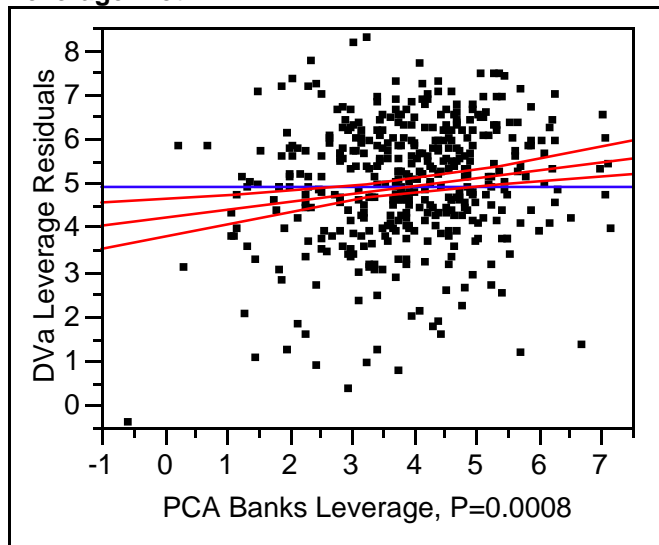
**Ad Scepticism**  
**Leverage Plot**



**csr attitude 2**  
**Leverage Plot**



**PCA Banks**  
**Leverage Plot**



**PCA Arms trade**  
**Leverage Plot**

