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## **How and When does strategic CSR work?**

**Experimenting the Impact of Brand Equity and Persuasive Story on  
Consumer Response to Imitated CSR Initiatives**

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**Master Thesis within the main profiles of Strategy- and Brand Management**

This thesis was written as a part of the master programme at NHH. The institution, the supervisor, or the examiner are not - through the approval of this thesis - responsible for the theories and methods used, or results and conclusions drawn in this work.

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## Abstract

TOMS is a shoe company that gives away a pair for each pair you buy. In light of their success, the imitator BOBS entered offering similar shoe design and the same buy one give one initiative. Corporate Social responsibility (CSR), by its definition, is a noble cause that benefits society, thus, one would expect consumers' response to BOBS would be equally favorable as they did to TOMS. However, this was not the case (Jørgensen & Pedersen, 2013). Intrigued by the story of TOMS vs BOBS we arrived to the following decision problem: How can companies that imitate CSR initiatives alleviate unfavorable response from consumers? In order to operationalize this research question, two specific questions were investigated: (1) Can brand equity alleviate consumers' unfavorable response to imitated CSR initiatives, and (2) Can a persuasive story alleviate consumers' unfavorable response to imitated CSR initiative? These questions were addressed with a 2x2 factorial design experiment where the dimensions were known brand/unknown brand and persuasive story/no persuasive story. The persuasive story yielded significant main effects on product attitude and purchase intentions. However, simple effects analysis revealed that it was persuasive story alongside the known brand that provided the significant results. The implication for managers is that persuasive story with a strong brand can jointly bring forth more favorably consumer response to imitated CSR-products. Interestingly, the present study found significant correlation between perceived sincerity of the company and perceived fit (between CSR initiative and the company), recognizing that this correlation may not necessarily mean causation, future studies may consider investigation of the causal analysis between the two variables.

**Key words:** Corporate Social Responsibility, Imitation, Brand Equity, Persuasive stories

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## Table of Contents

### CHAPTER 1: INTRODUCTION

Abstract .....	i
Tables and Figures.....	vii
Acknowledgement.....	ix
1.1 Preamble.....	1
1.2 Statement of the problem and research questions.....	2
1.2.1 Specific research questions.....	3
1.3 Research gap and relevance of the study.....	4
1.4 Overview of the research process.....	4

### CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Overview.....	5
2.2 Consumers response to CSR-linked products.....	5
2.3 Factors determining consumer response to CSR initiatives.....	6
2.4 Psychological factors that drive consumer response to CSR.....	7
2.4.1 Attribution theory.....	7
2.4.1.1 Overview of the theory.....	7
2.4.1.2 Corporate Social Responsibility in the lenses of Attribution Theory.....	8
2.4.2 Theory of planned behavior.....	9
2.4.2.1 Overview of the theory.....	9
2.4.2.2 Consumer attitudes towards corporate social responsibility.....	10
2.4.2.3 Subjective norms about corporate social responsibility.....	10
2.4.2.4 Perceived behavioral control.....	11
2.5 Contingent factors determining successful CSR.....	11
2.5.1 Fit between the firm and the CSR initiative.....	11
2.5.2 Perceived sincerity of the firm's motives.....	12
2.5.3 Consumption trade offs associated with rewarding CSR initiatives.....	14
2.5.4 Type of CSR domain a company chooses.....	14
2.5.5 Role of consumers' involvement with social causes.....	15
2.5.6 Other factors.....	16
2.6 Conclusion of the Chapter.....	16

## Table of Contents

### CHAPTER 3: CONCEPTUAL FRAMEWORK AND HYPOTHESES

<b>3.1 Overview</b> .....	<b>19</b>
<b>3.2 Imitation and consumer response to CSR</b> .....	<b>19</b>
<b>3.3 Brand equity</b> .....	<b>20</b>
3.3.1 An example of leveraging Brand equity: Brand extensions.....	21
3.3.1.1 How does brand equity facilitate brand extension?.....	21
3.3.1.2 When does brand extension fail?.....	22
<b>3.4 Brand equity and consumer response to imitated CSR-initiative</b> .....	<b>22</b>
<b>3.5 Persuasive story and consumer response to imitated CSR-initiative</b> .....	<b>23</b>
<b>3.6 Summary of the chapter and Conceptual Model</b> .....	<b>26</b>

### CHAPTER 4: METHODOLOGY

<b>4.1 Overview</b> .....	<b>27</b>
<b>4.2 Classification of research based on the purpose</b> .....	<b>27</b>
<b>4.3 Philosophical position</b> .....	<b>27</b>
<b>4.4 Research approach</b> .....	<b>28</b>
<b>4.5 Research design</b> .....	<b>28</b>
4.5.1 Overview.....	28
4.5.2 Choice of research design.....	28
4.5.3 Experimental design and causal analysis.....	29
4.5.4 Forms of experimental design.....	30
<b>4.6 Experimental setting and participants</b> .....	<b>31</b>
<b>4.7 Development of the instrument for the experiment</b> .....	<b>32</b>
4.7.1 The Brands Used.....	32
4.7.2 The Ad.....	33
4.7.3 The Story.....	34
4.7.4 Measuring relevant variables of the study– Operationalization.....	35
4.7.4.1 Overview.....	35
4.7.4.2 Measurement of the variables.....	35
4.7.4.3 Purchase intention.....	36

## Table of Contents

4.7.4.4 Attitude towards the CSR-linked product.....	36
4.7.4.5 Perceived sincerity.....	36
4.7.4.6 Perceived fit.....	36
4.7.5 Potential confounding factors.....	37
4.7.6 Assumptions of the manipulation.....	37
4.7.7 Procedure followed to translate scale items from English into Norwegian.....	39
<b>4.8 Steps to ensure validity, reliability and sensitivity of the measurements.....</b>	<b>39</b>
<b>4.9 Ethical considerations.....</b>	<b>41</b>
<b>4.10 Choice of statistical analysis techniques.....</b>	<b>42</b>
4.10.1 Overview.....	42
4.10.2 Descriptive Statistics.....	42
4.10.3 Principal Component Analysis.....	42
4.10.4 Reliability analysis.....	43
4.10.5 Factorial ANOVA.....	44
4.10.5.1 Normality of the error term distribution.....	44
4.10.5.2 Normal Distribution of the Variables.....	44
4.10.5.3 Homogeneity of variances.....	45
<b>4.11 Conclusion of the chapter.....</b>	<b>45</b>

## CHAPTER 5: PRELIMINARY ANALYSES

<b>5.1 Overview.....</b>	<b>47</b>
<b>5.2 Dataset Overview.....</b>	<b>47</b>
<b>5.3 Manipulation assumption check – Awareness of TOMS shoes.....</b>	<b>48</b>
<b>5.4 Principal component analysis for the latent variables.....</b>	<b>49</b>
<b>5.5 Reliability analysis.....</b>	<b>52</b>
5.5.1 Attitude towards the product.....	52
5.5.2 Sincerity.....	52
5.5.3 Fit.....	53
5.5.4 Involvement/Concern.....	53
<b>5.6 Checking the assumptions of Factorial ANOVA.....</b>	<b>54</b>
5.6.1 Normality of residuals.....	54

## Table of Contents

5.6.2 Diagnosis for Skewness and Kurtosis.....	54
5.7 Homogeneity of variances.....	56
5.8 Analysis of the potential confounding factors.....	57
5.9 Manipulation check – Brand equity.....	58
5.10 Conclusion of the chapter.....	58

## CHAPTER 6: TEST OF HYPOTHESES

6.1 Overview.....	59
6.2 Effect of brand equity and persuasive story on attitude.....	59
6.3 Effect of brand equity and persuasive story on purchase intention.....	62
6.4 Effect of brand equity and persuasive story on perceived sincerity.....	65
6.5 Effect of brand equity and persuasive story on perceived fit.....	68
6.6 Checking correlations between dependent variables.....	70
6.7 Conclusion of the chapter.....	71

## CHAPTER 7: DISCUSSION

7.1 Overview.....	73
7.2 Brand Equity and consumer response to imitated CSR initiative.....	73
7.2.1 Brand Equity on Product Attitude and Purchase Intentions (H1a;H1b).....	73
7.2.2 Brand Equity on perceived sincerity (H1c).....	74
7.3 Persuasive story and consumer response to imitated CSR initiative.....	75
7.3.1 Persuasive story on product attitude and purchase intentions (H2a;H2b).....	75
7.3.2 The impact of persuasive story on perceived sincerity (H2c).....	76
7.3.3 The impact of persuasive story on perceived fit (H2d).....	77
7.4 Correlation of the dependent variables.....	78
7.4.1 Correlation between product attitude and purchase intention.....	78
7.4.2 Correlation between sincerity, product attitude and purchase intention.....	79
7.4.3 Correlation between Fit and Sincerity.....	80
7.5 Conclusion of the chapter.....	83

## Table of Contents

### CHAPTER 8: IMPLICATIONS, LIMITATIONS AND CONCLUSION

<b>8.1 Overview</b> .....	<b>84</b>
<b>8.2 Implications</b> .....	<b>84</b>
8.2.1 Theoretical implications of the study.....	84
8.2.2 Managerial implications.....	85
<b>8.3 Limitations of the study</b> .....	<b>86</b>
<b>8.4 Conclusion</b> .....	<b>87</b>
REFERENCES.....	88
APPENDICES.....	94

## Tables and Figures

### Tables:

Table 1: Summary of contingency factors on consumers' response to CSR.....	18
Table 2: Factorial experimental design implemented in this study.....	30
Table 3: Summary of the variables used in this study.....	35
Table 4: Example of items for the constructs measured in the present study.....	38
Table 5: Overview of the dataset.....	47
Table 6: Distribution of the subjects in the final dataset.....	48
Table 7: results of KMO and Bartlett's Test.....	49
Table 8: Total Variance Explained.....	50
Table 9: Principal Component Analysis.....	51
Table 10(a): Reliability analysis for the construct attitude towards the product.....	52
Table 10(b): Reliability analysis for the construct Sincerity.....	53
Table 10(c): Reliability analysis for the construct Fit.....	53
Table 10(d): Reliability analysis for the construct Involvement/Concern.....	54
Table 11: Diagnosis for Skewness and Kurtosis.....	55
Table 12(a): Test for homogeneity of variances for purchase Intention.....	56
Table 12(b): Test for homogeneity of variances for attitude towards the product.....	56
Table 12(c): Test for homogeneity of variances for perceived sincerity.....	56
Table 12(d): Test for homogeneity of variances for perceived fit.....	56
Table 13: Summary of the indexes for potential confounding factors.....	57
Table 14: Brand equity index for Bergans.....	58
Table 15(a): Descriptive Statistics– Attitude.....	59
Table 15(b): Results of factorial ANOVA – Attitude.....	60
Table 15(c): Multiple Comparisons: Attitude towards the product.....	61
Table 16(a): Descriptive Statistics– Purchase intention.....	62
Table 16(b): Results of factorial ANOVA – Purchase intention.....	63
Table 16(c): Multiple Comparisons: Purchase intention.....	64
Table 17(a): Descriptive Statistics– Sincerity.....	65
Table 17(b): Results of factorial ANOVA – Perceived Sincerity.....	66
Table 17(c): Multiple Comparisons: Sincerity.....	67
Table 18(a): Descriptive Statistics – Fit.....	68



## Tables and Figures

Table 18(b): Results of factorial ANOVA – Perceived Fit.....	69
Table 18(c): Multiple Comparisons: Fit.....	70
Table 19: Correlations between dependent variables.....	71
Table 20: Summary of the results from the main analysis.....	72

## Figures:

Fig 1: Illustration of the research path followed in this study.....	4
Fig 2: Summary of the attribution theory.....	8
Fig. 3. Theory of planned behavior.....	10
Figure 4: Factors determining consumers' response to CSR initiatives.....	17
Figure 5: Conceptual model of the present study.....	26
Figure 6: Research strategies in different situations.....	29
Figure 7: Profile plot for Attitude towards CSR-linked product.....	60
Figure 8: Profile plot for Purchase intention.....	63
Figure 9: Profile plot for Perceived Sincerity.....	66
Figure 10: Profile plot for Perceived Fit.....	69

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Preamble

Corporate social responsibility (CSR) is increasingly becoming prominent on the corporate agenda. The list of companies that engage in various forms of CSR activities is vast. Early on in 2004, Bhattacharya and Sen (2004) observed that web sites of more than 80% of the Fortune 500 companies addressed CSR issues. This reflects the pervasive belief among business leaders that in today's marketplace CSR is imperative. Commensurate with its alluring power, CSR is a wide and complex phenomenon (Mohr et al., 2001). In his review, Dahlsrud (2008) found that more than 40 definitions of CSR were provided in the literature. The present study adheres to the definition given by the United Nations Industrial Development Organization (UNIDO) that defines Corporate Social Responsibility as "a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders". Usually companies engage in various corporate social responsibility activities. Carroll (1979) presented a popular conceptual model that categories CSR activities into four dimensions: (1) economic responsibility (2) legal responsibility (3) ethical responsibility and (4) philanthropic responsibility. While all four dimensions are important, much of the attention is usually directed to the ethical and philanthropic responsibilities rather than economic and legal responsibilities (Carroll, 1979). This is mostly because economic and legal responsibilities are pervasive to the existence of any business and thus businesses will inevitably perform them.

Several studies have reported on factors that drive companies to engage in CSR. Companies are motivated by various benefits that CSR may bring to the table. For example, The Economist Intelligence Unit survey (2008) reported that 53.3% of the firms stated that CSR gave them a distinctive position in the market place. Other reports have found a link between: CSR and improved financial performance (e.g. McGuire et al. 1988), CSR and consumers' positive attitude towards the brand (Murray and Vogel, 1997), and the role of CSR as an "insurance policy" in crisis situations (Klein and Dawar, 2004). These findings testify that increasing attention on CSR is justifiable.

However, despite the acclaimed benefits of CSR, many studies have shown that the impact of CSR is not straightforward. That is, reaping the benefits of CSR depends on the interplay of several factors. For example, Simmons and Becker-Olsen (2006) showed that the fit (congruence) between firm's specific associations and a sponsored cause can influence liking for the sponsorship, and can either boost or undermine a firm's equity. In the same

vein, Yoon et al. (2006) reported that effectiveness of CSR is determined by perceived sincerity of the underlying motives. Likewise, Sen and Bhattacharya (2001) reported that consumer's reactions to CSR initiatives were determined by consumers' perceptions of congruence between their own characters and that of the company. Equally important, Lichtenstein et al. (2004) reckoned that the type of CSR that a company chooses to engage in is among factors that determine consumers' response to CSR. In a nutshell, all these examples suggest that whether CSR initiatives result into desirable strategic results, it depends upon the role played by other factors.

Interestingly, as more companies consider CSR as being critical to their performance, it appears that imitation of CSR approaches is becoming a common phenomenon. That is, more companies appear to engage in those type of CSR initiatives that seem to have been successful in other companies. Since CSR is a noble cause that society is expected to applaud, consumers are also expected to manifest the same attitude to companies that engage in CSR initiatives regardless of whether a company has copied the initiative from another company or not. Surprisingly, this is not the case. Companies that copy other companies' CSR activities sometimes do not get the same consumer response as the companies that came first with the activity (Jørgensen & Pedersen, 2013). For example, if a company today decides to copy Stormberg CSR initiative, such as recruiting people who have struggled to get into the labour market, that company is not guaranteed to receive the same applaud as Stormberg. A practical example is the shoe company Skechers that started an initiative where they gave a pair of shoes to someone in need for every pair sold. This concept was introduced by TOMS and was well received. However, when Skechers initiated a similar CSR initiative (copied TOMS design and the concept) consumers did not respond favorably (Jørgensen & Pedersen, 2013). The observation that consumers may not respond equally when a CSR initiative is copied is intriguing.

## **1.2 Statement of the problem and research questions**

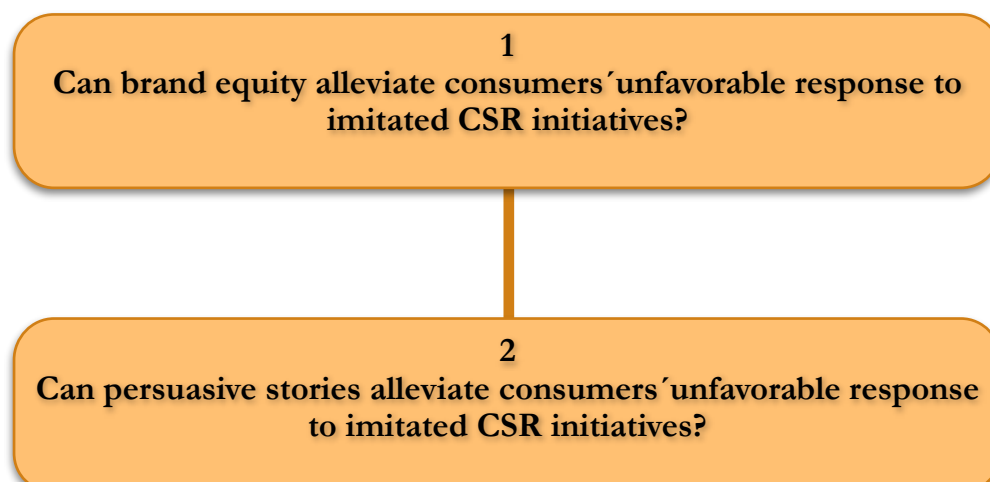
The problem addressed in this study is formulated based on literature review and as well as reported trends in the business world. According to previous studies, imitation among businesses is predominant (e.g. Levitt 1966; Shenkar, 2010; Shenkar, 2012). Although the imitation is usually on products and services, it appears that the increasing importance of CSR can tempt many companies to imitate CSR initiatives that have proven successful for other companies. In fact, some cases of imitation of CSR-linked products have already happened (e.g., TOMS and Skechers case). Such imitations tend to invoke negative feelings among consumers against the imitator. Given the increasing number of companies that want to engage in CSR, in the long run imitation of CSR initiatives could prove to become

common phenomena. However, companies that copy other companies' CSR initiatives take the risk of facing negative response from consumers due to perceived insincerity (Gargouri, 2001; Hupman and Zaichkowsky, 2005). That is because consumers tend to be skeptical towards the motives of firms that imitate other firm's CSR initiatives. Building on this, the present study seeks to answer the following main question:

**How can companies that imitate CSR initiatives alleviate unfavorable response from consumers?**

### 1.2.1 Specific research questions

In recognition of the fact that there could be many ways that companies that imitate CSR initiatives can use to alleviate unfavorable response from consumers, the present study seeks to explore two specific aspects: brand equity and persuasive stories. Brand equity refers “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller, 1993). As such, the present seeks to find out if the differential effect of brand equity can be extended to alleviating consumers' negative response to imitated CSR initiatives. On the other hand, persuasive stories have been reported to be capable of influencing judgments and decisions about the persons, objects, and events as well as influence on how individuals develop general attitudes and beliefs (Adaval and Wyer, 1998). Based on those insights from literature on brand equity and persuasive stories the main research question was narrowed to the following specific research questions:

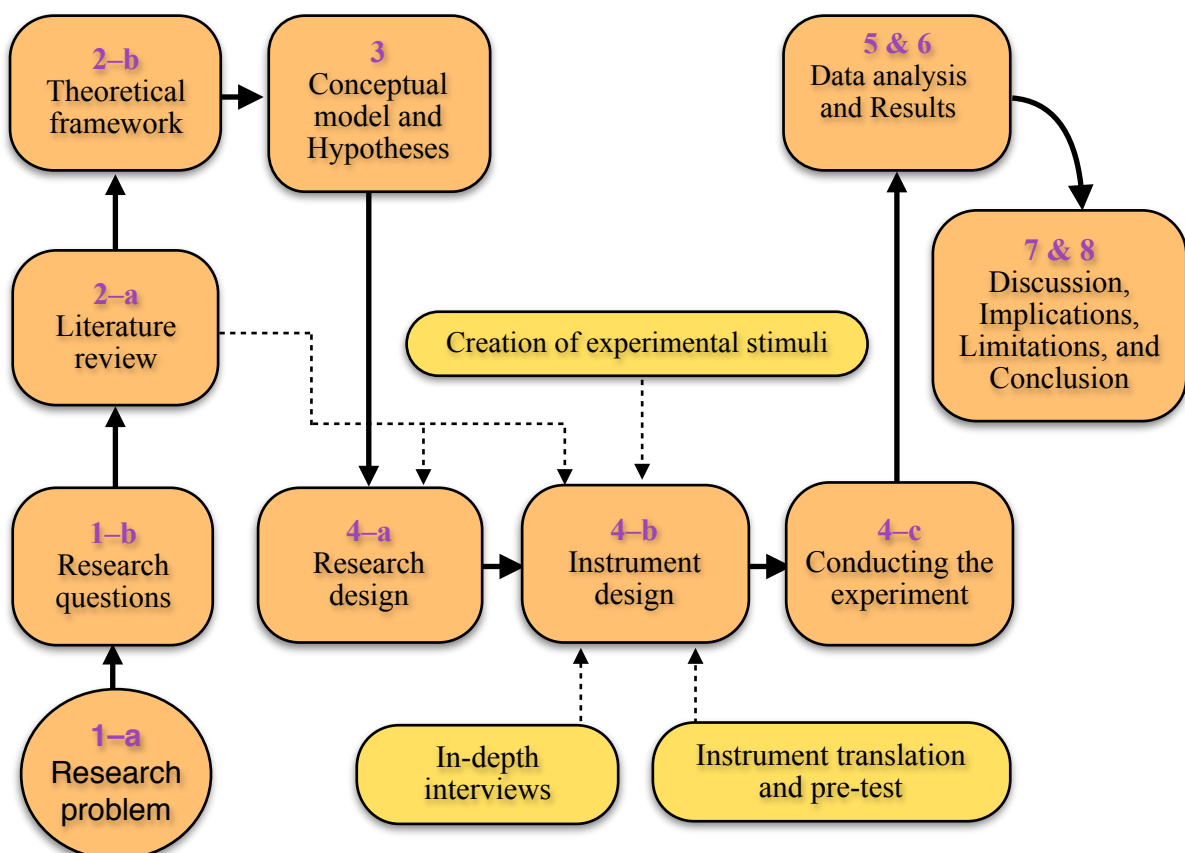


### 1.3 Research gap and relevance of the study

Several studies have investigated factors that explain how and when CSR works in firms' favour. However, to the best of our knowledge, no study has investigated the issues related to imitated CSR initiatives. Specifically, no study has investigated the impact of brand equity and persuasive stories on alleviating consumers' unfavorable response towards CSR initiatives. Thus, the present study makes two contributions: (1) building on and extending the growing body of literature on CSR (2) providing practitioners with useful input for crafting CSR strategy. The study will be especially valuable to practitioners who are considering whether or not to imitate CSR initiatives.

### 1.4 Overview of the research process

Obtaining credible answers to research questions requires making right methodological choices. In order to ensure credibility of our results, we have deployed a systematic approach suitable for achieving the objective of the study. The best possible methodological choices were taken throughout the study considering time and financial constraints. The path followed in this study is summarized in figure 1.



**Fig 1: Illustration of the research path followed in this study**  
 [Key: The numbers in the flow chart correspond to the chapters of this thesis ]

## CHAPTER 2

### LITERATURE REVIEW AND THEORETICAL FRAMEWORK

#### 2.1 Overview

In this chapter various theoretical perspectives on corporate social responsibility are presented. Thus, the chapter lays theoretical foundation for the present study. Being so broad, CSR has been approached in the previous studies from different theoretical perspectives. Various theoretical perspectives have been used in the previous studies to investigate aspects such as: motives for engaging in CSR initiatives (e.g. Yu and Choi, 2014), benefits of engaging in CSR initiatives (e.g. Orlitzky et al., 2003; Mittal et al., 2008) and factors determining consumer evaluation of CSR initiatives (e.g. Lichtenstein, et al. 2004; Simmons and Becker-Olsen, 2006). By pointing to theories relevant for studying CSR issues, such studies have provided a point of departure for the present study.

#### 2.2 Consumers response to CSR-linked products

As noted earlier, among the reasons for companies to engage in CSR is the potential for creation of favorable relationships with stakeholders. Companies view CSR is as a source of positive image in the market place. Consumers are expected to respond and reward the companies that engage in CSR initiatives. Previous research has shown that consumers respond to brands that engage in CSR initiatives through expression of positive attitudes, purchase intentions, consumer–company identification, loyalty, and satisfaction. Examples of such studies include: Biehal and Sheinin (2007), Brown and Dacin (1997) and Sen and Bhattacharya (2001).

Determining consumer response to CSR initiatives is an important component of the conceptual model of this study. To answer our research questions, we need to identify factors that will explain the effects of brand equity and brand storytelling on consumer response to CSR-linked products. In the previous studies, consumer response to CSR-linked products has been measured through factors such as consumer attitude, consumer perception of CSR activities, and purchase intention. Examples of such studies include: Grimmer and Bingham (2013), Yoon et al. (2006) and Barone et al. (2007). Continuing with the tradition, this study adopts this perspective and therefore we view consumer response to CSR-linked products as viewed in the previous studies.

### 2.3 Factors determining consumer response to CSR initiatives

From a strategic point of view, engaging in CSR initiatives provides potential for improving corporate image and fostering favorable relationship with stakeholders (Yu and Choi, 2014). As society becomes increasingly concerned about social and environmental issues, stakeholders such as consumers and investors are likely to be attracted by companies that engage in CSR activities. A favorable relationship with stakeholders is desirable because it contributes to the prosperity of companies (Orlitzky et al., 2003). This view appears to be true; for example, several studies attest that CSR creates a favorable impression of the firm and that consumers are more likely to purchase from a firm that engage in CSR (examples: Moisander and Pesonen, 2002; Marin, Ruiz, and Rubio, 2008). Flammer (2012) reviewed publicly-traded companies for the period 1980 – 2009 and found that companies experienced an average abnormal stock price increase of .84% in the two days following an announcement of eco-friendly behavior. This suggests that shareholders do, in fact, reward corporations for being environmentally responsible. Other studies have reported that consumers are willing to pay premium prices for products produced by an ethical company (Creyer, 1997) and to switch brands to support companies that engage in CSR, or to buy products simply because they are linked to charity (Smith and Alcorn, 1991).

Recognizing the potential benefits of CSR, practitioners and researchers are craving for deeper insights about this phenomenon. This is signified by regular coverage of CSR related issues on newsletters issued by large consulting firms, business magazines, academic journals, and daily newspapers. From strategic point of view, researchers and practitioners are interested in understanding the mechanism through which CSR influence stakeholders' evaluation of the company. To understand that mechanism, researchers have been working on two main questions, *how* and *when* does strategic CSR result into desired results? Various studies have addressed those questions from different theoretical perspectives. The studies we have reviewed have investigated various factors that determine consumers' response to CSR initiatives. Drawing from those studies, the subsequent sections of this chapter present theories that have been widely used to explain the mechanism of consumer evaluation of CSR-linked products, and various factors that explain when CSR result into desired strategic outcomes.



## 2.4 Psychological factors that drive consumer response to CSR

As a point of departure for answering the research questions of this study, this section presents various psychological factors that drive consumers' response to CSR. Although CSR initiatives appear to be socially desirable, research suggest that consumers do not necessarily get moved by such initiatives (Becker-Olsen et al. 2006). Whether they evaluate such activities positively or negatively is contingent upon other factors. From consumer psychology point of view, firms need to understand the various cognitive and emotional factors that trigger stakeholders' response to CSR initiatives. There are various theories that have been used to explain psychological factors that drive consumers' response to CSR. Among these are: Attribution Theory and Theory of Planned Behavior. In the subsections below we highlight how the two theories explain consumers' response to CSR.

### 2.4.1 Attribution theory

#### 2.4.1.1 Overview of the theory

Attribution theory was initially proposed by Heider (1958) and later developed by Weiner (1974, 1986) and colleagues into a theory that has become a major research paradigm in social psychology. The theory is concerned with how individuals interpret events and how this relates to their thinking and behavior. Heider suggested what he called “naïve” or “commonsense” psychology in which he argued that people were like amateur scientists, they try to understand other people’s behavior by tying together information until they arrive at a reasonable explanation or cause. As such, a person attempting to understand why another person did something may attribute one or more causes to that behavior. According to attribution theory, a person can make two attributions, internal and external attributions. Internal attribution is the inference that a person is behaving in a certain way because of something about him or her; in this case attribution could be made on the basis of individuals' attributes such as attitude, character or personality. External attribution is the inference that a person is behaving a certain way because of something about the situation he or she is in. Research on attribution has shown that when people have little prior information about an individual they often tend to attribute the cause of that individual's behavior to person character (Yoon et al. 2006). This tendency is referred to as pervasive correspondence bias. Trope and Gaunt (2000) found that people can show pervasive correspondence bias in attributing an individual's behavior even when situational factors are salient and sufficient to explain the actual cause of behavior. Figure 2 (on the next page) summarizes the assertions of the attribution theory.

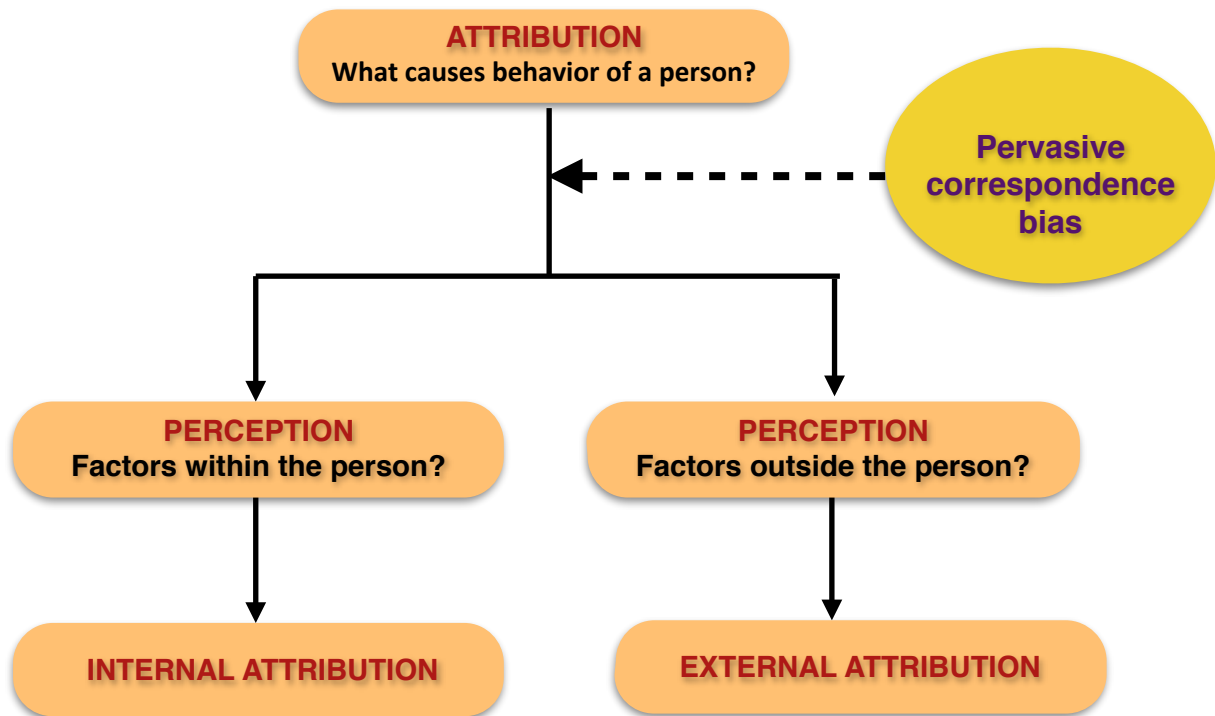


Fig 2: Summary of the attribution theory (Authors' own conception)

#### 2.4.1.2 Corporate Social Responsibility in the lenses of Attribution Theory

It appears that most companies that engage in CSR activities follow the “naïve” or “commonsense” reasoning propounded by attribution theory (Yoon et al. 2008). That is, companies believe that consumers will attribute involvement with CSR initiatives to the internal character of the company and thus evaluate those companies favorably. In other words, most companies believe that when they engage into CSR initiatives, consumers will automatically infer the character of the company from the positive characteristics of the CSR. And they further believe that this positive inference could translate into financial performance. Due to this naïve reasoning, many companies engage in various CSR activities "blindly" without focusing on or targeting specific consumers because they believe CSR will always give positive results (Lee et al. 2008).

The belief that CSR is a "magic bullet" would be true if correspondence bias were equally manifested for positive and negative behaviors. However, studies have shown that correspondence bias is more pronounced for negative than for positive behavior (Skowronski and Carlston, 1989). This is because usually society is against negative behavior,

so when a person shows bad behavior people tend to attribute that behavior to his/her personal character rather than to external factors (Pratto and John, 1991). On the other hand, when a person engages in positive behavior it is more difficult to detect the underlying motives because positive behavior could sometimes arise from social pressure. As such, usually people hesitate from making corresponding inferences about actor's positive behavior whenever they have a reason to doubt the underlying motives (Fein et al. 1990). This implies that CSR initiatives will not necessarily result in consumers (or other stakeholders) positive evaluation of the company involved because if consumers, for any reason, doubt the underlying motives they will hesitate attributing the positive characteristics of CSR to the company (Yoon et al. 2006).

## 2.4.2 Theory of planned behavior

### 2.4.2.1 Overview of the theory

Theory of planned behavior was propounded by Icek Ajzen (1985) to explain the link between beliefs and behavior. This theory is an extension of the theory of reasoned action (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) made necessary by the original model's limitations in dealing with behaviors over which people have incomplete volitional control Icek Ajzen (1991). According to the theory of planned behavior, intention plays a central role when an individual performs a given behavior. As a general rule, the theory predicts that the stronger the intention to engage in a behavior, the more likely should be its performance. The theory also provides the antecedents of intention, namely: attitude to behavior, subjective norm, and perceived behavioral control. Attitude to behavior means an individuals' positive or negative evaluation of the behavior. Subjective norm refers to the perceived opinions of others regarding the behavior. And perceived behavioral control refers to the person's self-perceived ability to perform the predicted behavior if they wanted to. In a nutshell, TPB says that attitude to behavior, subjective norm, and perceived behavioral control, are the antecedents of intention which in turn behavior. Figure 3 illustrates the theory of planned behavior. In following subsections we discuss each of the variables of TPB and the implication to CSR.

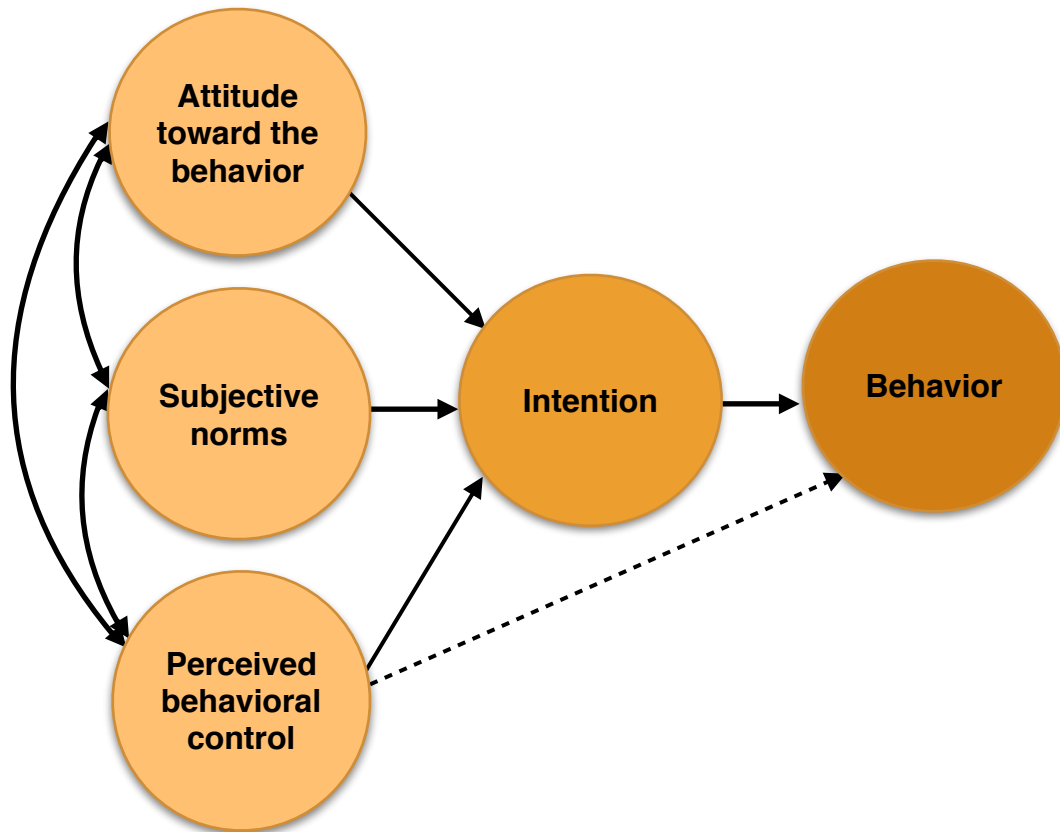


Fig. 3. Theory of planned behavior (Source: Ajzen, 1991)

#### 2.4.2.2 Consumer attitudes towards corporate social responsibility

Attitude refers to an overall evaluation that expresses how much we like or dislike a given phenomenon, usually expressed as either positive or negative (Hoyer et al. 2013 pp. 128). Consumer attitude is one of the most popular constructs in marketing research and most of the previous studies have reported a positive relationship between attitude and behavior (Kraus, 1995 has reviewed such studies). Translating this to the CSR context would mean consumers thoughts, feelings, or behavior towards firm's CSR initiative will determine their attitude towards the firm/brand. This assertion is supported by evidence from numerous studies that have reported positive relationship between CSR and consumers' positive attitude towards the company and/or the brand (e.g. Lichtenstein et al., 2004; Murray and Vogel, 1997).

#### 2.4.2.3 Subjective norms about corporate social responsibility

Subjective norm about behavior refers to the perceived social pressure to engage or not to engage in a behavior (Ajzen & Fishbein, 1980). Perceived social pressure is the person's perception of how people important to him or her (referents) will think if he or she performs (or does not perform) a particular behavior. Referents could be family members,

friends, teacher, doctor, supervisor, or coworkers. Like attitude, subjective norms also can explain consumers' behavior to reward companies that engage in CSR activities. Since social causes pursued by companies appear to be socially desirable, then a person may feel compelled to show support for companies that engage in such activities. Example of such support can be purchase of green or charity-linked products or positive word of mouth about companies that engage in CSR.

#### **2.4.2.4 Perceived behavioral control**

Perceived behavioral control refers to people's perceptions of their ability to perform a given behavior (Ajzen, 2010). Perceived behavioral control is an extension of Bandura (1977)'s concept of self-efficacy, which is, the extent of one's belief in one's own ability to accomplish tasks. Similar to attitudes and subjective norms, perceived behavioral control also provides basis for explaining consumers' intentions and subsequent behaviors. For example, in order to convince consumers to buy environmentally friendly or charity-linked products companies must convince them that their individual purchases will make a difference (Ryals, 2012).

## **2.5 Contingent factors determining successful CSR**

Although most companies view CSR as a promising strategy in winning minds, hearts and even pockets of consumers, research has shown that whether consumers are attracted by companies that engage in CSR activities depends on several other factors. These are various conditions whose presence is necessary for CSR activities to trigger positive response from consumers. These factors are reviewed in this section.

### **2.5.1 Fit between the firm and the CSR initiative**

Fit between a firm and its CSR activities is the congruence between firm's specific associations and the CSR activity. The fit is said to be high when a firm and its CSR initiatives are perceived as matching, while absence of fit means a firm does not match with its CSR initiatives. High fit enables consumers to easily integrate prior expectations, knowledge, associations, actions, and competencies of a firm into existing cognitive structure (Wojciske et al., 1993). Studies on the factors that affect consumer response to companies that engage in CSR initiatives indicates that, among other things, fit plays an important role. Several studies have reported that low-fit between a firm and its CSR activities can lead to negative assessments of firms by consumers (e.g. Speed and Thompson, 2000; Simmons and Becker-Olsen, 2006). According to Becker-Olsen et al.

(2006), there are three ways through which fit influences consumer response to CSR activities: (1) fit determines specific types of thoughts generated— usually low fit tend to generate negative thoughts (2) through determining how much thought people give to the firm and its CSR initiatives— usually perceived inconsistencies result into increased elaboration about firm's motives (3) through determining overall evaluation of the firm and its CSR activities.

However, based on Mandler's Schema Incongruity Theory (1982), one can argue that whether the absence of fit will lead to negative evaluation of firm's CSR initiative depends on cognitive efforts involved in solving the perceived incongruity between the firm and the CSR activity in question. According to Mandler (1982), incongruity (absence of fit) can be either too high or moderate. If the incongruity is perceived to be too high, then a phenomenon can be evaluated very negatively while when incongruity is moderate people may be able to interpret the information successfully and that will result in positive feelings about the phenomenon (Mandler 1982). In the context of CSR, Mandler's theory implies that high fit between a firm and its CSR initiative makes it easy for consumers to interpret the relationship and they do not need much cognitive effort to do so. Conversely, absence of fit between a firm and its CSR initiative will stimulate much cognitive effort on the part of consumers in order to understand the relationship. And if the perceived incongruity is too high such that consumers cannot interpret then they may end up evaluating the CSR initiative very negatively— associating it only with profit motives. On the other hand, if the incongruity is moderate consumers can eventually succeed to make sense of it and in turn this may result into positive feelings and positive evaluation about the initiative. For example, consumers can easily understand why Friele would donate to schools in coffee producing regions but it may be not that easy to comprehend why Tesla would donate to a diabetes research institute.

### 2.5.2 Perceived sincerity of the firm's motives

Although most companies engage in CSR initiatives hoping that consumers will reward them for their initiatives, consumers' perceptions of the underlying motives for the initiative may influence their evaluations of the firm and impact their beliefs, attitudes, and intentions (Becker-Olsen et al., 2006). The argument that consumers will attempt to understand firms' motives can partly be explained by attribution theory. According to attribution theory people tend to attribute an observed behavior to either internal or external forces; regarding CSR, Becker-Olsen et al. (2006) noted that when consumers are presented with evidence of a firm's CSR initiatives, they are likely to assign one of two primary motives: self serving motives (e.g., to increase profits, sales or boost a specific brand) or public serving (e.g., help

needy citizens, assist with community development or raise awareness for a specific cause). When consumers consider firm's motivations as profit-related, attitudes toward firms are likely to diminish while when initiatives are considered socially motivated attitude toward the firms is likely to be enhanced. This has been supported by findings from several studies; for example, Barone et al. (2000) found that CSR's influence on consumers' choice depends on the perceived motivation underlying the company's CSR initiatives. Similarly, Yoon et al. (2006) have shown that CSR activities improve a firm's image when consumers attribute them to sincere motives, and they further show that when the motive is ambiguous CSR initiative become ineffective while insincere motives can even hurt the firm's image.

Perception of insincere CSR occurs when the primary motivation of the actor appears to be of economic nature rather than of philanthropic (Bowie, 1991). There are various cues that consumers use to assess sincerity of CSR activities. Yoon et al. (2006) identified three factors that determined perceived sincerity of the company engaging in CSR, the factors are (1) benefit salience of the cause (2) the source through which consumers learn about the CSR initiative and (3) the ratio of CSR contributions and CSR-related advertising. Perception of insincerity is high when a company engages in CSR activities that appear to have high benefit salience. Example of high benefit salience is when a cigarette company sponsors cancer institute, which may result in consumers perceiving it as firm's image promotion campaign. Consumers can get information about company's CSR initiatives either neutral channels (such as independent interest organization) or through biased channels (such as company's public relations manager). Perception of insincerity is high when information about company's CSR activities is issued by biased source and on the other hand, information given by neutral source will increase perception of sincerity about the CSR initiative. Likewise, a huge expenditure on advertising CSR activities signalizes image promotion rather than sincere motive to give back to the society. Further more, Hess and Warren (2008) argued that degree of commitment and the use of a firm's strategic resources might also indicate sincerity of company's CSR activities. Engagement in CSR activities that involve specific investments or use of strategic resources may signalize high sincerity to the cause.

All in all, eliminating all suspicion about insincerity of CSR activities is very challenging because part of the motive for CSR will always be economic (Moon, 2001). This is true because most companies implement CSR as part of their marketing strategy (Ross, 1991). As such, it is difficult for consumers to distinguish companies' economic motives from philanthropic motives. As Fein et al. (1990) noted, when people find it difficult to detect the underlying motives then they tend to refrain from making corresponding inferences about

actor's positive behavior. Thus, if consumers doubt the underlying motives of the CSR activities then they will hesitate to conclude that the company is sincere about serving the society (Yoon et al. 2006). That being the case, it turns out that winning trust of the consumers is a key success factor for the success of strategic CSR initiative (Osterhus, 1997).

### 2.5.3 Consumption trade offs associated with rewarding CSR initiatives

When consumers buy a certain product they do so because of the benefits associated with purchase (Sheth et al. 1991). These benefits include aspects such as high quality, cost saving, healthy, durability, emotional satisfaction etc. The degree of importance attached to these benefits vary from person to person. Engaging in strategic CSR initiatives involves costs which a company hopes to recoup through increased sales as a result of enhancing consumers' affection for the firm and its product. One of the challenges companies face is that most consumers are not so willing to trade off other benefits such as performance, quality or cost saving and buy products of a company just because it undertakes CSR initiatives. For example, Barone et al. (2000) found that whether CSR will influence consumer choice depends on to what extent consumers will have to trade off for performance or price. Sen & Bhattacharya (2001) showed that consumers' intention to purchase from a company that engages in CSR depended, among other factors, on the quality of its products. This suggests that if companies engage in CSR initiatives in order to increase sales then they should also consider adding other benefits to their products in order to complement the potential affection that CSR may create.

### 2.5.4 Type of CSR domain a company chooses

There are various types of CSR activities companies can choose to engage in. For example companies can make donations to charity organizations, provide aid to communities facing disasters, or engage in ethical business practices in its value chain. According to Lee et al. (2008), a common practice among many companies that engage in strategic CSR is to use what they label as a “department store” approach to CSR initiatives, that is, companies engage in various types of CSR activities randomly without focusing on or targeting specific strategic results. However, research has shown that whether consumers respond to firm's CSR efforts or not, among other factors, depends also on the type of CSR activity companies choose. For example Sen & Bhattacharya (2001) showed that consumers' intention to purchase from a company that engages in CSR depended, among other factors, on the CSR issues a company chooses to focus on. Similarly, Lichtenstein et al. (2004) confirmed the role played by type of CSR activity on consumers' response. This underlines the fact that companies should select their CSR initiatives carefully.



### 2.5.5 Role of consumers' involvement with social causes

Involvement is a well-established construct in marketing research. It refers to the centrality or importance of a particular issue in a person's life. A person is said to be involved in a particular issue when they are strongly committed to the issue or their position regarding that issue is intrinsically significant or their self-identify is strongly attached to the issue (Michaelidou and Dibb, 2008). Involvement is usually classified as either high or low; a highly involved person is expected to demonstrate elevated motivation, arousal or interest in an issue than a person with low involvement (Rothschild, 1984). Marketing researchers and practitioners are more interested in consumers' involvement with products, advertisements, or brands. To them the concept of involvement is important because studies have established relationship between involvement and numerous other marketing constructs such as perceived risk, information search, brand commitment, brand loyalty, brand similarity, opinion leadership, brand switching, advertising, diffusion process and segmentation (e.g. Chaudhuri, 2000; Coulter, et al., 2003; Dholakia, 1997, 2001; Kinley et al., 1999). More so, through Elaboration Likelihood Model, Petty et al. (1986) demonstrate the role of involvement in determining persuasive impact produced by communication about some object, action or situation.

Like other phenomena, consumers exhibit different levels of involvement with environmental or social issues. That is, consumers can manifest high or low involvement with environmental or social issues. This is relevant for companies that engage with strategic CSR because previous studies have shown that consumers' attitude towards environmental or social issues has an impact on their behavior towards CSR-linked products. That is to say, for example, if a consumer cares about the welfare of disabled people then such a person is more likely to buy a product from a company that donates money to disabled people. Examples of studies that have reported the impact of involvement on consumer behaviour towards CSR-linked products include: Fraj and Martinez (2007) who showed that involvement with environmental issues has significant effect on purchase of green products and Hyllegard et al. (2010) who found that involvement with social causes was a strong predictor of intention to purchase charity-bundled apparel. This suggests that strategic CSR should consider engaging in issues that matter to the target consumers.

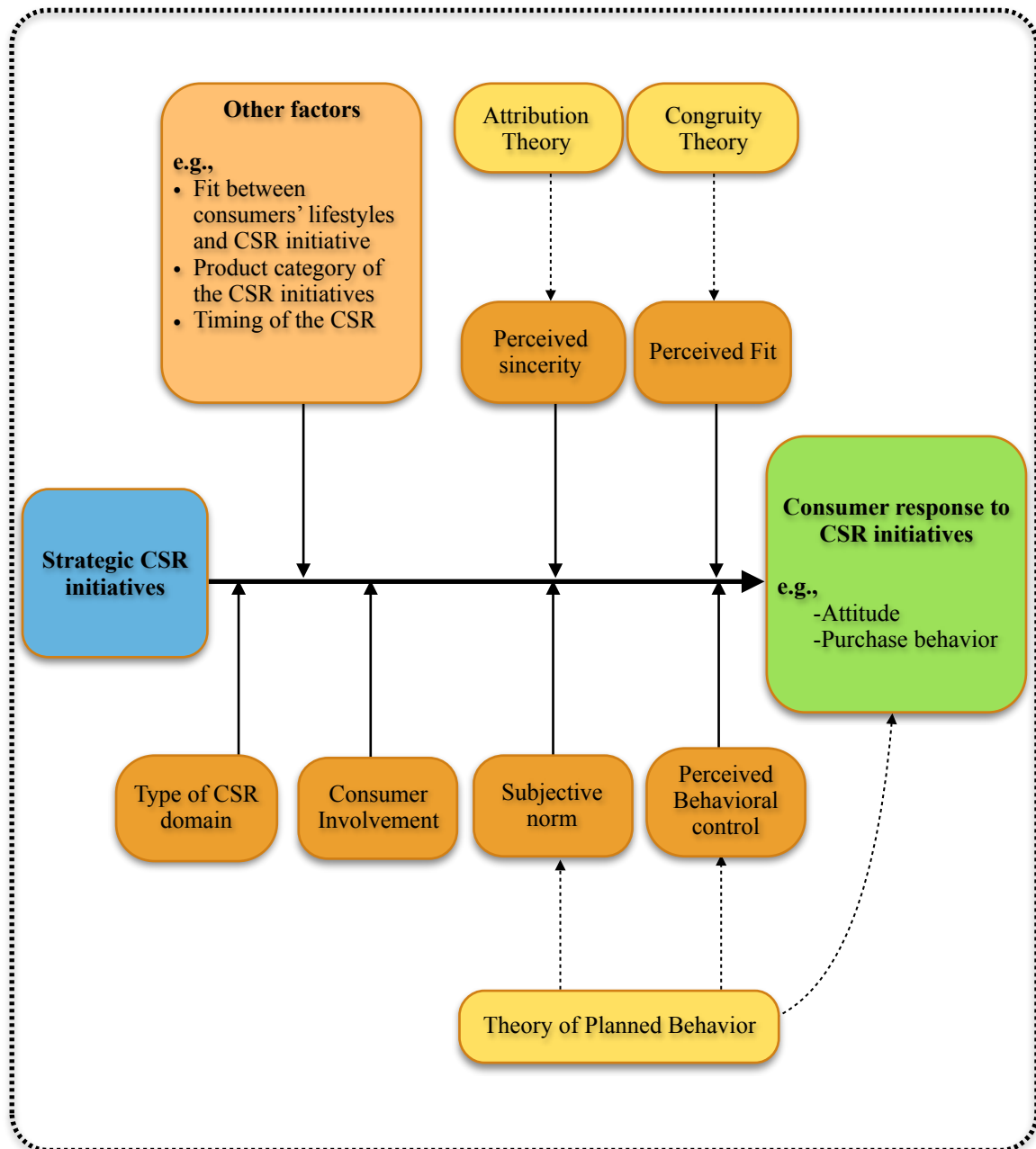
### 2.5.6 Other factors

The factors discussed above have been reported by several studies but some individual studies have also documented several other factors that determine consumer response to CSR-linked products. In this section we present some of those factors. Mi Lee et al. (2012) found that perceived consumer fit influences consumer perception of CSR activities and, consequently, as well as customer-company identification and consumer loyalty. They argue that besides fit between a company and CSR activities, companies that engage in strategic CSR should also consider fit between the CSR activities they choose and the lifestyles of their target consumers. Another factor is the timing of CSR (reactive versus proactive). Reactive timing of CSR means a company engages in CSR as a result as a response to some environmental catalyst or disaster. On the other hand proactive timing is when a company engages in CSR without such trigger factors. Becker-Olsen et al. (2006) found that reactive initiatives resulted in a greater number of thoughts, thoughts that are less favorable, more negative attitudes toward the firm, beliefs about the firm as less credible, and lower likelihood of purchase intention. The product category also plays a role in determining consumer response to CSR-linked products. Strahilevitz (1999) found that large donations are were likely to be preferred with frivolous products while brands-linked to smaller donations were more likely to be favored with practical products.

## 2.6 Conclusion of the chapter

Even with a cursory review of literature one can see clearly that CSR is a very broad and multifaceted phenomenon. This chapter has addressed various theoretical perspectives on aspects of corporate social responsibility. Specifically, the chapter gives an overview of theories that can be used to explain *how* CSR works and an overview of various factors determining consumer response to CSR initiatives. The most important message for companies is that if they want to persuade consumers through CSR, they need to consider these factors carefully. However, when you look at these factors it clear that some of them are within the control of companies while some are not. For example, companies can influence consumers' perception of sincerity and fit through while influencing consumers concern for a particular cause can be much harder. Recalling to our research questions, the purpose of the present study is to find out the role of brand equity and persuasive stories in influencing consumers' response to imitated CSR initiative. In other words, we want to find out how can brand equity and persuasive stories help companies to influence factors such as perceived sincerity, perceived fit and eventually impart consumers' response to imitated CSR initiatives. This chapter has laid a foundation for the conceptual model and hypotheses that are presented in chapter three. Figure 4 presents a summary of factors determining

consumers' response to CSR, while Table 1 presents examples of previous studies that have reported factors that influence consumers' response to CSR-linked products.



**Figure 4: Factors determining consumers' response to CSR initiatives**

The figure above is a summary of the review of previous studies on consumer response to CSR-linked products. As shown on the figure, consumer response to CSR-linked is not straightforward, but rather it depends upon several factors. The mechanism of some these factors can be explained by some popular theories in marketing– Theory of Planned Behavior, Congruity Theory and Attribution Theory.

**Table 1: Summary of contingency factors on consumers' response to CSR**

<b>Contingency factors</b>	<b>Variable used to measure consumer response (Dependent variables)</b>	<b>Example of studies</b>
Fit between a firm's specific associations and CSR activity	Attitude, purchase intention	Becker-Olsen et al. (2006) Simmons and Becker-Olsen (2006)
Timing of CSR	Firm equity (affect, intention)	Becker-Olsen et al. (2006)
Perceived Fit Between Consumers' Lifestyles and CSR Activities	Consumer perception of CSR activities	Mi Lee et al. (2012);
Type CSR domain chosen by the company	Purchase intentions	Sen & Bhattacharya, (2001)
Consumers' involvement/concern	Purchase intentions	Grimmer and Bingham (2013) Sen & Bhattacharya (2001)
Product category	Choice of charity-linked product	Strahilevitz (1999)
Perceived sincerity of the company	Attitude towards the company; Purchase intentions	Yoon et al. (2006) Barone et al. (2007)

## CHAPTER 3

### CONCEPTUAL FRAMEWORK AND HYPOTHESES

#### 3.1 Overview

In this chapter the conceptual framework and hypotheses of the present study are presented. In line with our research questions, the conceptual framework is based on the theory about the three factors which are the focus of this thesis– imitation, brand equity and Persuasive story. The conceptualized relationships between variables are the basis of our hypotheses and the conceptual model.

#### 3.2 Imitation and consumer response to CSR

Imitation is often used as a business strategy to achieve profits similar to those of market leaders (Besanko et al. 2010). Usually imitators face a different type of risk than innovators do: while innovators run the risk associated with introducing a new product, imitators are able to tap into established associations such as quality and reliability of the product they imitate (Levitt, 1966). Leveraging on established association effectively leads to lower brand-building costs (Gargouri, 2001). However, research suggests that consumers sometimes respond negatively towards imitated products because they feel being deceived (Gargouri, 2001). In addition, Hupman and Zaichkowsky (2005) find that consumers consider imitators unethical. Even so, Gargouri (2001) also found that personal characteristics influence consumers' evaluation of imitators in three ways: (1) consumers who are less brand sensitive perceive the imitators more favourably, (2) less brand loyal consumers tend to regard imitators better than loyal consumers, (3) price sensitive consumers tend to evaluate imitators better.

Lately, CSR-linked products have also suffered imitation (for example BOBS shoes made by Sketchers imitating TOMS shoes). Because consumers in the United States realized that BOBS was a clear copycat of TOMS, especially in terms of its buy-one-give-one CSR initiative, BOBS was not favourably received (Jørgensen and Pedersen, 2013). As we discussed earlier in section 2.5.2, consumers' perceived sincerity of firm's motives is one of the determinants of CSR-linked products' success (Yoon et al. 2007). By definition, sincerity is the absence of deceit, absence of pretence, or absence hypocrisy (Oxford dictionary). Since imitated products have been reported to trigger feelings of deceit (Gargouri, 2001) and consumers seem to evaluate imitators as being unethical (Hupman and Zaichkowsky, 2005) then imitating CSR-linked products can easily trigger unfavorable consumer responses. In such cases the CSR initiative of the imitators is more likely to be attributed to insincere

motives. The intriguing question is, how can firms imitate CSR initiatives and "get away with it"? Drawing from marketing literature, we propose two factors that can potentially make a difference on consumers' reaction to imitated CSR initiatives: Brand equity and Persuasive story. Since these factors are tentative explanations, we develop hypotheses that are eventually tested against empirical data.

### 3.3 Brand equity

Brand Equity is a marketing concept that considers a brand as value adding asset to a product. Though different authors define it differently, most marketing scholars and practitioners agree on the importance of brand equity. High brand equity can enable firms to charge premium prices (Pope, 1993), inhibit entry, extend into other products successfully, and insulate against competitors' promotion efforts (Farquhar, 1989). Traditionally, Brand equity has been divided up in two types: Financial (e.g. Simon and Sullivan, 1990) and customer-based (e.g., Keller, 1993). Financial-based brand equity values a brand for accounting purposes. And one way to do so is to determine future cash flows generated solely due to brand's presence (Simon and Sullivan, 1990). On the other hand, customer-based brand equity focuses on how customer brand knowledge impacts marketing strategies (Keller, 1993). Since it is the customer who determines the existence of a business, what it produces, and whether it will prosper or not (Drucker, 1954), then from marketing point of view customer-based brand equity appears to be much more sensible perspective. As such, our analysis of the role of brand equity in influencing consumer response to CSR-linked products will base on consumer-based brand equity perspective.

Two most frequently used definitions of customer-based brand equity are those of Keller (1993) and Aaker (1991). Keller (1993) defines customer-based brand equity as "the differential effect of brand knowledge on consumer response to the marketing of the brand" while Aaker (1991) defines it as "a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". Keller's definition upholds that a brand with high brand equity should receive more favorable consumer response than an unknown brand even if the marketing mix is identical (Keller, 1993). He further advocates that brand it is awareness and brand image are the underlying concepts that create this difference. Aaker (1991) upholds that both brand awareness and brand image are important; however, he suggests that customer loyalty, perceived quality and other assets also contribute to the value of a brand. Namkung and Jang (2013) state that the four most recognized dimensions of brand equity are (1) brand awareness, (2) brand image, (3) perceived quality and (4) customer loyalty.

### 3.3.1 An example of leveraging Brand equity: Brand extensions

Brand extension is a strategy where brand equity from an established brand is leveraged in order to (1) reduce the chance of a new product to fail and (2) Move a valuable brand from a category with a low growth rate to a new category where additional revenues can be earned (Hem & Olsen, 2004). A brand extension can take the form of a (1) line extension where a new market segment is approached through the use of an established brand occupying the same category, or (2) as a category extension where an established brand is employed to enter a new category (Aaker & Keller, 1990). The amount of new products that leverage brand equity exemplifies how widespread the tactic of brand extension is. Studies suggest that 80-95% of all new products are in the form of brand extensions (Hem & Olsen, 2004; Ourusoff et al., 1992). However, it is not given that leveraging brand equity guarantees success. For instance, Hem and Olsen (2004) advocate that brand extensions appear in three-forms: Good, bad and ugly. A brand extension is said to be good when the original brand aids the extension's success and when the extension creates favourable associations for the parent brand. An extension is bad when the parent brand is not able to improve the success of an extension or when the parent brand hinders the success of the extension. Finally, an extension is ugly when unfavorable associations or affect are transferred back to the original brand.

#### 3.3.1.1 How does brand equity facilitate brand extension?

Presented with a new product consumers face risk (Hem & Olsen, 2004); They neither possess information of quality nor other favorable associations. Cox (1967) advocates that consumers turn to information when faced with risk. If the new product is leveraging brand equity from an established brand then consumers can turn to the existing schemas that known brands carry (Hem & Olsen, 2004). That way, a brand extension can reduce consumers perceived risk and facilitate purchase intentions. Furthermore, Aaker and Keller (1990) advocate that parent brand's associations can be favourable for the extension. That is, associations are transferred to the extension and these associations are drivers of choice in the new extension category. However, an important variable that determines an extension's success is fit (e.g., Aaker & Keller, 1990; Volckner & Sattler, 2006). Aaker and Keller (1990) advocate that fit works as a transfer mechanism. That is, when fit is high brand associations and brand affect is transferred from the parent brand to the extension. In that way, fit is a necessary prerequisite for brand extension success.

### 3.3.1.2 When does brand extension fail?

Hem and Olsen (2004) states that lack of fit can attribute to why extensions fail. Low fit can impede brand affect and brand associations to be transferred to the extension (Aaker & Keller, 1990). In addition, when fit is low consumers can find it difficult to make sense of the extension and negative affect is generated (e.g., Mandler, 1982; Aaker & Keller, 1990; Simmons and Becker-Olsen, 2006) potentially creating negative evaluation of the extension. Moreover, a parent brand can fail to aid an extension if the associations it carries are irrelevant or damaging to the extension (Aaker & Keller, 1990). For instance, BIC extended into cosmetics. Here, BIC's associations of being affordable and cheap impeded the success of their cosmetic extension (Hem, 2001).

### 3.4 Brand equity and consumer response to imitated CSR-initiative

Imitating CSR-linked products is difficult because CSR-products are very sensitive to consumers' perception of firm's sincerity (Barone et al., 2000). Imitation is usually associated with behaviors such as deceit and cheating and for that reason imitating CSR initiatives can compromise perceived sincerity of the firm's motives (Gargouri, 2001; Hupman & Zaichkowsky, 2005). According to Becker-Olsen et al. (2006), consumers can perceive CSR efforts either as self-serving or public-serving. When consumers perceive firms' motives as self-serving, they will less likely purchase the CSR-linked product (Barone et al., 2000). Considering the differential effect of brand equity on consumers response to firms' marketing effort, we propose that leveraging brand equity has the potential to alleviate consumers' perception of insincerity. That is to say, an established brand with favourable associations has the potential to increase consumers' perception of sincerity than unknown around that tries to pursue CSR. Furthermore, Wheeler et al. (2013) demonstrates that one of the reasons why CSR-linked products do not perform well is due to low awareness among consumers. That is because such products are usually not in consumers' consideration set. Using a preferred established brand can easily increase the awareness levels which in turn can lead to higher purchase rates. Lastly, one would expect known brands with strong, favorable and unique associations are expected to receive better response than brands lacking those assets, thus we argue that, other things held constant, brand equity will make a difference on consumers' reaction to imitated CSR initiatives. Based on the theory of brand equity, we make the following hypotheses regarding consumers' response to



imitated CSR initiatives:

**H1a:** Other factors held constant, consumers will express relatively better attitude towards CSR-linked product imitated by a firm with high brand equity than that imitated by unknown brand.

**H1b:** Other factors held constant, consumers will express higher intention to purchase a CSR-linked product imitated by a firm with brand equity than that imitated by unknown brand.

**H1c:** Other factors held constant, when two firms initiate a given CSR initiative, then consumers' perception of sincerity will be much higher for the known brand (with high brand equity) than for the unknown brand.

### 3.5 Persuasive story and consumer response to imitated CSR-initiative

A story is "a narrative, either true or fictitious, in prose or verse, designed to interest, amuse, or instruct the hearer or reader" (Dictionary.com). Stories matter in marketing because great stories can create powerful connections between consumers, the characters within the stories and the storyteller (Gunelius, 2013). When people are absorbed in a story, and thus transported into a narrative world, they tend to experience strong feelings toward the story characters (Green and Brock, 2002). As such, stories have been reported to be effective way of communicating with consumers because contents conveyed through story tend to be much more affective (e.g. Mattila 2000; Escalas, 1998). Giving an example of Walt Disney, a company with a long history of telling delighting and inspiring stories about its products, Chiu et al. (2012) argue that when stories resonate with customers they can create competitive advantages for a company. This is because consumers search for brands that provide more than just products or services, rather they pursue brands with credible stories they can embrace and share (Smith and Wintrob, 2013). According to Shimp (2009), brand stories are important because they carry key learning propositions which have the power of changing associative networks and potentially add favorable associations and attitudes. Adaval and Wyer (1998) explain that this happens because stories provide the basis for: (1) comprehending new experiences; (2) making judgments and decisions about the persons, objects, and events to which the stories refer; and (3) developing general attitudes and beliefs concerning these referents. As such, persuasive stories have the potential to induce

consumers' favorable evaluation and increase purchase behavior. Thus, we make the following hypotheses:

- H2a:** Other factors held constant, imitated CSR initiative communicated with persuasive story will result into higher attitude towards the CSR-linked product.
- H2b:** Other factors held constant, imitated CSR initiative communicated with persuasive story will result into higher intention to purchase the CSR-linked product.

Since persuasive stories have the power to influence consumers' judgment and decisions about products (Chiu et al., 2012), then we expect that it can be used to alleviate consumer negative feelings about imitated CSR initiatives. As discussed in section 2.5.2, when consumers doubt the underlying motives of the CSR activities then they will hesitate to conclude that the company is acting in good faith and that it is really committed to serve society (Yoon et al. 2006). However, through appropriate communication strategy a company can manage to prove its "innocence" regarding its motives for engaging in CSR. Use of appropriate communication strategy is important because it has been reported in the previous studies that companies engaging in CSR initiatives should be carefully about how they communicate their activities; for example if a company excessively advertises its CSR initiatives, consumers can begin to feel that the company is trying to hide something (Brown and Dacin, 1997) or to deliberately manipulate them (Peattie et al., 2009). Clearly, companies can face such pitfalls if they engage in intensive commercial advertising of their CSR activities. However, when information is provided by third parties, then it may be influential if it is easily accessible, comprehensible, persuasive, and minimize cognitive requirements for consumers (Carpenter and Larceneux, 2008). However, through a persuasive story, companies can immerse consumers into the story, and thus carry them into a narrative world, which in turn may result into strong feelings toward the story characters (Green and Brock, 2002). This means that if a company crafts a story that focuses on the beneficiaries of the CSR initiative, rather than itself, and communicate the basis for its engagement into the initiative, it may stand the chance to improve consumers' perception of sincerity. Thus, we make the following hypothesis:

Moreover, we also discussed earlier that perceived fit between CSR initiative and the firm is also one of the key success factors for strategic CSR initiative (see section 2.5.1). Simmons and Becker-Olsen (2006) reckon that fit can either be natural or can be created. Fit is natural

when the congruence between firm's existing brand associations and the CSR initiative the firm pursue easily resonate in the minds of consumers. For example, Women's Clothing & Apparel company that and a CSR initiative that involve donating to breast cancer research activities is a natural fit . On the other hand, a telecommunication company in Europe and a donation of funds for providing clean water in Africa appears to be quite incongruent. In such cases, consumers will become curious to know the real motive for the company to engage into such an activity.

However, through marketing communication, companies have the possibility to create fit between their existing brand associations and a chosen CSR activity. That is, by telling a story that can help consumers grasp the congruence between the firm and the CSR initiative. The evidence regarding the positive effect of marketing communication on consumers' perceived fit has been reported in the context of brand extension. For example Bridges et al. (2000) showed that communication strategy can be use to increase perceived fit of a brand and its extensions. This happens when consumers are able to establish explanatory links that connect the parent brand and the extension. They noted that companies can create explanatory links when they manage to show consumers that salient parent brand associations are relevant in the extension context.

The problem of perceived fit faced by companies when they introduce brand extensions is similar to that of perceived fit when they introduce CSR initiative (Simmons and Becker-Olsen, 2006; Becker-Olsen et al. 2006). Thus, if marketing communication can improve perceived fit between a brand and its extension we imagine that persuasive story should also have a similar impact for perceived fit between a firm and its CSR initiative. After all, as Shimp (2009) suggests, brand stories carry key learning propositions which have the power of changing associative networks and potentially add favourable associations and attitudes. And we know that perceived fit between a brand and CSR initiative is all about congruence between existing brand associations and the CSR activity, therefore given the power of stories to change associative network, we make the following hypothesis:

**H2d:** Other factors held constant, imitated CSR initiative communicated with persuasive story will result into higher perceived fit between the brand and the CSR initiative.

### 3.6 Summary of the chapter and Conceptual model

In this chapter we have presented the theoretical framework that led to the hypotheses of the present study. The conceptual model presented in figure 5 below illustrates these hypotheses, indicating the nature and direction of causal relationship of the variables. More so, we expect to observe correlations among our dependent variables. Two reasons explain that: first, according to Field (2013) most variables involving humans tend to manifest correlation; second, correlation for some of these variables, such as attitude and purchase intention, has already been proven empirically (e.g., Ajzen 1991). Potential correlations among the dependent variables are indicated by the dotted bidirectional arrows.

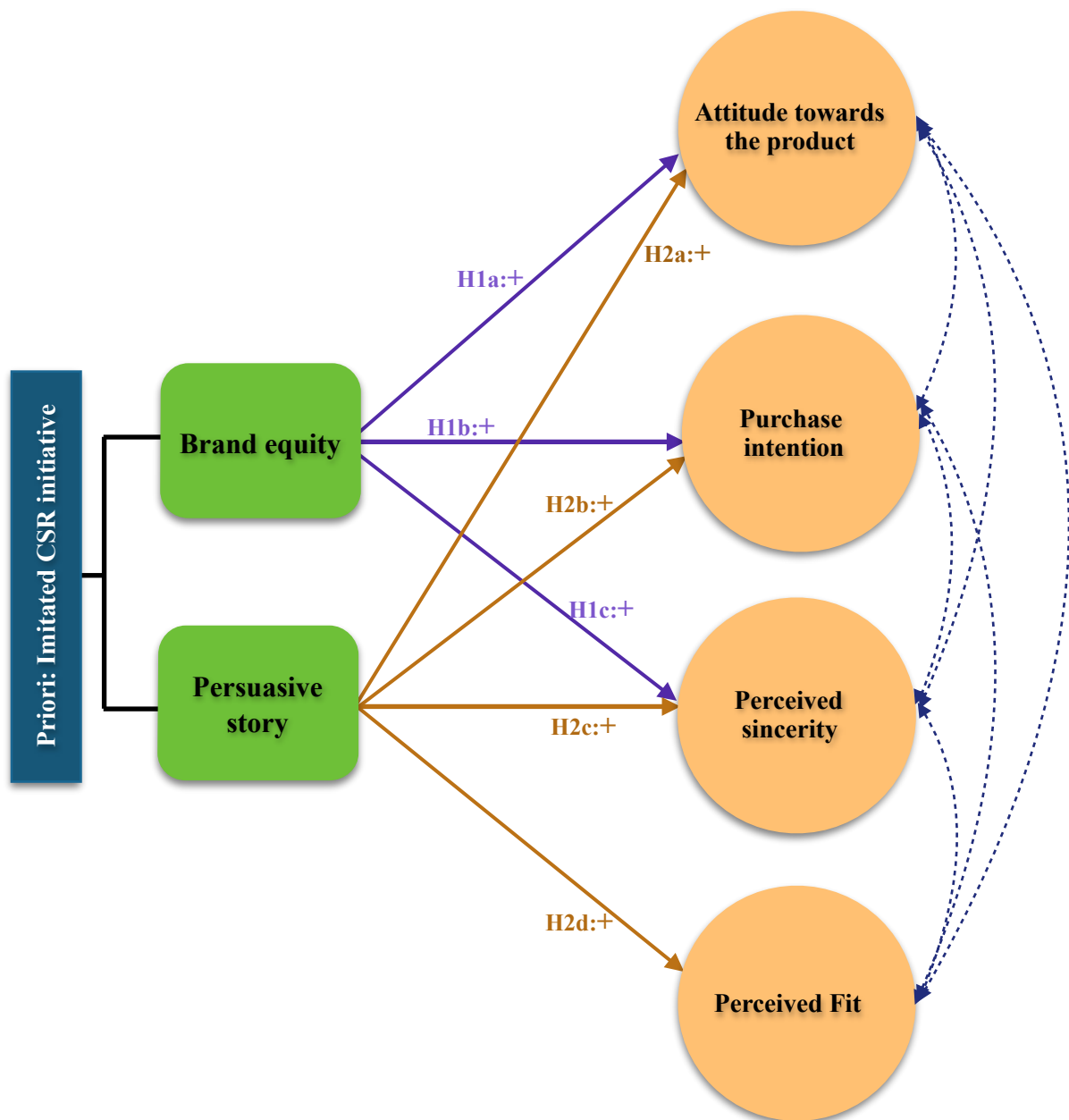


Figure 5: Conceptual model of the present study

## CHAPTER 4

### METHODOLOGY

#### 4.1 Overview

Research methodology is the roadmap for collection, analysis and interpretation of data. The choice of appropriate methodology is a prerequisite for a successful research process (Iacobucci and Churchill, 2010). It is the plan of action to implement the conceptual model. Important methodological choices include: philosophical position of the study, research approach, research design, data collection techniques, ethical considerations and measures for quality assurance. This chapter presents methodological choices made in this study.

#### 4.2 Classification of research based on the purpose

Depending on the research purpose, research can be classified into three types: exploratory, descriptive and explanatory (Saunders et al. 2012). An exploratory studies are usually conducted to find out what is happening or to seek new insights or to ask questions or to assess phenomena in a new light (Robson 2002:59). Exploratory studies are particularly useful if the researcher wishes to clarify the understanding of a problem when the precise nature of the problem is unknown (Saunders et al. 2012). When a research is designed to establish causal relationships between variables it is termed as explanatory research (Saunders et al. 2012). Descriptive study, as the name suggests, aims at portraying an accurate profile of persons, events or situations (Robson 2002:59) and it may be “an extension of, or a forerunner to, a piece of exploratory research or, more often, a piece of explanatory research” (Saunders et al. 2012). The aim of this study is to determine the impact of brand equity and persuasive story on influencing consumer response to imitated CSR initiatives. Such research purpose calls for causal analysis, therefore, based on the classification according to Saunders et al. (2012), the nature of this study is explanatory.

#### 4.3 Philosophical position

Research philosophy relates to the development of knowledge and the nature of that knowledge (Saunders et al. 2009). It is important for researchers to consider their philosophical position as it helps in deciding research design (Easterby-Smith et al. 2002). There are two main philosophical positions in the process of knowledge creation: positivism and interpretivism (Easterby-Smith et al. 2002). Positivism adopts the philosophical stance of the natural scientist such that it relies and draws conclusions based on data measurement (Saunders et al. 2009); while interpretivism philosophy adopts an empathetic stance such that it is both socially constructed and subjective (Saunders et al. 2012). This study is inclined to

positivism philosophical position whereby the research process is structured, data will be collected from a sizable sample and conclusions will be drawn based on measurements.

#### **4.4 Research approach**

There are two main research approaches: deductive approach and inductive approach (Saunders et al. 2012). Deductive approach begins by formulating a theoretical position and use data to test whether the theory is supported or not. On the other hand, inductive approach involves developing a theory based on the analysis of data collected (Saunders et al. 2012). Research approaches are largely associated with research philosophies; deduction owes more to positivism while induction owes to interpretivism (Saunders et al. 2012). This study takes a deductive approach since a clear theoretical position is set prior to data collection and the findings of the analysis will prove whether the position is correct or not.

#### **4.5 Research design**

##### **4.5.1 Overview**

Research design refers to the general plan a researcher follows in answering the research question(s) (Saunders et al. 2012). It is a conceptualized operational structure within which research is conducted (Kothari, 2004). Thus, the choice of appropriate research design is vital in ensuring the quality of research. Although different authors agree on how to go about answering different types of research questions, it appears that there is no general consensus on the classification of the research design. For example, Kothari (2004) broadly classifies designs into experimental and non-experimental hypothesis testing, while Pedhazur and Schmelkin (1991) distinguish three broad classes of designs: experimental, quasi-experimental, and non-experimental. In this study, Pedhazur and Schmelkin classification is preferred.

According to Pedhazur and Schmelkin (1991) what serves to distinguish the three classes of designs is the the presence or absence of (1) manipulation of independent variables, and (2) randomization. Experimental design is a design that includes both manipulation of at least one independent variable, and randomization. A quasi-experiment includes manipulation but not randomization. And in a non-experimental design both manipulation and randomization are absent.

##### **4.5.2 Choice of research design**

The choice research design depends on the type of questions the researcher wants to answer (Pedhazur and Schmelkin, 1991). Yin (2003) provides guideline for the choice of research design based on the type of research. This framework is presented in figure 6

below. Since our research question requires causal analysis of the consumer behavior, then this framework guides us to conduct an experiment. Therefore, the study has deployed experimental design.

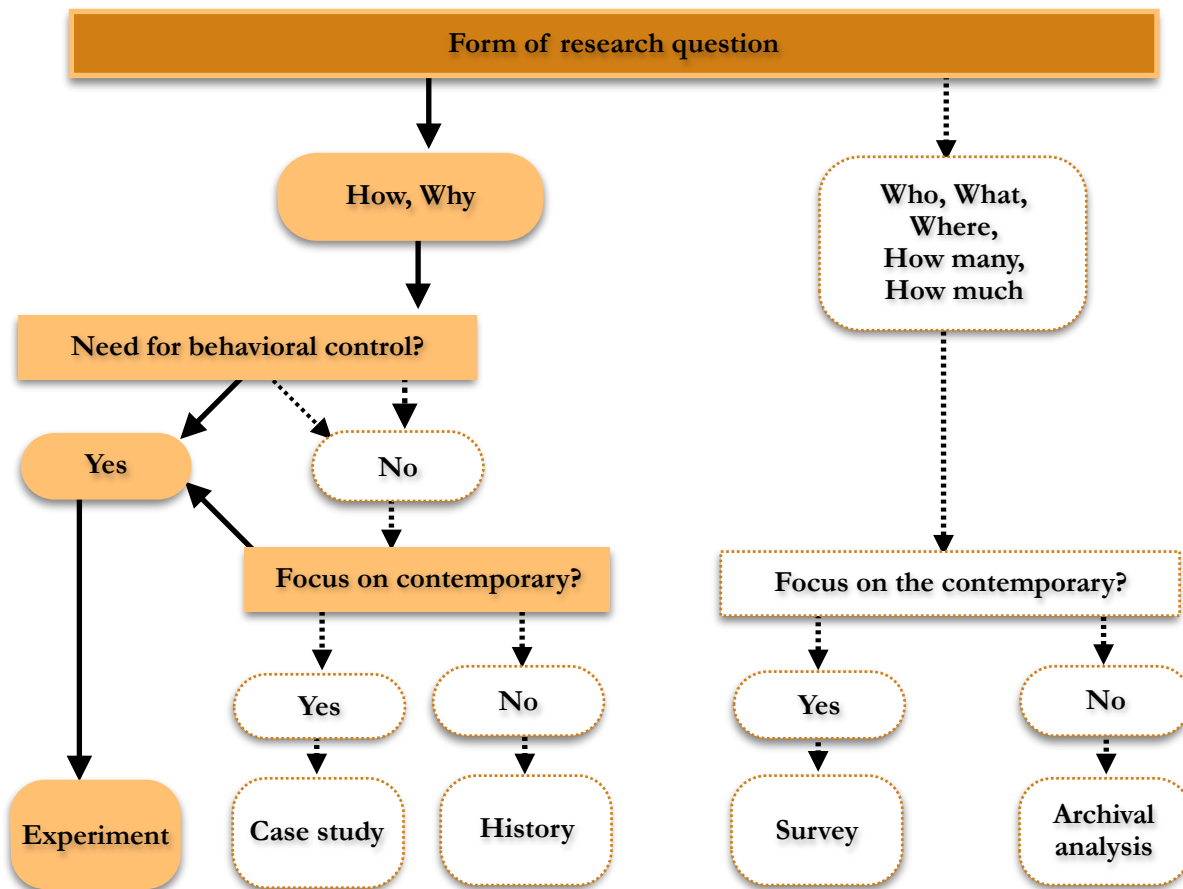


Figure 6: Research strategies in different situations (Yin, 2009).

#### 4.5.3 Experimental design and causal analysis

In order to make a causal claim, a researcher must conclude the existence of presumed cause and a corresponding effect. To do so, three classic conditions must be satisfied: (1) The independent variable must be shown to precede the dependent variable in time - Temporal precedence (2) The independent variable and the dependent variable must be shown to be associated with each other - covariation of the cause and effect (3) the relationship between independent variable and dependent variable must not be explained by other causes - absence of plausible alternative explanations (Cook and Campbell, 1979 p. 31). All three conditions named above must be met in order to make a causal claim- anything less, a causal claim cannot be made (Ruane, 2005. p. 78). As such, a scientist that thrives to make a causal claim should resort to a research design that addresses the three conditions for making causal claims.

An experiment is a study in which the independent variable is intentionally manipulated in order to assess its impact on the dependent variable (Ruane, 2005 p. 82). The classic experimental design consists of two groups: experimental group and the control control. These groups are similar except that the experimental group receives treatment while control group does not (Frankfort-Nachmias and Nachmias, 1996). The control that characterizes the experiment allows the researcher to address the three conditions of causality, these requirements are: (1)temporal precedence (2) covariation of the cause and effect (3) absence of plausible alternative explanations. The researcher controls the introduction and manipulation of independent variable to show that independent variable precedes the dependent variable in time, the independent variable and the dependent variable are associated with each other, and the relationship between independent variable and dependent variable must not be explained by other causes. Thus, due to ability to explain causal links, experimental design is the gold standard against all research designs (Frankfort-Nachmias and Nachmias, 1996).

#### 4.5.4 Forms of experimental design

The experimental design can be undertaken in various forms. Kothari (2004) classifies two major forms of experimental designs: formal and informal designs. Formal designs include forms such as before-and-after without control group, after-only with control group, and before-and-after with control group. Informal designs include forms such as completely randomized design, randomized block design, Latin square design, and factorial design. Considering our conceptual model, this study deployed a factorial design– a type of design that allows testing of the effects of two or more independent variables at various levels. The factorial design implemented in this study will involve manipulation of two independent variables, each with two treatment levels, thus making it a 2x2 factorial design. The two variables are: brand equity (known brand vs. unknown brand) and persuasive story (presence of persuasive story vs. absence of persuasive story) as shown in Table 2.

**Table 2: Factorial experimental design implemented in this study**

Brand equity	Persuasive story	
	Imitated CSR communicated without persuasive story–B <sub>1</sub>	Imitated CSR communicated with persuasive story–B <sub>2</sub>
CSR imitated by a Unknown brand –A <sub>1</sub>	O <sub>1</sub>	O <sub>2</sub>
CSR imitated by a Known brand –A <sub>2</sub>	O <sub>3</sub>	O <sub>4</sub>



The table above shows that the subjects of the experiment will be divided into four groups each representing a combination of particular level of brand equity (known brand vs. unknown brand) and particular level of Persuasive story (presence of persuasive story vs. absence of persuasive story). Each of this combination represents a treatment and thus providing a basis for comparison of both the main effects and interactional effects. Using the notation by Pedhazur and Schmelkin (1991), the sequence of the treatments in this study can be depicted as follows:

<b>A<sub>1</sub>B<sub>1</sub> O<sub>1</sub></b>	<b>A<sub>1</sub>B<sub>2</sub> O<sub>2</sub></b>
<b>A<sub>1</sub>B<sub>1</sub> O<sub>3</sub></b>	<b>A<sub>2</sub>B<sub>2</sub> O<sub>4</sub></b>

In the above depiction, the letters “A” and “B” refer to the factors and the subscripts refer to categories within a factor. The letter “O” stands for observation. The sequence of treatments shows that each subject will be exposed to a stimulus, that is, a combination of one of the brand equity level and one of the levels of persuasive story. For example, A<sub>1</sub>B<sub>1</sub> O<sub>1</sub> refer to an observation made to the experimental group that is be exposed to unknown brand that has imitated CSR initiative but the initiative is communicated without persuasive story.

#### 4.6 Experimental setting and participants

Depending on the nature of the setting, experiments are distinguished into two main types: laboratory experiments and field experiments. Laboratory experiments are conducted in settings expressly created for the purpose of the study while field experiments are the ones conducted in existing settings. The choice between these two types of experiments involves a trade-off between internal validity and external validity; whereas laboratory experiments have higher internal validity, field experiments are believed to be more externally valid (Pedhazur and Schmelkin, 1991). In this study, the a classroom was used as a laboratory for the experiment. The participants were second year bachelor students at Norwegian School of Economics. To avoid the incidence of demand characteristics, the subjects were informed that the objective of the study was to investigate consumer preferences.

## 4.7 Development of the instrument for the experiment

Developing an effective instrument was a key success factor in our experiment. Failure to craft an instrument that reflects what we intended to experiment would jeopardize the validity of our results. Consequently, great attention was given to the development of the instrument. The instrument included four components: (1) the brands (Known vs. Unknown) (2) print advertisement (3) persuasive story (with or without), and (4) Questions that capture relevant variables of the study. Each participant was exposed either to a known brand or unknown and with persuasive story or without (to reflect our 2X2 factorial design). The advertisement and the questions were the same to all participants except participants that were exposed to Bergans got an extra question (with five items) that aimed at measuring brand equity index. In the following subsections we present the procedure we followed to develop each of these components.

### 4.7.1 The Brands Used

Based on our design and the objective of the study, the experiment required two brands: one with a fairly high brand equity and another without brand equity. To determine a brand with a relatively high brand equity, we engaged in brainstorming and the brand Bergans came to our minds. We were convinced that Bergans has high level of awareness as well as quality associations. To establish whether this conviction was correct, we conducted in-depth interviews with three masters degree students who are well knowledgeable with marketing theory. During the interviews the respondents were asked about other brands such as Stormberg and Voss. For any suggestion they made, we inquired them to explain reasons for their judgement. From these interviews we concluded that Bergans was a suitable brand for our experiment. However, we recognized that in-depth interview with 3 respondents, regardless of their marketing knowledge level, was not reliable enough to draw valid conclusions regarding the suitability of the chosen brand. As such, we decided that measure of brand equity index would be included in the main test for verification of our assumption. To determine a brand with no brand equity we came up with the following logic: since brand equity is comprised of awareness and image— unique, positive, and favorable associations (Keller, 1993), then a failsafe way to have a brand with zero brand equity is to use a fictitious brand— a brand that non of the respondents had heard of it before. Thus, the brand name Dalman was chosen to give it a Norwegian origin association as Bergans is believed to have.

#### 4.7.2 The Ad

The stimulus used in this study was an advertisement for charity-linked shoes. The choice of shoes was based on two reasons: (1) based on previous studies, it appears that when an experiment involves an ad for a product, then it is important to use a product that belongs to a familiar product category— for example Dahlén et al. (2013) used this logic in their experiment (2) in order to capture the notion of imitated CSR-linked product, we needed to find an existing CSR-linked product that our experimental subjects would be aware of. We noticed that during this autumn many bachelor students wore charity-linked shoes— TOMS shoes. More so, the presence of TOMS shoes webpage customized for the Norwegian market indicate that the shoes have become popular in Norway. Thus, we concluded that the CSR initiative to be portrayed in the experiment would involve shoes and a similar approach as TOMS— "Buy one, Give one". We then followed a systematic approach to develop the ad, as follows: first, an ad was developed based on theory and intuition; second, we conducted in-depth interviews to assess whether the stimuli worked. This process involved three stages as described below:

The first stage started with the development of an ad whose format consisted of a white background, a picture of the shoes in question, a picture of an unprivileged kid in the third world and the text: "Buy one, give one and feel twice as good". The sentence was developed in accordance with CSR-literature which suggest that an experiential warm glow is a powerful purchase incentive for CSR-linked products (e.g., Andreoni, 1990). To get feedback on the the first draft, we employed two in-depth interviews. We chose one finance major and one marketing major. Although they were interviewed separately, their evaluations were surprisingly homogeneous. Both believed that the power point format and the white background gave the ad a non-professional look and the text was described as cheesy. Lastly, the picture was described with negative sentiments which led us to believe it was not satisfactory.

The second stage involved improving and re-testing the ad. First, the format was changed from power point to A4 size. Second, a new picture of shoeless african kids were added. Third, The background got a color that matched the logo of Bergans/Dalman. Fourth, the text was changed to «For every pair you buy, Bergans/Dalman will donate a pair to poor kids, a price tag of 599kr was included, and two types of shoes were added to give respondents a choice. In the evaluation, the number of in-depth interviews was increased from two to three. These three consisted of the two from before and one student from the University of Bergen (UIB). The interviewees liked the format of the ad. However, the picture came in to question. One respondent stated: "these African kids do not need shoes, they need ebola medicine". All respondents did not like the text, where the phrasing «poor

kids» was considered a cliché. Finally, one respondent questioned why we had two types of shoes. He stated: "is it buy one pair of nice shoes, and donate a lesser version?".

In the third stage we dealt with the comments and re-tested. the picture was changed from african to asian kids, the text was updated to "for each pair you buy, Bergans/Dalman will donate a pair to those in need", and the two types of shoes were reduced to one. The evaluation of the latest version consisted of one bachelor student from NHH and an accounting master from NHH. They both expressed positive sentiments towards the ad. The final print advertisement used in this study is presented in appendix 1.

#### 4.7.3 The Story

Since our literature review suggested that consumers' perceived sincerity of the motive is a contingent factor for consumer response to CSR initiatives, and that the copying a CSR-product would be especially sensitive to sincerity levels (e.g., Gargouri, 2001; Hupman & Zaichkowsky, 2005), then we needed to craft a story that would demonstrate sincere motive of the initiative. Moreover, the theory of fit dictates that there needs to be shared associations between a CSR-cause and the company performing CSR, otherwise negative evaluations will follow (e.g., Simmons and Becker-Olsen, 2006). However, the brands chosen have different levels of existing associations. Therefore Bergans' message required a story that is consistent with current associations. What's more, engaging in shoe category would be brand extension for Bergans because, as far as we know, at the time of this experiment, Bergans was not involved with shoes category. To increase believability of the manipulation, the story had portray a background that justifies Bergans extension into this category. On the other hand, Dalman, being fictitious, did not have any associations that pre-existed in the minds of the subjects, thus Dalman's story was therefore crafted based upon the reason why the company was created, and how it relates to the cause.

Just as we did when creating the ad, the story was subjected to in-depth interviews. Two respondents from the University of Bergen evaluated them. The interviewees stated that the original stories lacked credibility. One of them said: «It gives me the same feeling as one of those diet ads on Facebook». Both participants believed that a quote, in stead of third person voice would increase sincerity. To improve the story we introduced the idea of having it in a newspaper format, where the CEO from Dalman/Bergans was quoted. The stories that we finally used in the experiment are presented in appendix 2.

#### 4.7.4 Measuring relevant variables of the study– Operationalization

##### 4.7.4.1 Overview

Following Saunders et al. (2012) guidelines, the questions for capturing relevant constructs of the study should be developed by considering the conceptual framework of the study. Dillman (2007) classified three types of data variable: opinion, behavior, and attribute data variables. Opinion variables are concerned with the extent to which respondents agree or disagree with given statements; behavioral variables are concerned with what respondents have engaged with. Attribute variables are about demographic characteristics of the respondents. In this study subjects were asked questions that mostly reflect two types of variables: opinion and attribute variables while behavioral factors were measured indirectly.

##### 4.7.4.2 Measurement of the variables

Usefulness of the evidence obtained from research, in part, depends on the operationalization of the constructs of interest into specific, concrete and measurable variables (Burns & Burns 2008). Measurement is the process by which a concept is linked to observed variables (Bollen, 1989 pp. 180). Thus, level of measurement expresses the relationship between what is being measured and the numbers that represent what is being measured (Field, 2013). Based on level of measurement, variables can be classified as nominal, ordinal, or scale (interval or ratio scale). Nominal variables appear in categories that cannot be defined numerically or be ranked; ordinal variables are similar to nominal variables except that the categories are ordered. Interval variable goes a step further ahead of ordinal variable as the equal intervals on the scale represent equal differences in the property being measured. Lastly, ratio variables are those that in addition to meeting the requirements of an interval variable, the ratios of the values along the scale should have a true and meaningful zero point. Table 3 presents the main variables in this study and their levels of measurement

**Table 3: Summary of the variables used in this study**

Variable	Role	Measurement level
Purchase intention	Dependent variable	Ordinal variable
Attitude	Dependent variable	Ordinal variable
Perceived fit	Dependent variable	Ordinal variable
Perceived sincerity	Dependent variable	Ordinal variable

#### 4.7.4.3 Purchase intention

The scale for purchase intention is well established in marketing research. The scale measures the likelihood that a consumer will buy a product he/she is knowledgeable of. In some studies it is also referred to as *willingness to buy* (e.g., Dodds et al. 1991; Grewal et al. 1998). Purchase intention has been widely used in the previous studies on consumers' response to CSR activities (e.g., Becker-Olsen et al. 2006; Hartmann and Apaolaza-Ibáñez, 2012; Grimmer and Bingham, 2013). As in the previous studies, this study deployed the traditional 7-point bipolar scale— anchored by Completely will buy/Completely will not buy. The subjects were asked to indicate a number that corresponds to their likelihood to buy a CSR-linked product that they were exposed to.

#### 4.7.4.4 Attitude towards the CSR-linked product

Attitude is also one of the most extensively studied constructs in marketing research. Thus, its scale is also well established. Attitude towards the brand/product has been widely used in the previous studies as part of measuring consumers' evaluation of companies that engage in CSR activities (e.g., Murray and Vodel, 1997; Folkes & Kamins, 1999). Adopting from Murray and Vodel (1997), this study used a 7-point Likert scale. Subjects were presented with statements regarding the CSR-linked product on the ad, and then they were asked to express the extent to which they agree/disagree with the statements. Examples of measures for attitude used in the study are listed in Table 4.

#### 4.7.4.5 Perceived sincerity

To measure perceived sincerity, the subjects were asked to indicate their opinions regarding a set of statements that captured this construct. The given statements are assumed to make inferences about company's sincerity for pursuing the CSR initiative. The scale items for measuring sincerity of the motives are adopted from Yoon et al. (2007). Example of items for perceived sincerity are listed in Table 4 located in the next two pages.

#### 4.7.4.6 Perceived fit

To measure perceived fit, the subjects were asked to indicate their opinions regarding a set of statements that captured this construct. The given statements are assumed to make inferences about the match/congruence between the initiative and the company in question— Bergans/Dalman. The measures for this construct were borrowed from Becker-Olsen et al. 2006.

#### 4.7.5 Potential confounding factors

A confound factor is a factor other than the experimental variables, that provides alternative explanation for any observed change in the dependent variable (Zikmund et al. 2010). In order to make causal claims, three conditions must be fulfilled: (1) presence of association between presumed cause and presumed effect (2) temporal precedence between presumed cause and presumed effect, and (3) absence of alternative explanations about the cause of the effect. According to Cook and Campbell (1979), the third condition— absence of alternative explanations, is the most difficult condition to fulfill. Based on literature review, we identified three factors that could confound this study: (1) the extent to which the information given to subjects is believable (2) attitude towards the ad used in the experiment, and (3) the extent to which subjects are involved/concerned with social causes.

All these potential confounders were addressed by the design of the instrument. However, we decided to create index measures for each of the potential confounding factors so that during data analysis we would assess the effect of potential confounders. The indexes were created based on items borrowed from previous studies. The index for measuring believability consisted of single item adapted from Yoon (2007) whereby subjects were asked to indicate their level of agreement with a statement concerning the believability of CSR information provided; the measure was anchored by extremely believable/extremely unbelievable. The index for attitude towards the ad was created by aggregating scores of four items adapted from Henthorne, LaTour and Nataraajan (1993); sample items are listed in Table 4. The index for consumer involvement/concern for social causes was created by aggregating scores of three items adapted from Maheswaran and Meyers-Levy (1990) and Grau and Folse (2007) Examples of items for this construct are listed in Table 4.

#### 4.7.6 Assumptions of the manipulation

In order for the notion of imitation of CSR to be valid, we assumed that the subjects were aware of TOMS shoes and such that Bergans and Dalman would be perceived as imitators. To do so we included a question that aimed at capturing awareness about TOMS. More so, as we stated in section 4.6.1, since we decided to use Bergans under the assumption that it has a fairly high brand equity, we had to check whether this assumption was true. Brand equity construct is well established in marketing research. According to Yoo and Donthu (2001) this construct has many facets, such as favorable impressions, attitudinal dispositions, and behavioral predilections. To capture and measure all these facets, we adopted items from Yoo and Donthu (2001) to create an index.

**Table 4: Example of items for the constructs measured in the present study**

Construct	Example of items	Source
Attitude towards the CSR-linked product.	<p><b>Strongly disagree/strongly agree (1-7)</b></p> <ol style="list-style-type: none"> <li>1. I feel positive about Bergans/Dalman's shoes.</li> <li>2. I would not recommend Bergans/Dalman's shoes to others (Reversed)</li> </ol>	Murray and Vodel (1997)
Perceived sincerity	<p><b>Strongly disagree/strongly agree (1-7)</b></p> <ol style="list-style-type: none"> <li>1. The company has genuine concerns for poor children who cannot afford shoes.</li> <li>2. The company donates shoes only to make a good image in the society (Reversed)</li> </ol>	Yoon et al. (2007)
Attitude towards the ad	<p><b>Strongly disagree/strongly agree (1-7)</b></p> <ol style="list-style-type: none"> <li>1. The advertisement is good.</li> <li>2. The advertisement is inappropriate (Reversed)</li> </ol>	Sezen and Yilmaz (2007)
Perceived Fit	<p><b>Bipolar scale (1-7).</b> Indicate the number that corresponds to your opinion on the relationship between this company and the stated CSR activity.</p> <ol style="list-style-type: none"> <li>1. Not complementary at all/perfect complementary</li> <li>2. does not make sense at all/makes perfect sense</li> </ol>	Simmons and Becker-Olsen (2006)
Involvement/concern	<p><b>Bipolar scale (1-7).</b> Indicate the number that corresponds to your opinion on the importance of helping people in developing countries.</p> <ol style="list-style-type: none"> <li>1. Unimportant/Important</li> <li>2. Means nothing/Means a lot</li> </ol>	Meyers-Levy (1990) and Grau and Folse (2007)



#### 4.7.7 Procedure followed to translate scale items from English into Norwegian

As noted in the preceding section, all items for the constructs were borrowed from previous studies. The items were originally in English and thus we needed to translate them into Norwegian to make the questions easily accessible to the subjects. The translation procedure was as follows:

First we tried to approach the Department of Professional and Intercultural Communication at the school for the translation services, however, they said their schedule was tight and they could not help us. Given the time constraint, we decided to resort to other alternatives. We first translated all the questions ourselves (one of the researchers is a native Norwegian who is fluent in both English and Norwegian and the other researcher can read and understand Norwegian pretty well). We then asked three other master students to translate the instruments for us (all are native Norwegians fluent in both English and Norwegian). We discussed with them (each independently) for all the aspects that our translation differed from them.

We then corroborated our own translation and that from our three colleagues to make a draft. The draft of the questions was sent to one of the editors at Capellen Damm Akademisk for language verification (one of the researchers has personal contact with the editor). While waiting for the feedback from the editor, we conducted a pretest with 25 students (12 students at Høgskolen i Molde and 15 students at NHH). The pretest included all questions that we intended to ask during the experiment plus extra questions that inquired about clarity of the instrument. The version of story used to the 12 subjects at Høgskolen i Molde did not indicate the source while the story used to subjects at NHH was indicated as a quote from the daily newspaper *Aftenposten*.

We received feedback from the editor. Most of his comments coincided with the comments from our pretest subjects. Thus, we addressed issues raised by the editor as well as those raised by pretest subjects. Some of the items were removed and some were rephrased to make them clearer. The final version of the questions that were used in this study is attached in appendix 3. The data obtained in the pretest were not included in the final analysis because rephrasing and removal of items meant that the responses from the pretest and those from the main test were distinct and could not be combined.

#### 4.8 Steps to ensure validity, reliability and sensitivity of the measurements

In achieving the objective of this study multiple variables and their inter-relationships will be examined. As such, ensuring validity, reliability and sensitivity of the measures is critical to the overall quality of the study. Validity of the measure refers to the accuracy of a measure or the extent to which a score truthfully represents a concept (Zikmund et al. 2010).

It is concerned with whether the findings are indeed about what they seem to be about (Saunders et al. 2012). Reliability of the measure refers to the internal consistency of a measure, that is, if a measure is reliable then other researchers must be able to perform exactly the same experiment, under the same conditions and generate the same results. On the other hand, sensitivity is the ability of measurement to accurately measure variability in stimuli or responses. Sensitivity of the measurement is an important aspect particularly when changes in attitudes or other hypothetical constructs are under investigation.

Construct validity exists when a measure reliably measures and truthfully represents a unique concept. It consists of several components including face validity, content validity, criterion validity, convergent validity, and discriminant validity. Face validity means that a scale's content logically appears to reflect what was intended to be measured; content validity is the degree that a measure covers the breadth of the domain of interest; criterion validity is the ability of a measure to correlate with other standard measures of similar constructs or established criteria; convergent validity means that concepts that should be related to one another are in fact related; and discriminant validity represents how unique or distinct is a measure, that is a scale should not correlate too highly with a measure of a different construct.

To ensure validity, reliability and sensitivity of the measures, appropriate steps were taken right from the design stage. First, the constructs measured under this study are well-established within marketing domain. For example attitude and intention to purchase constructs are drawn from the theory of planned behavior and there is a ton of empirical evidence support the relationship between them (Ajzen, 1991). Second, since the indicator variables for the constructs were modified to suit the context of the study, in-depth interviews were conducted to ensure relevance, understandability and sensitivity of both stimuli and the constructs. Third, during data analysis stage the dataset were subjected to principal component analysis for assessing the validity while reliability was assessed by using Cronbach's alpha.

The above steps strengthened the construct validity of our study, however, it is also important to consider other types of validity, namely: internal validity, statistical conclusion validity, and external validity. Statistical conclusion validity refers to validity with which statements about the association between two variables can be made based on statistical tests. Cook and Campbell (1979 p. 38) note that scientists must make three decisions about covariation: (1) whether the study is sensitive enough to allow reasonable statements about covariation (2) whether there is any reasonable evidence that we can use to infer that the presumed cause and effect, indeed, covary, and (3) whether the strength of covariation

between the two variables is adequate. In this study these factors have been addressed through design of the study and the tentative relationships between constructs have been proposed based on literature review. Internal validity is concerned with ensuring that potential alternative explanations to the defendant variables are eliminated. That is, when a study is declared internally valid then the observed change in dependent variable cannot be explained by any other factor except the independent variable manipulated in the study. According to Cook and Campbell (1979) major threats to internal validity include: history, maturation, selection, instrumentation, statistical regression, testing, and mortality. (description for each of these threats is in the text box 1 at the end of this chapter). In this study almost all these threats have been combated through the design of the study— random allocation of subjects and manipulation of the independent variables. However, for those potential confounding factors that we could not control measures were included so that we could check it after the experiment if they could potentially account for the change in our dependent variables. External validity refers to the possibility to generalize the experimental results beyond the experimental setting. That is, generalizability of results to and across populations of persons, settings, and times. It addresses the question: if there is probably a causal link from variable A to variable B, how generalizable is this relationship across persons, settings, and times? Due to time constraint and financial limitations, this study used student subjects. The use of students is often criticized for its lack of external validity. However, this is the case mostly when students are used as substitutes for business people (Zikmund et al. 2010). However, when it comes to consumer goods, some evidence shows that students are quite similar to other consumers. Nevertheless, we admit that this study lacks external validity. Business students may not be perfect representation of the general population. In sum, in this study measures have been taken to address construct validity, statistical conclusion validity, and internal validity. The external validity of the study is limited.

#### **4.9 Ethical considerations**

Consideration of ethical issues is an important aspect of any research project. The general ethical guideline is that the research should not embarrass, harm or impose any other material disadvantage to the research subjects (Saunders et al. 2012). Generally, the research design adopted in this study presented very low risk for violating research ethics. All respondents were asked for their consent to participate in the study; and in addition, all the data were received anonymously. All subjects were guaranteed that their responses will not be treated individually instead will be a part of aggregated dataset. More importantly the data collected did not include any sensitive information about the subjects.

## 4.10 Choice of statistical analysis techniques

### 4.10.1 Overview

In this chapter we present statistical techniques that were chosen to analyze the data in this study. Relevant techniques were chosen in order to test the hypotheses stated in chapter 3. All data were analysed by using IBM SPSS Statistics software version 22.0. We selected this software package because it has all the applications we needed in order to perform statistical analyses intended for this study. The various techniques that were chosen and the reason for choosing them are presented in the subsequent subsections.

### 4.10.2 Descriptive Statistics

The analysis began with the presentation of descriptive statistics of the dataset because these are useful for summarizing data into simple and meaningful numbers. The descriptive statistics presented in this study include measurements such as means, standard deviations and frequencies by categories. In case of the multiple scale items (such as attitude, perceived fit, and perceived sincerity) the assumption is that respondents understand the scale values used as being equal in distances apart (i.e. an interval scale). In this way, the mean scores and standard deviations on these constructs can be computed (Stevens, 1946).

### 4.10.3 Principal Component Analysis

In this study principal component analysis (PCA) is carried out for the multiple item constructs (attitude, perceived fit, involvement/concern about social causes and perceived sincerity) in order to group construct items into fewer and relevant components (Field, 2013). Performing principal component analysis makes it possible to examine the convergent and divergent validity of the constructs by grouping the items (set of responses to the survey statements for each individual in the study) into factors that are not directly observable from the data. Once factors have been extracted, it is possible to calculate the extent to which the items load on these factors (Field, 2013). In order to discriminate between the factors, a method called factor rotation is used. There are two types of factor rotation methods: orthogonal rotation and oblique rotation. Orthogonal rotation is used when the researcher has good theoretical reasons to assume that the factors are independent while oblique rotation is used when the factors supposed to be related. In marketing, most of the constructs tend to correlate with each other (e.g. product attitude and purchase intention), and as Field (2013) says, it is difficult to imagine constructs involving humans that do not correlate, therefore we decided to apply oblique rotation technique. Furthermore, Costello and Osborne (2005) recommend using oblique rotation because this method provides interpretable solution whether there is correlation between the factors or not, while

that is not the case for the orthogonal technique. SPSS has two methods of oblique rotation- **direct oblimin** and **promax**; in this study direct oblimin method is applied because, according (Field, 2013), promax is a procedure designed for very large data sets thus, not relevant for this study.

Three categories of output from the principal component analysis are examined. The first category includes measures that examine if the correlations between items are suitable for performing principal component analysis. These are: Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, and Bartlett's test of sphericity. KMO score below 0.6 and Bartlett score whose significance level is above .05 indicates that principal component analysis may not be appropriate (Field, 2013). The second category includes the Eigenvalues of the identified factors. Kaiser's criteria states that the number of factors should be reduced to those with an Eigenvalue above one, that is, those factors that account for more of the total variance than one factor theoretically explains (Bryman and Cramer 2009). The third category of measures is provided in the pattern matrix and structure matrix. These matrices show a rotated solution of the factor loadings (partial correlations between the items and factors) and will be used to interpret the factors. Following Stevens (2002, p.393) recommendation, only items whose loading is greater than 0.512 are considered for further analysis.

#### 4.10.4 Reliability analysis

In order to validate the consistency of factors items, we checked for the reliability of the multiple item scales. Reliability test measures the consistency of the construct under consideration (Field, 2013). The reliability test for the constructs is conducted by assessing a measure called Cronbach's alpha. The maximum value of Cronbach's alpha is 1, and the higher the value the higher the internal reliability (or higher internal consistency). Burns and Burns (2008) suggest that the alpha must be at least .7 for the indicators to be internally consistent. However, Kline (1999) notes that when dealing with psychological constructs such as attitude, values even below .7 can, realistically, be expected because of the diversity of the constructs being measured. Nunnally (1978) suggests that in the early stages of research, values even as low as .5 will suffice. In this study the threshold of alpha at .7 is upheld.

#### 4.10.5 Factorial ANOVA

Factorial ANOVA is a statistical technique that can be used to analyze data from factorial design experiment. This technique is therefore used to analyze data in situations where an experiment has two or more independent variables (Field, 2013). Since this study involves two independent variables and each of the subjects was involved in only one of the experimental groups, then we chose to deploy two-way independent ANOVA. Because factorial ANOVA is an extension of the linear model, all of the sources of potential bias of General Linear Model must be taken care (Field, 2013). Thus, we assessed important assumptions that must be met. The following assumptions are the most important (Hair et al. 2010):

##### 4.10.5.1 Normality of the error term distribution

It is assumed that the residuals in the model are random, normally distributed variables with a mean of 0. It means that the differences between the model and the observed data are most frequently zero or very close to zero and that the differences much greater than zero happen only occasionally (Field, 2013). Hair et al. (2010) suggests that a better diagnostic for this assumption is the use of normal probability plots. The normal probability plot makes a straight diagonal line and the plotted residuals are compared with the diagonal. If a distribution is normal, the residual line will closely follow the diagonal.

##### 4.10.5.2 Normal Distribution of the Variables

It is preferred that the dependent and independent variables are normally distributed, especially for small sample sizes (Hardy & Bryman 2004). The skewness and kurtosis diagnostics are useful in describing the shape of the distributions. Skewness describes the extent to which the numbers are gathered at one end; whereas kurtosis refers to how close together the points are, or the degree of peakedness. Positive values of skewness indicate that scores are gathered on the left of the distribution, while negative values indicate a pile-up on the right. Positive values of kurtosis indicate a peaked and heavy-tailed distribution, while negative values indicate a flat and light-tailed distribution (Field, 2013). The further the values of skewness and kurtosis, the more likely it is that the data are not normally distributed (Burns & Burns 2008).

Regarding acceptable values, there various suggestion in the literature, for example Weinberg & Abramowitz (2008) say that numbers that exceed  $\pm 2$  are generally seen as severely skewed while Field (2013) say that skewness and kurtosis should only be considered in small samples but in large samples the researcher does not need to be worried about normality. Although this study fulfills the requirement of at least 20 observations per cell as

suggested by Simmons et al. (2011), we chose to check how significant the values skewness and kurtosis are. Statistic values ( $z$ ) are computed from skewness and kurtosis values produced by SPSS. The formulas for statistic values ( $z$ ) of skewness and kurtosis are borrowed from Hair et al. (2010) and given as follows:

$$z_{skewness} = \frac{\text{skewness}}{\sqrt{\frac{6}{N}}} \quad z_{kurtosis} = \frac{\text{kurtosis}}{\sqrt{\frac{24}{N}}}$$

#### 4.10.5.3 Homogeneity of variances

It assumed that or each combination of the groups of the two independent variables there is homogeneity of variances. That is, the variance within each of the experimental groups must be equal. When variances are not homogeneous, they are said to be heterogeneous. This assumption is very important when there are unequal numbers of subjects in the experimental groups. In this study the assumption of homogeneity is tested using Levene's test for homogeneity of variances.

#### 4.11 Conclusion of the chapter

In this chapter we have presented various methodological choices that have been made in this study. The chapter forms the bridge between our conceptual framework and implementation of the study. The choices made, such as research design, approach to instrument development, ethical considerations, and selection of statistical techniques, were key to operationalization of our conceptual model. The combination of these choices is the recipe for the output of this study. In the subsequent chapters we present the outcome of this recipe.

**Box 1: Examples of threats to internal validity****History**

This happens when an event, which is not part of the treatment in the research, occurs between the pretest and the posttest and triggers the observed effect. When "history" happens a researcher can no longer be sure that any observed change in the dependent variable is due to the independent variable.

**Maturation**

This happens when participants in a study undergo developmental changes that could influence the observed effect. Such changes include participant's getting older, wiser, stronger, or more experienced. When this happens, a researcher can no longer be sure whether any observed change in the dependent variable is due to the independent variable or due to maturation of subjects.

**Selection**

This threat occurs when there is a difference between the kind of subjects in one experimental group as opposed to the other. As such, a researcher can no longer be sure if the change in the dependent variable is due to independent variable or due to peculiar characteristics of the subjects in the experimental groups.

**Instrumentation**

This threat occurs when due to the way the dependent variable is measured. Type of scales used can have impact on the responses given by subjects. Thus, the observed change in the dependent variable may be due to variation of the measurement instrument and not due to the treatment's differential impact.

**Regression toward the mean**

This threat occurs when the correlation between two variables is not perfect either due to measurement error or factors unique to each of the variables. As the measurement of the dependent variable is not perfectly reliable, there is a tendency for extreme scores to regress or move toward the mean.

**Testing**

This threat occurs when particular responses are measured several times on the same subject. As such, respondents become familiar with the questions being asked and they can even recall their previous answers.

**Mortality**

This threat occurs when some of the respondents in a study drop out of a particular treatment group. This prevents the researcher from obtaining complete information on all cases. Mortality limits the validity of causal claims because when individuals drop out selectively from a particular treatment group then the final sample on which complete information is available may be biased.

**Source:** Cook and Campbell (1979)



## CHAPTER 5

## PRELIMINARY ANALYSES

## 5.1 Overview

This chapter presents an overall picture of the data set used in this study. It covers the procedure for handling missing data and outliers, principal component analysis, test for reliability, descriptive statistics of the variables, diagnosis for Skewness and Kurtosis, and assessment of normality and homogeneity assumptions.

## 5.2 Dataset Overview

The total number of subjects that participated in the experiment was 121. Out of which 43 were women and 76 were men while two subjects did not identify their gender. Depending on the experimental group, subjects responded either to 23 or 18 variables. The table below presents an overview of the dataset.

Table 5: Overview of the dataset

	N	Mean	Std. Deviation	Missing		No. of Extremes <sup>a</sup>	
				Count	Percent	Low	High
BEQ1	63	4.24	0.817	58*	47.9	3	0
BEQ1	63	3.76	0.689	58*	47.9	1	0
BEQ3	63	4.3	0.891	58*	47.9	4	0
BEQ4	63	4.29	0.705	58*	47.9	0	0
BEQ5	63	3.25	0.861	58*	47.9	2	0
ADATT1	121	4.75	1.433	0	0	2	0
ADATT2	121	5.26	1.359	0	0	14	0
ADATT3	121	5.99	0.97	0	0	9	0
ADATT4REV	121	2.21	1.171	0	0	0	0
SINC1	121	4.29	1.452	0	0	0	0
SINC2	121	4.32	1.355	0	0	0	0
SINC3REV	121	4.69	1.342	0	0	2	0
PATT1	121	5.02	1.125	0	0	0	0
PATT2	121	3.56	1.359	0	0	0	1
PATT3REV	121	2.67	1.098	0	0	0	0
FIT1	121	4.74	1.255	0	0	1	0
FIT2	121	4.6	1.514	0	0	6	0
CONC1	121	5.31	1.296	0	0	11	0
CONC2	121	5.12	1.343	0	0	12	0
CONC3	121	5.01	1.405	0	0	1	0
BEL	121	4.67	1.411	0	0	2	0
AWTOMS	119	0.81	0.397	2	1.7	.	.
Gender	119	0.64	0.482	2	1.7	0	0

\*58 values are missing because those questions were only asked to subjects exposed to Bergans ad.

As shown in the table, the subjects responded to all questions in the booklet except two subjects who did not respond to the last two questions (AWTOMS and Gender). We suspect that the two missing responses happened because the two questions were located on the last page of the booklet and most likely the subjects did not see them. Further more, we assessed the dataset for potential careless responses; Johnson (2005) suggests identifying careless responses by looking for respondents who repeatedly use the same response category. He recommends that long strings of identical responses should be eliminated. Based on this criterion, our assessment did not identify any potential careless respondent.

### 5.3 Manipulation assumption check – Awareness of TOMS shoes

This study is concerned with imitated CSR initiative. Given the popularity of TOMS shoes, we assumed that any company that decides to engage in buy-one-give-one shoe donation would clearly be perceived as an imitator. However, this assumption is true if consumers are, in fact, aware of TOMS shoes. Our pretest suggested that majority of students at NHH are aware of TOMS– only 1 out of 15 randomly selected subjects did was not aware of TOMS. However, we added a question in the main study to verify this assumption. Out of 121 subjects, 96 (41 women; 55 men) indicated that they were aware of TOMS. As such, these 96 subjects were considered being relevant for the study while the 23 subjects who were not aware of TOMS and the 2 subjects who did not answer the question, were excluded from the analysis. Initially, the 121 subjects were randomly allocated to the four cells to the ratio of 30:30:30:31, however, since some subjects did not meet the criterion of being aware of TOMS, then our final allocation after removal of those subjects became 21:21:26:28 as shown in the table below:

**Table 6: Distribution of the subjects in the final dataset (n=96)**

Brand equity	Persuasive story	
	Imitated CSR communicated with persuasive story–B <sub>1</sub>	Imitated CSR communicated without persuasive story–B <sub>2</sub>
Known brand (Bergans)	n <sub>1</sub> = 21	n <sub>2</sub> = 21
Unknown brand (Dalman)	n <sub>3</sub> = 26	n <sub>4</sub> = 28

#### 5.4 Principal component analysis for the latent variables

The first step towards a Principal Component Analysis is to assess the necessary requirements for performing it. As noted in section 4.10.3, this is done by conducting Kaiser-Meyer-Olin (KMO) test for checking sampling adequacy and the Bartlett's Test of Sphericity. The KMO value from our sample is 0.657 which is above the threshold 0.6, and the Bartlett's score is significant (.000)– the requirement is significance at .05 (Hair et al. 2010).

**Table 7: results of KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		<b>.657</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	515.179
	df	55
	Sig.	<b>.000</b>

As these two requirements are fulfilled, the dataset can be subjected to PCA. As stated earlier, oblique oblmin method with Kaiser Normalization is used to conduct the principal component analysis for the latent variables- attitude, perceived sincerity, perceived fit and involvement/concern for social causes. The constructs identified here will finally be included in the procedures for testing hypotheses. An initial output of PCA is the total variance explained. The analysis identified four factors with eigenvalue above Kaiser ´s criterion of 1 and in combination the four factors explained 76.2% (see Table 8). The second stage is to interpret the output tables of PCA, and often researchers interpret the results of the pattern matrix. However, there are situations in which values in the pattern matrix are suppressed because of the relationship between the factors, that being the case, Field (2013) recommends that another output table called structure matrix should be interpreted along side pattern matrix. Since SPSS produces these output tables simultaneously, both, the pattern matrix and the structure matrix are presented in Table 9.

**Table 8: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
<b>1</b>	<b>3.195</b>	<b>29.048</b>	<b>29.048</b>	<b>3.195</b>	<b>29.048</b>	<b>29.048</b>	<b>2.501</b>
<b>2</b>	<b>2.406</b>	<b>21.877</b>	<b>50.925</b>	<b>2.406</b>	<b>21.877</b>	<b>50.925</b>	<b>2.794</b>
<b>3</b>	<b>1.484</b>	<b>13.494</b>	<b>64.419</b>	<b>1.484</b>	<b>13.494</b>	<b>64.419</b>	<b>1.972</b>
<b>4</b>	<b>1.297</b>	<b>11.788</b>	<b>76.207</b>	<b>1.297</b>	<b>11.788</b>	<b>76.207</b>	<b>1.832</b>
5	.790	7.180	83.387				
6	.683	6.209	89.595				
7	.395	3.589	93.184				
8	.279	2.536	95.720				
9	.171	1.556	97.276				
10	.156	1.422	98.698				
11	.143	1.302	100.000				

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Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

---

**Table 9: Principal Component Analysis**

	Pattern Matrix <sup>a</sup>				Structure Matrix			
	Component				Component			
	1	2	3	4	1	2	3	4
Sincerity1	<b>.931</b>	.062	.078	-.077	<b>.915</b>	-.063	.234	.197
Sincerity2	<b>.908</b>	.016	.096	-.072	<b>.903</b>	-.109	.253	.200
Sincerity3	<b>.621</b>	-.028	-.216	.136	<b>.624</b>	-.094	-.083	.293
Product Attitude1	.046	.130	<b>.877</b>	.082	.215	.018	<b>.880</b>	.185
Product Attitude2	.345	-.195	.373	.126	.476	-.291	.473	.282
Product Attitude3	-.088	-.071	<b>.887</b>	-.045	.072	-.158	<b>.874</b>	.035
Fit1	.084	-.028	.129	<b>.823</b>	.349	-.112	.240	<b>.864</b>
Fit2	-.096	.042	-.063	<b>.931</b>	.156	-.004	.020	<b>.893</b>
Cause Concern1	.033	<b>-.942</b>	-.043	-.045	.135	<b>-.938</b>	.066	.026
Cause Concern2	-.017	<b>-.944</b>	-.001	.006	.108	<b>-.942</b>	.105	.068
Cause Concern3	-.064	<b>-.944</b>	.006	.011	.063	<b>-.937</b>	.104	.060

From table 9 above, both pattern matrix and structure matrix show that four factors have been extracted where all items are well above Stevens (2002, p.393) threshold of 0.512 in their respective components except Product Attitude2. Being below the threshold means that this item diverged from other items in the same component. Considering our threshold, this item should be dropped. However, since it is not substantially below the threshold, we will include it in the reliability test to see to what extent it affects the Cronbach's Alpha ( $\alpha$ ).

## 5.5 Reliability analysis

As stated in section 4.8.4, the internal consistency of the constructs has been assessed by determining the Cronbach's Alpha ( $\alpha$ ). The results are as follows:

### 5.5.1 Attitude towards the product

Product attitude was measured using three items. These were: (1) I feel positive about Dalman's shoes (2) If had Dalman's shoes I would be proud of myself (3) Bergans' shoes cannot be recommended (Reversed item). Together they yield a Cronbach's alpha of 0.643, however, exclusion of item number two resulted into Cronbach's alpha of 0.774 which meets the threshold of 0.7. We eventually decided to exclude item number two from the analysis as this was also identified as problematic under principle component analysis. The results of reliability analysis for the construct attitude towards the product are presented in Table 10(a) below.

**Table 10(a): Reliability analysis for the construct attitude towards the product**

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Product Attitude1	8.9	3.652	0.63	0.465	0.306
<b>Product Attitude2</b>	<b>10.32</b>	<b>4.116</b>	<b>0.307</b>	<b>0.14</b>	<b>0.774</b>
Product Attitude3	8.59	4.307	0.468	0.402	0.532
<b>Cronbach's Alpha</b>	0.643	<b>Cronbach's Alpha Based on standardized Items</b>	0.662	<b>N of Items</b>	3

### 5.5.2 Sincerity

The concept sincerity was measured using three items: (1) Dalman/Bergans is genuinely trying to help shoeless children (2) Dalman/Bergans sincerely cares about shoeless children (3) Dalman/Bergans donate the shoes only for the purpose of creating a good image (Reversed). Table 10(b) depicts that Cronbach's alpha value for perceived sincerity is 0.775. Since  $0.775 > 0.7$  the combined measure is considered reliable.

**Table 10(b): Reliability analysis for the construct Sincerity**

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Sincerity1	7.62	4.847	.743	.702	.538
Sincerity2	7.62	5.163	.735	.698	.554
Sincerity3	8.73	7.147	.393	.155	.909
<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on standardized Items</b>				<b>N of Items</b>
.775	.771				3

### 5.5.3 Fit

Fit was measured using two items on a seven-point bipolar scale. The anchors were Does not fit/Fits well and Does not make sense/Makes a lot of sense. as shown in Table 10(c) below, the Cronbach's alpha for the two items is 0.717 which is above the requirement of 0.7. We therefore conclude that the measurement of fit is reliable.

**Table 10(c): Reliability analysis for the construct Fit**

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Fit1	4.53	2.42	0.569	0.324	–
Fit2	4.75	1.642	0.569	0.324	–
<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on standardized Items</b>				<b>N of Items</b>
0.717	0.725				2

### 5.5.4 Involvement/Concern

Consumers' concern for the cause was measured using 3 items. The subjects were asked to assess the cause on 7-point bipolar scale anchored by Unimportant/Important, Means nothing/Means a lot, Is of no concern/Is of concern. Combined, these three items yield a Cronbach's alpha of 0.935. Since  $0.935 > 0.7$  we conclude that the measurement of cause concern is reliable. Table 10(d) below presents the results.

**Table 10(d): Reliability analysis for the construct Involvement/Concern**

<b>Item-Total Statistics</b>					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Cause Concern1	10.43	6.837	0.863	0.744	0.91
Cause Concern2	10.64	6.508	0.871	0.759	0.903
Cause Concern3	10.73	6.2	0.87	0.757	0.905
<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on standardized Items</b>				<b>N of Items</b>
0.935	0.936				3

## 5.6 Checking the assumptions of Factorial ANOVA

### 5.6.1 Normality of residuals

As stated in section 4.8.5.1, we followed Hair et al. (2010) suggestion to diagnose the normality of residuals by using normal probability plots. Figures in Appendix 2 show the normal probability plots for the dependent variables of this study. The P-P plots show slight deviation from the diagonal line but our assessment is that the deviations from normality are not substantial. Besides, ANOVA has been reported to be quite robust to the violation of normality (Schmider et al., 2010).

### 5.6.1 Diagnosis for Skewness and Kurtosis

In this section an assessment is done to see whether the dependent variables of our conceptual model are normally distributed or not. Skewness and Kurtosis values are obtained as part of SPSS output of descriptive analysis. The statistic values for skewness and kurtosis are computed by using the formula given under section section 4.9.5.2. The statistic values are compared with the critical values of  $\pm 1.96$  (5% significance level) to assess the degree to which the skewness and peakedness of the distribution vary from the normal distribution. The kurtosis and skewness z-scores indicate that none of the variables do vary significantly from the normal distribution. Table 11 presents these results.



Table 11: Diagnosis for Skewness and Kurtosis

Variable		K-S	Values	Statistic values (z) (Critical at $\pm 1.96$ )	Significance at $p < .05$
Purchase Intention	Cell 1	Kurtosis	-0.481	-0.38	Not significant
		Skewness	-0.203	-0.45	Not significant
	Cell 2	Kurtosis	-1.64	-1.53	Not significant
		Skewness	0.249	0.47	Not significant
	Cell 3	Kurtosis	-1.167	-1.21	Not significant
		Skewness	-0.377	-0.78	Not significant
	Cell 4	Kurtosis	-0.718	-0.78	Not significant
		Skewness	0.051	0.11	Not significant
Attitude towards the Product	Cell 1	Kurtosis	-0.379	-0.35	Not significant
		Skewness	-0.567	-1.06	Not significant
	Cell 2	Kurtosis	-0.709	-0.66	Not significant
		Skewness	0.508	0.95	Not significant
	Cell 3	Kurtosis	-1.028	-1.07	Not significant
		Skewness	-0.072	-0.15	Not significant
	Cell 4	Kurtosis	-0.356	-0.38	Not significant
		Skewness	-0.067	-0.14	Not significant
Perceived Sincerity	Cell 1	Kurtosis	-0.865	-0.81	Not significant
		Skewness	-0.129	-0.24	Not significant
	Cell 2	Kurtosis	-0.781	-0.73	Not significant
		Skewness	-0.262	-0.49	Not significant
	Cell 3	Kurtosis	0.98	1.02	Not significant
		Skewness	-0.178	-0.37	Not significant
	Cell 4	Kurtosis	-0.544	-0.59	Not significant
		Skewness	-0.392	-0.85	Not significant
Perceived Fit	Cell 1	Kurtosis	-0.091	-0.09	Not significant
		Skewness	-0.475	-0.89	Not significant
	Cell 2	Kurtosis	-0.564	-0.53	Not significant
		Skewness	0.269	0.50	Not significant
	Cell 3	Kurtosis	-0.55	-0.57	Not significant
		Skewness	0.269	0.56	Not significant
	Cell 4	Kurtosis	0.007	0.01	Not significant
		Skewness	0.108	0.23	Not significant

### 5.7 Homogeneity of variances

For each of the four dependent variables we tested for homogeneity of variances. This is a test to check that the variance within each of the experimental groups is equal. This test is particularly important in our study because the number of subjects in our experimental groups is not equal (21:21:26:28). We used Levene's test of homogeneity and the results are presented in Table 12(a–d). As shown in the results, the variances for all 4 variables are not significantly different across the four groups. Thus, the homogeneity assumption is fulfilled.

**Table 12(a): Test for homogeneity of variances for purchase Intention**

Levene Statistic	Levene Statistic	df1	df2	Sig.
Based on Mean	0.744	3	92	<b>0.529</b>
Based on Median	0.539	3	92	<b>0.656</b>
Based on Median and with adjusted df	0.539	3	79.956	<b>0.657</b>
Based on trimmed mean	0.689	3	92	<b>0.561</b>

**Table 12(b): Test for homogeneity of variances for attitude towards the product**

Levene Statistic	Levene Statistic	df1	df2	Sig.
Based on Mean	1.107	3	92	<b>0.351</b>
Based on Median	1.439	3	92	<b>0.237</b>
Based on Median and with adjusted df	1.439	3	90.168	<b>0.237</b>
Based on trimmed mean	1.129	3	92	<b>0.342</b>

**Table 12(c): Test for homogeneity of variances for perceived sincerity**

Levene Statistic	Levene Statistic	df1	df2	Sig.
Based on Mean	0.928	3	92	<b>0.431</b>
Based on Median	0.72	3	92	<b>0.542</b>
Based on Median and with adjusted df	0.72	3	91.539	<b>0.542</b>
Based on trimmed mean	0.917	3	92	<b>0.436</b>

**Table 12(d): Test for homogeneity of variances for perceived fit**

Levene Statistic	Levene Statistic	df1	df2	Sig.
Based on Mean	0.928	3	92	<b>0.431</b>
Based on Median	0.72	3	92	<b>0.542</b>
Based on Median and with adjusted df	0.72	3	91.539	<b>0.542</b>
Based on trimmed mean	0.917	3	92	<b>0.436</b>

### 5.8 Analysis of the potential confounding factors

In order to check for potential confounders of the study, we compared the mean scores across experimental groups for all three confounding factors that were initially identified in this study. Since the same ad was used in all four groups, the index for attitude towards the ad was compared across all four groups. Likewise, as we assumed that the sample was randomly selected, the subjects in the four groups are expected to have approximately equal level of involvement. Thus, we compared involvement/concern index across all four groups. However, since different stories were attached for the two brands– Bergans and Dalman, believability index was compared between groups that were exposed to the same story. Summary of the results are presented in the table below.

**Table 13: Summary of the indexes for potential confounding factors**

Factor	Grand Mean	95% Confidence Interval		Mean Difference*
		Lower Bound	Upper Bound	
Attitude towards the Ad	5.46	5.29	5.64	Not significant
Involvement/concern	5.30	5.04	5.55	Not significant
Believability - BERGANS	4.14	3.66	4.63	Not significant
Believability - DALMAN	5.09	4.76	5.42	Not significant

\* The mean difference across relevant experimental groups

As shown in the table above, the differences in mean scores across relevant groups are not significant. Appendix 3 presents detailed results of the analysis of the potential confounders whereby average score for each experimental group as well as statistical tests of the mean scores are shown. Since the mean score for each of the three factors, that initially were identified as potential confounders, are not significantly different across the four groups then if any change is observed on the dependent variables, most likely, it will not be due to these three factors. This is because if those factors are, in fact, confounding the causal link between our independent variables and dependent variables, then that effect is systematic across all four groups and thus we will still be able to interpret our results.

### 5.9 Manipulation check – Brand equity

Brand equity is one of the independent variables in this study. Being defined as the the differential effect of brand knowledge on consumer response to the marketing of the brand (Keller, 1993), we used brand equity as a dichotomous variable operationalized through exposing subjects either to a known brand with fairly high brand equity or to fictitious brand (absence of brand equity). Based on in-depth interviews in the early stage of the study, we identified Bergans as a suitable brand for the purpose of this study. However, it was necessary to verify that Bergans has, in fact, considerable high brand equity. To do so, we created an index that captures Keller (1993)'s dimensions of brand equity– Brand awareness and Brand image. The items for creating aggregated index of brand equity were adopted from Yoo and Donthu (2001)– the items appear in question 1 in Appendix 1. Results of statistical analysis for the two groups that were exposed to Bergans are as follows:

**Table 14: Brand equity index for Bergans**

Groups	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
With story	21	4.15	0.328	0.072	4	4.3
Without story	21	4.06	0.364	0.079	3.89	4.22
<b>Total</b>	<b>42</b>	<b>4.1</b>	<b>0.346</b>	<b>0.053</b>	<b>4</b>	<b>4.21</b>

Comparison				
(I) Group	(J) Comparison Group	Mean Difference (I-J)	Std. Error	Sig.
With story	Without story	0.095	0.071	<b>0.18</b>

From the table above, Bergans scored quite high on the brand equity index (total average 4.1 in a 5-point scale). The average score for the two experimental groups (those that were exposed to Bergans initiative with persuasive story vs. those that were exposed to Bergans initiative without persuasive story) was almost equal, 4.15 vs. 4.06. As shown above the mean difference is not significant ( $p = .18$ ). This confirms that: (1) there was no biases in the allocation of subjects to the experimental groups and (2) with respect to brand equity, Bergans was a suitable selection.

### 5.10 Conclusion of the chapter

In this chapter we have presented preliminary analyses of the data from the experiment. The aim was to get an overview of the dataset, to check various assumptions of factorial ANOVA, and to assess the status of potential confounding factors. Based on the results of the preliminary analyses, it appears that we can proceed with factorial ANOVA.

## CHAPTER 6

## TEST OF HYPOTHESES

## 6.1 Overview

In this chapter, the hypotheses stated in chapter three are tested. We conducted Factorial ANOVA to determine the main effects and interaction effects of persuasive story and brand equity on each of the four dependent variables. Each of these are presented as follows:

## 6.2 Effect of brand equity and persuasive story on attitude

Based on literature review, we hypothesized that, other factors held constant, when a CSR initiative is imitated, a known brand with relatively higher brand equity will receive better consumer response in terms attitude towards CSR-linked product– **H1a**; and imitated CSR initiative communicated with persuasive story will result into more positive attitude– **H2a**. Reflecting our conceptual model, factorial ANOVA was conducted whereby Attitude towards CSR-linked product was set as the dependent variable whereas brand equity (known brand vs. unknown brand) and persuasive story (With story vs. Without story) were set as independent variables. The results are as follows:

Table 15(a): Descriptive Statistics– Attitude

Dependent Variable: Attitude towards the product				
Story manipulation	Brand manipulation	Mean	Std. Deviation	N
Without story	Dalman	5	0.962	28
	Bergans	4.9	1.032	21
	Total	4.96	0.983	49
With story	Dalman	5.19	1.132	26
	Bergans	5.6	0.816	21
	Total	5.37	1.013	47
Total	Dalman	5.09	1.042	54
	Bergans	5.25	0.983	42
	Total	5.16	1.014	96

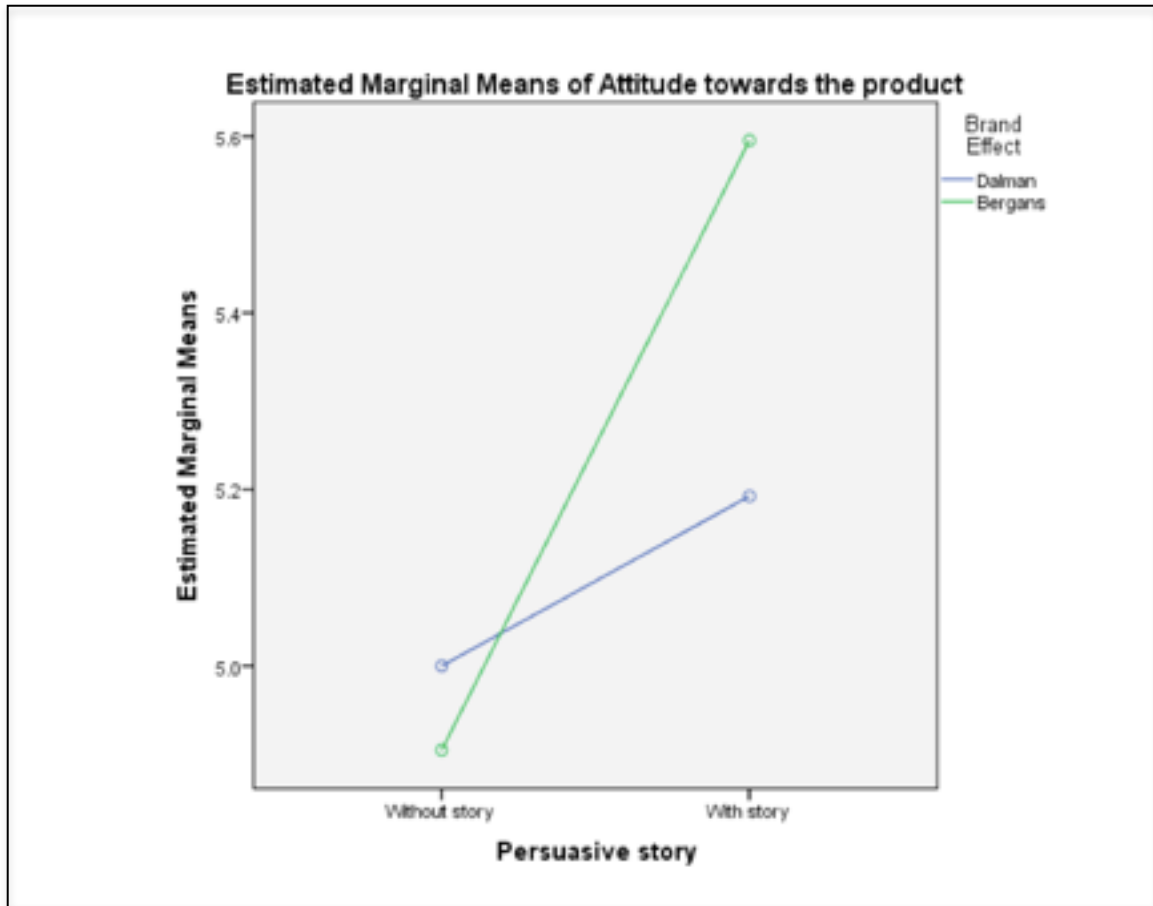


Figure 7: Profile plot for Attitude towards CSR-linked product

Table 15(b): Results of factorial ANOVA – Attitude

Tests of Between-Subjects Effects						
Dependent Variable: Attitude towards the product						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	
Corrected Model	6.090 <sup>a</sup>	3	2.03	2.038	0.114	
Intercept	2527.37	1	2527.37	2536.814	0	
<b>STORY EFFECT</b>	<b>4.6</b>	<b>1</b>	<b>4.6</b>	<b>4.617</b>	<b>0.034**</b>	
BRAND EFFECT	0.559	1	0.559	0.561	0.456	
STORY * BRAND	1.465	1	1.465	1.47	0.228	
Error	91.658	92	0.996			
Total	2655.25	96				
Corrected Total	97.747	95				

a. R Squared = .062 (Adjusted R Squared = .032)

\*\* Significant at  $p < .05$

**Table 15(c): Multiple Comparisons: Attitude towards the product**

(I) Experimental Conditions	(J) Experimental Conditions	Mean Difference (I-J)	Std. Error	Sig.
Bergans with story	Bergans without story	.69*	0.308	0.027
Dalman with story	Dalman without story	0.19	0.272	0.481

\* Significant at  $p < .05$

From the output of factorial ANOVA, the descriptive statistics (Table 15a) show that in all experimental groups the attitude towards CSR-linked product is fairly high. The minimum average score of attitude (4.9 in 7-point scale) was obtained from a group that was exposed to Bergans without Persuasive story while the maximum average score (5.6 in 7-point scale) was obtained from a group that was exposed to Bergans with Persuasive story. From the profile plot (Figure 7), subjects that were exposed to Ads with persuasive story expressed more positive attitude towards the product than those exposed to Ads without persuasive story. That is, the effect of persuasive story is vivid for both brands. However, the effect appears to be much stronger for Bergans (from 4.9 to 5.6) than for Dalman (5 to 5.19). The significance of the story effect on attitude towards Bergans is confirmed by the results of multiple comparisons in Table 15(c) where the mean difference between Bergans with story and Bergans without story is significant at  $p < .05$  while the mean difference between Dalman with story and Dalman without story is not significant ( $p = .481$ ). As the lines representing the two brands cross each other, the plot suggests the presence of interaction effect between brand and persuasive story. The results of statistical tests as reported in Table 15(b) confirm the main effect of persuasive story on attitude towards the product as significant,  $F(1, 92) = 4.617$ , significant at  $p < .05$ . However, the test shows that the main effect of brand on attitude towards the product is not significant,  $F(1, 92) = 0.561$ ,  $p = .456$ . Likewise, the interaction effect of brand and persuasive story is not significant,  $F(1, 92) = 1.47$ ,  $p = 0.228$ .

With respect to our hypotheses, we expected that consumers would express more positive attitude towards the CSR-linked product by Bergans (known brand with fairly high brand equity) than CSR-linked product by Dalman (unknown brand)– **H1a**. Likewise, we expected that consumers would express more positive attitude when the CSR-linked product is communicated with persuasive story than when it is communicated without persuasive story– **H2a**. The pattern of results show that consumers expressed relatively more positive attitude to imitated CSR-linked product advertised by a known brand than CSR-linked product advertised by unknown brand. However, this difference in attitude between the

brands was not significant. This means the observed change in attitude is not sufficient to support **H1a**. On the other hand, the results suggest that attitude is relatively higher when imitated CSR-linked product is communicated with persuasive story than when it is communicated without persuasive story. The results of statistical test show that change in attitude induced by persuasive is significant. and as such, **H2a** is supported.

### 6.3 Effect of brand equity and persuasive story on purchase intention

Based on literature review, we hypothesized that, other factors held constant, consumers will express higher intention to purchase imitated CSR-linked product from a known brand with relatively higher brand equity than imitated CSR-linked product from unknown brand– **H1b**; and that CSR-linked product communicated with persuasive story will result into higher intention to purchase than CSR-linked product communicated without persuasive story– **H2b**. Reflecting our conceptual model, factorial ANOVA was conducted whereby intention to purchase CSR-linked product was set as the dependent variable whereas brand equity (known brand vs. unknown brand) and persuasive story (With story vs. Without story) were set as independent variables. The results are as follows:

**Table 16(a): Descriptive Statistics– Purchase intention**

Dependent Variable: Purchase Intention				
Story manipulation	Brand manipulation	Mean	Std. Deviation	N
Without story	Dalman	3.18	1.335	28
	Bergans	3.1	1.136	21
	Total	3.14	1.242	49
With story	Dalman	3.58	1.27	26
	Bergans	4.1	1.136	21
	Total	3.81	1.227	47
Total	Dalman	3.37	1.307	54
	Bergans	3.6	1.231	42
	Total	3.47	1.273	96





Figure 8: Profile plot for Purchase intention

Table 16(b): Results of factorial ANOVA – Purchase intention

Tests of Between-Subjects Effects						
Dependent Variable: Purchase Intention						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	
Corrected Model	13.834 <sup>a</sup>	3	4.611	3.029	0.033	
Intercept	1148.017	1	1148.017	754.022	0	
<b>STORY EFFECT</b>	<b>11.542</b>	<b>1</b>	<b>11.542</b>	<b>7.581</b>	<b>0.007**</b>	
BRAND EFFECT	1.117	1	1.117	0.734	0.394	
STORY * BRAND	2.137	1	2.137	1.403	0.239	
Error	140.072	92	1.523			
Total	1309	96				
Corrected Total	153.906	95				

a. R Squared = .090 (Adjusted R Squared = .060)

\*\* Significant at p<.01

**Table 16(c): Multiple Comparisons: Purchase intention**

(I) Experimental Conditions	(J) Experimental Conditions	Mean Difference (I-J)	Std. Error	Sig.
Bergans with story	Bergans without story	1.00*	0.381	0.010
Dalman with story	Dalman without story	0.40	0.336	0.239

\* Significant at  $p < .05$

From the output of factorial ANOVA, the pattern of results for purchase intention is very similar to that of attitude towards the product. Table 16(a) shows that the minimum average score of purchase intention (3.1 in 7-point scale) was obtained from a group that was exposed to Bergans Ad without Persuasive story while the maximum average score (4.1 in 7-point scale) was obtained from a group that was exposed to Bergans Ad accompanied with Persuasive story. From the profile plot (Figure 8), subjects that were exposed to Ads with persuasive story expressed higher purchase intention than those that were exposed to Ads without persuasive story. That is, the effect of persuasive story is vivid for both brands. However, the effect appears to be much stronger for Bergans (from 3.1 to 4.1) than for Dalman (3.8 to 3.58). The significance of the story effect on intention to purchase Bergans shoes is confirmed by the results of multiple comparisons in Table 16(c) where the mean difference for purchase intention between Bergans with story and Bergans without story is significant at  $p < .05$  while the story does not make significant difference on intention to purchase Dalman shoes (mean difference not significant,  $p = .481$ ). The results of statistical tests as reported in Table 16(b) confirm main effect of persuasive story on purchase intention as significant,  $F(1, 92) = 7.581$ ,  $p < .05$ . However, the test shows that the main effect of brand on purchase intention is not significant,  $F(1, 92) = 0.734$ ,  $p = .394$ . And although the crossing of the lines representing the two brands suggests presence of interaction effect of brand and persuasive story on purchase intention, according to the results of statistical test the interaction effect is not significant,  $F(1, 92) = 1.403$ ,  $p = 0.239$ .

With respect to our hypotheses, we expected that consumers would express higher intention to purchase the CSR-linked product by Bergans (known brand with fairly high brand equity) than CSR-linked product by Dalman (unknown brand)– **H1b**. Likewise, we expected that consumers would express higher intention to purchase when CSR-linked product is communicated with persuasive story that when it is communicated without persuasive story– **H2b**. The pattern of results show that consumers expressed relatively higher intention to purchase imitated CSR-linked product advertised by a known brand than

CSR-linked product advertised by unknown brand. However, this difference in purchase intention between the brands was not significant. This means that the observed change in purchase intention is not sufficient to support **H1b**. On the other hand, the results suggest that purchase intention is relatively higher when imitated CSR-linked product is communicated with persuasive story than when it is communicated without persuasive story. Thus, the results of statistical test show that the change in purchase intention induced by persuasive story is significant. As such, we conclude that the findings support **H2b**.

#### 6.4 Effect of brand equity and persuasive story on perceived sincerity

Based on literature review, we hypothesized that, other factors held constant, consumers will perceive imitated CSR-linked product from a known brand with fairly high brand equity more sincere than imitated CSR-linked product from unknown brand– **H1c**; and that CSR-linked product communicated with persuasive story will be perceived more sincere than CSR-linked product communicated without persuasive story– **H2c**. Reflecting our conceptual model, factorial ANOVA was conducted whereby perceived sincerity of the CSR initiative was set as the dependent variable while brand equity (known brand vs. unknown brand) and persuasive story (With story vs. Without story) were set as independent variables. The results are as follows:

**Table 17(a): Descriptive Statistics– Sincerity**

Dependent Variable: Sincerity				
Story manipulation	Brand manipulation	Mean	Std. Deviation	N
Without story	Dalman	3.80	1.198	28
	Bergans	3.79	1.098	21
	Total	3.8	1.144	49
With story	Dalman	4.47	0.985	26
	Bergans	3.87	1.157	21
	Total	4.21	1.096	47
Total	Dalman	4.12	1.142	54
	Bergans	3.83	1.115	42
	Total	4.00	1.134	96

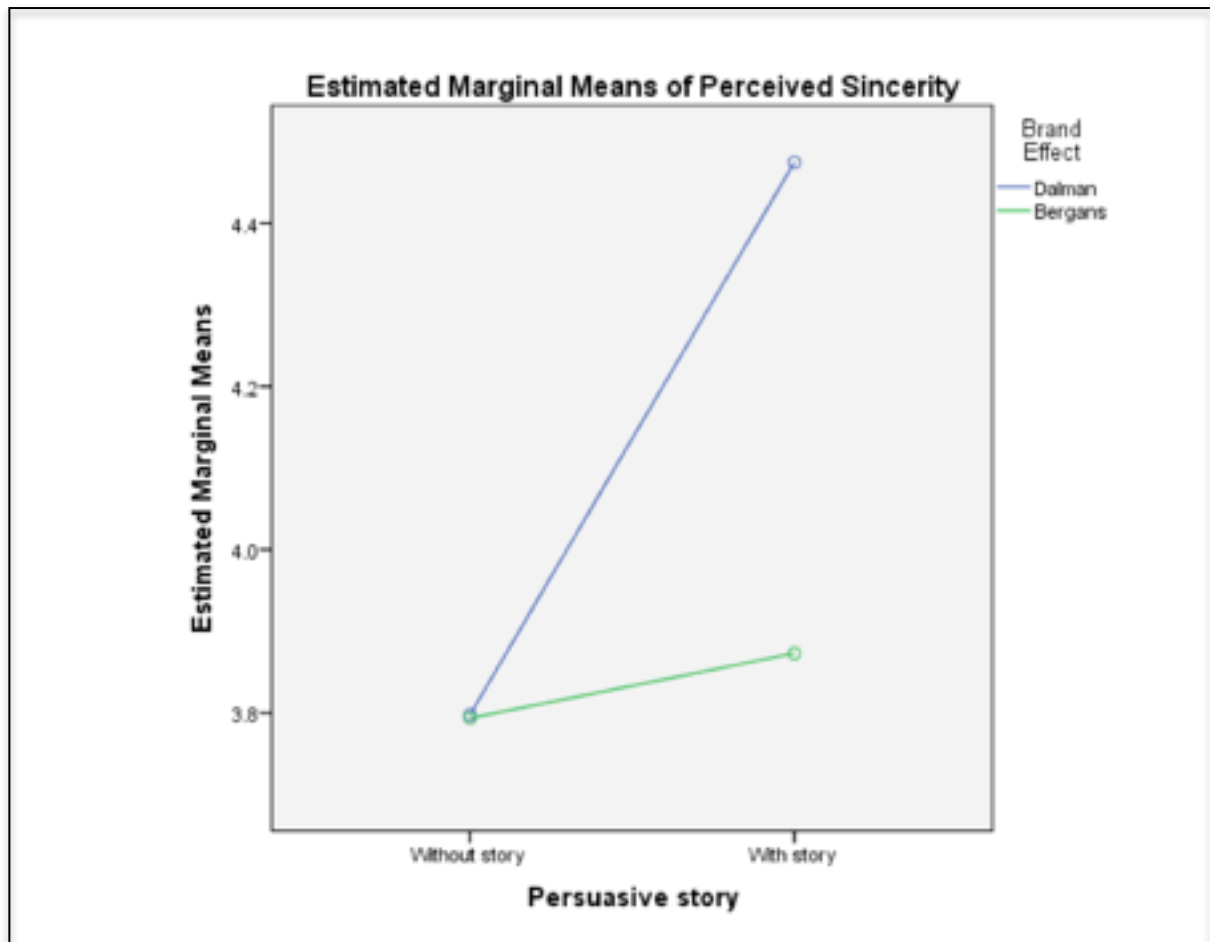


Figure 9: Profile plot for Perceived Sincerity

Table 17(b): Results of factorial ANOVA – Perceived Sincerity

Tests of Between-Subjects Effects					
Dependent Variable: Perceived Sincerity					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	8.229 <sup>a</sup>	3	2.743	2.216	0.092
Intercept	1499.525	1	1499.525	1211.407	0
STORY EFFECT	3.375	1	3.375	2.726	0.102
BRAND EFFECT	2.163	1	2.163	1.747	0.19
STORY * BRAND	2.106	1	2.106	1.702	0.195
Error	113.881	92	1.238		
Total	1655.444	96			
Corrected Total	122.11	95			

a. R Squared = .067 (Adjusted R Squared = .037)

**Table 17(c): Multiple Comparisons: Sincerity**

(I) Experimental Conditions	(J) Experimental Conditions	Mean Difference (I-J)	Std. Error	Sig.
Bergans with story	Bergans without story	0.079	0.343	0.818
<b>Dalman with story</b>	<b>Dalman without story</b>	<b>.677*</b>	<b>0.303</b>	<b>0.028</b>

\* Significant at  $p < .05$

From the output of factorial ANOVA, the pattern of results for perceived sincerity is different from that of purchase intention and attitude towards the product. The descriptive statistics in Table 17(a) show that when the CSR initiative was communicated without persuasive story, the average score of perceived sincerity was almost equal for both brands (Dalman= 3.80; Bergans=3.79 in 7-point scale). The maximum average score of perceived sincerity (4.47 in 7-point scale) was obtained from a group that was exposed to Dalman Ad accompanied with persuasive story. From the profile plot (Figure 9), consumers that were exposed to Ads with persuasive story perceived sincerity of the companies relatively higher. That is, the effect of persuasive story is vivid for both brands. However, the effect appears to be much stronger for Dalman (from 3.80 to 4.47) than for Bergans (3.79 to 3.87). The results of statistical tests as reported in Table 17(b) show that the effect of persuasive story on changing consumers' perception of sincerity is not significant for both brands,  $F(1, 92) = 2.726$ ,  $p < .102$ . Likewise, the test shows that the main effect of brand on perceived sincerity is not significant,  $F(1, 92) = 1.747$ ,  $p = .190$ . In the same way, the results of statistical test show that the interaction effect also is not significant,  $F(1, 92) = 1.702$ ,  $p = .195$ . However, delving into the data through multiple comparisons, as reported in Table 17(c), indicate that persuasive story had significant effect on perceived sincerity for Dalman (significant at  $p < .05$ ); the story did not make significant impact on perceived sincerity of Bergans (mean difference not significant,  $p = .818$ ).

With respect to our hypotheses, we expected that consumers would perceive CSR initiative from Bergans (known brand with fairly high brand equity) as more sincere than CSR initiative from Dalman (unknown brand)– **H1c**. Likewise, we expected that CSR initiative communicated with persuasive story would be perceived more sincere than CSR initiative communicated without persuasive story– **H2c**. The results show that brand did not have significant effect on perceived sincerity when CSR initiative is communicated without persuasive story; and opposite to our expectation, Dalman was perceived more sincere than Bergans when the CSR initiative was communicated with persuasive story. This means that

the observed change in perceived sincerity does not support **H1c**. On the other hand, the results suggest that perceived sincerity is relatively higher when imitated CSR-linked product is communicated with persuasive story than when it is communicated without persuasive story. However, the results of statistical test show that the change in perceived sincerity induced by persuasive story is significant for Dalman but not Bergans. As such, we conclude that the findings support only part of **H2c**.

### 6.5 Effect of brand equity and persuasive story on perceived fit

Based on literature review, we hypothesized that, other factors held constant, persuasive story about CSR initiative will result into higher perceived fit than CSR initiative communicated without persuasive story– H2d. Since fit between CSR and brand refers to the congruence between associations consumers have about a brand and the CSR initiative, it makes no sense to measure perceived fit for a fictitious brand because the subjects do not have any associative schema about that brand. As such, our hypothesis is relevant only for Bergans (a known brand) rather than Dalman (fictitious brand). With this conception, we tested the impact of persuasive story on perceived fit between the CSR initiative and Bergans. The results are as follows:

**Table 18(a): Descriptive Statistics – Fit**

Dependent Variable: FIT				
Story manipulation	Brand manipulation	Mean	Std. Deviation	N
Without story	Dalman	5.02	0.897	28
	Bergans	3.88	1.128	21
	Total	4.53	1.143	49
With story	Dalman	4.96	1.067	26
	Bergans	4.50	1.666	21
	Total	4.76	1.371	47
Total	Dalman	4.99	0.974	54
	Bergans	4.19	1.440	42
	Total	4.64	1.258	96

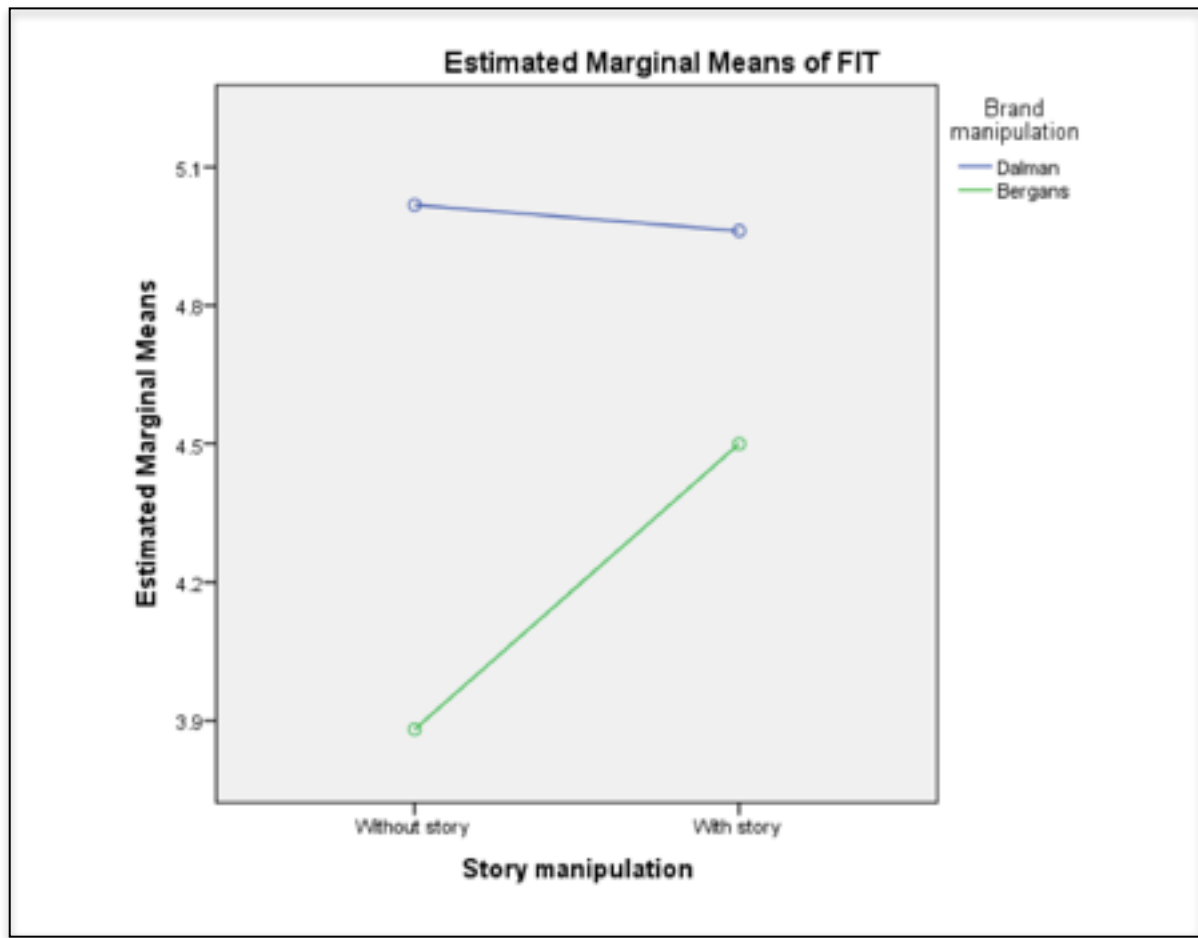


Figure 10: Profile plot for Perceived Fit

Table 18(b): Results of factorial ANOVA – Perceived Fit

Tests of Between-Subjects Effects					
Dependent Variable: Fit					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	19.197a	3	6.399	4.489	0.005
Intercept	1989.815	1	1989.815	1395.776	0.000
STORY EFFECT	1.869	1	1.869	1.311	0.255
<b>BRAND EFFECT</b>	<b>15.082</b>	<b>1</b>	<b>15.082</b>	<b>10.579</b>	<b>0.002**</b>
STORY * BRAND	2.692	1	2.692	1.889	0.173
Error	131.155	92	1.426		
Total	2217.750	96			
Corrected Total	150.352	95			

a. R Squared = .128 (Adjusted R Squared = .099)

\*\* Significant at  $p < .01$

**Table 18(c): Multiple Comparisons: Fit**

(I) Experimental Conditions	(J) Experimental Conditions	Mean Difference (I-J)	Std. Error	Sig.
Bergans with story	Bergans without story	0.619	0.368	0.096
Dalman with story	Dalman without story	-0.056	0.325	0.863

From the output of factorial ANOVA, results for perceived fit show a pattern different from that of other dependent variables. The descriptive statistics in Table 18(a) show that when the CSR initiative was communicated without persuasive story, the average score of perceived fit was low for Bergans and relatively high for Dalman (Bergans=3.88; Dalman=5.02; in 7-point scale). However, when the initiative was communicated with story perceived fit for Bergans rose to 4.50 while that for Dalman remains almost the same (very slight drop: 0.056). This trend is illustrated on the profile plot as presented by figure 10. Generally, as shown by the results of statistical tests in Table 18(b), perceived fit is significantly different between the two brands  $F(1, 92) = 10.579, p < .01$ . However, the results show further that, for both brands, the effect of persuasive story on changing consumers' perception of fit is not significant,  $F(1, 92) = 1.311, p = .255$ . These results are in line with the results of multiple comparisons presented in Table 17(c). Likewise, the results of statistical test show that the interaction effect also is not significant,  $F(1, 92) = 1.889, p = .173$ .

With respect to our hypothesis, we expected that persuasive story would improve consumers' perception of fit between the brands and the CSR initiative. The results indicate that the story had not effect on consumers' perceived fit between Dalman and the initiative. In case of perceived fit between Bergans and the initiative the story had a positive effect but the observed difference in perceived fit caused by persuasive story is not sufficient to statistically support our hypothesis. Thus, we conclude that **H2d** is not supported.

## 6.6 Checking correlations between dependent variables

As we indicated in our conceptual model— section 3.6, we expected to observe correlations among our dependent variables. We stated two reasons: first, the study involve responses from humans and in that case correlations should be expected (Field, 2013); second, correlation for some of these variables, such as attitude and purchase intention, has already been proven empirically (e.g., Ajzen 1991). As such, it was not so much interesting to state these as our hypotheses. Nevertheless, it is still interesting to observe if there is any



association between the variable. Thus, in this section we present the results of the correlation analysis of the dependent variables as shown in Table 19.

**Table 19: Correlations between dependent variables**

	Attitude towards the product	Purchase Intention	Perceived Fit	Perceived Sincerity
Attitude towards the product	1			
Purchase Intention	.540**	1		
Perceived Fit	0.145	0.064	1	
Perceived Sincerity	0.184	.215*	.265**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

As shown in the table above, all dependent variables positively correlate with one another. However, the correlations are significant only between: attitude towards the product and purchase intention ( $r = .540$ ; significant at  $p < .01$ ); perceived sincerity and purchase intention ( $r = .215$ ; significant at  $p < .05$ ); and between perceived sincerity and perceived fit ( $r = .265$ ; significant at  $p < .01$ ).

## 6.7 Conclusion of the chapter

This chapter has presented the analyses that were relevant for the hypotheses of the study. Some of these hypotheses were supported and some were not. More so, we have presented the correlation analysis of the four dependent variables which apparently shown positive correlation among each other (bivariate correlation). However, not all correlations were statistically significant. All results are discussed in the next chapter, just as we promised earlier on our research process chart (figure ). The main results of the analyses performed in the chapter are summarized in table 20 (on the next page).

Table 20: Summary of the results from the main analysis

<b>KEY:</b>			
P.A. = Product Attitude			
P.I. = Purchase Intentions		<b>Without a persuasive Story</b>	<b>With a persuasive Story</b>
Fit = Perceived Fit		<b>B1</b>	<b>B2</b>
N = Number of respondents			
<b>Scale: 7-point scale</b>			
Dalman A1	P.A <sub>O1</sub> = 5	P.A <sub>O2</sub> = 5.19	
	P.I <sub>O1</sub> = 3.18	P.I <sub>O2</sub> = 3.58	
	P.S <sub>O1</sub> = 3.80	P.S <sub>O2</sub> = 4.47	
	Fit <sub>O1</sub> = 5.02	Fit <sub>O2</sub> = 4.96	
	N <sub>O1</sub> = 26	N <sub>O2</sub> = 28	
Bergans A2	P.A <sub>O3</sub> = 4.9	P.A <sub>O4</sub> = 5.6	
	P.I <sub>O3</sub> = 3.1	P.I <sub>O4</sub> = 4.1	
	P.S <sub>O3</sub> = 3.79	P.S <sub>O4</sub> = 3.87	
	Fit <sub>O3</sub> = 3.88	Fit <sub>O4</sub> = 4.50	
	N <sub>O3</sub> = 21	N <sub>O4</sub> = 21	
Marginal Means Without a Persuasive Story	Marginal Means With a Persuasive Story	Marginal Means Dalman	Marginal Means Bergans
P.A <sub>B1</sub> = 4.96	P.A <sub>B2</sub> = 5.37	P.A <sub>A1</sub> = 5.09	P.A <sub>A2</sub> = 5.25
P.I <sub>B1</sub> = 3.14	P.I <sub>B2</sub> = 3.81	P.I <sub>A1</sub> = 3.37	P.I <sub>A2</sub> = 3.60
P.S <sub>B1</sub> = 3.795	P.S <sub>B2</sub> = 4.17	P.S <sub>A1</sub> = 4.14	P.S <sub>A2</sub> = 3.83
Fit <sub>B1</sub> = 4.44	Fit <sub>B2</sub> = 4.73	Fit <sub>A1</sub> = 4.99	Fit <sub>A2</sub> = 4.19
N <sub>B1</sub> = 47	N <sub>B2</sub> = 49	N <sub>A1</sub> = 54	N <sub>A2</sub> = 42
Main effects of Brand equity	H1	Main effects of persuasive story	H2
P.A <sub>A2</sub> - P.A <sub>A1</sub> = 0.16	<b>H1a</b>	P.A <sub>B2</sub> - P.A <sub>B1</sub> = 0.41	<b>H2a**</b>
P.I <sub>A2</sub> - P.I <sub>A1</sub> = 0.23	<b>H1b</b>	P.I <sub>B2</sub> - P.I <sub>B1</sub> = 0.67	<b>H2b**</b>
P.S <sub>A2</sub> - P.S <sub>A1</sub> = 0.16	<b>H1c</b>	P.S <sub>B2</sub> - P.S <sub>B1</sub> = 0.38	<b>H2c</b>
Fit <sub>A2</sub> - Fit <sub>A1</sub> = -0.8		Fit <sub>B2</sub> - Fit <sub>B1</sub> = 0.29	<b>H2d</b>
<b>** Significane at p &lt; 0.05</b>			

## CHAPTER 7

### DISCUSSION

#### 7.1 Overview

The overall objective of this thesis is to determine how can companies that imitate CSR initiative alleviate unfavorable response from consumers. Specifically, we have addressed two research questions: (1) Can brand equity alleviate consumers' unfavorable response to imitated CSR initiatives? (2) Can persuasive stories alleviate consumers' unfavorable response to imitated CSR initiatives? Based on literature review, seven hypotheses were established (H1a, H1b, H1c, H2a, H2b, H2c, H2d). In order find answers to our research questions a 2X2 factorial design experiment was conducted in a lab setting. The data collected from the experiment were subjected to preliminary analyses as well as test of hypotheses (chapter 5 and 6, respectively). Based on the the results of the analyses, some of the hypotheses were supported while others were not. In this chapter the results are discussed and important insights are drawn.

#### 7.2 Brand Equity and consumer response to imitated CSR initiative

##### 7.2.1 Brand Equity on Product Attitude and Purchase Intentions (H1a;H1b)

To the best of our knowledge, there has never been any study investigating the relationship between consumes' response to CSR-linked products and Brand Equity. As such, our attempt to identify the potential causal link between these two variables was basically explorative. The discussion section revisits the brand equity hypotheses, bring fourth the results, and discuss possible reasons why the results were not significant.

The first two hypotheses– H1a and H1b –are concerned with the potential of brand equity to increase positive attitude towards CSR-linked product and intention to purchase the product. As noted earlier, attitude is the overall evaluation that expresses how much we like or dislike a given phenomenon, usually expressed as either positive or negative (Hoyer et al. 2013 pp. 128). A attitude towards the product is therefore the overall evaluation of a product. On the other hand, purchase intentions is the likelihood that a consumer will buy a product he/she is knowledgeable of. Keller (1993) defines brand equity as «the differential effect of brand knowledge on consumer response to the marketing of the brand». He argues that a known brand with strong brand equity should receive more favorable evaluation than an unknown brand. Thus, we expected that a CSR-linked product offered by Bergans, a strong Norwegian brand, should yield higher score on attitude and purchase intentions compared to the same product being offered by an unknown brand. However, the data in

this study suggest that brand equity does not have significant effect, both, on product attitude ( $p= 0.456$ ) and purchase intentions ( $p= 0.394$ ).

One of the possible explanations for the observed insignificance of these results could be found in perceived fit. We observe from the result summary that Bergans without a story receives a fit score of 3.88. This is the lowest recorded fit score in the whole experiment. In comparison, Dalman without a story receives a fit score of 5. That difference amounts to -1.12 fit points on a seven point scale. Furthermore, we observe that the main effect of fit between Bergans and Dalman is -0.8, which is statistically significant with a  $p$ -value = 0.002. The reason why fit is important lies in the theory of brand extensions. It has been established by a number of previous studies that perceived fit is crucial for brand extension success (e.g., Aaker & Keller, 1990; Volckner & Sattler, 2006; Hem & Olsen, 2004). According to Aaker and Keller (1990) fit works like a transfer mechanism, that is, when fit is high brand associations and brand affect is transferred from the parent brand to the extension. On the other hand, when fit is low, the transfer of positive parent-brand characteristics is hindered (Aaker & Keller, 1990). Furthermore, a low level of fit can conjure up negative affect towards brands (e.g., Mandler, 1982; Simmons & Becker-Olsen, 2006). Therefore, based on the theory on brand extension, low fit between Bergans and the shoe donation initiative could possibly explain why the attitude towards the product and intention to purchase Bergans shoes was not significantly higher than that for Dalman.

### 7.2.2 Brand Equity on perceived sincerity (H1c)

Hypothesis H1c addresses the link between brand equity and perceived sincerity. That is, other factors held constant, when a CSR initiative is imitated a known brand with relatively higher brand equity will receive better consumer response in terms of perceived sincerity. This connection was hypothesized on the notion that brand equity is a signal of credibility (Erdem and Swait, 1998). A firm's credibility is believed to have a positive influence on how consumers perceive the underlying motives. However, the results of our experiment suggest that this was not the case. The average perceived sincerity for Bergans was 3.83 while Dalman had an average perceived sincerity score of 4.14. Thus, the trend indicated that an unknown brand had a higher perceived sincerity score than a known brand. This trend was substantial with a main effect of - 0.31. However, it was not significant with  $p$ -value = 0.19. Based on these findings H1c was rejected and plausible alternative explanations needs to be investigated.

Following Campell and Kirmani (2000) line of thought, an antecedent of perceived sincerity is the accessibility of ulterior motives. They argue that the accessibility of ulterior motive is likely to depend on how much the ulterior motive is associated with the firm. In

our case, Bergans is a company that is not known for CSR but as a company pursuing profit. As Moon (2001) reckons, it is very difficult for companies to eliminate all suspicion about the ingenuity of their motives for engaging in CSR activities because consumers know that part of the motive for CSR will always be to drive financial results. That is, to consumers CSR initiatives in most cases are perceived to imbedded with economic motives. We think that the salience of such a motive led consumers to question Bergans' sincerity in engaging in such a cause, especially when the fit is perceived to be relatively low. In comparison, Dalman, which is introduced as a company that only provides CSR-products may generate less questions of profit seeking motives.

### **7.3 Persuasive story and consumer response to imitated CSR initiative**

As noted earlier, while innovators run the risk associated with introducing a new product, imitators are able to tap into established associations, such as quality and reliability, of the product they imitate (Gargouri, 2001). In turn such imitation can lead to lower brand-building costs. However, consumers sometimes respond negatively towards imitated products because they feel deceived (Gargouri, 2001). In addition, Hupman and Zaichkowsky (2005) find that consumers consider imitators unethical. However, it has also been reported in marketing literature that persuasive stories can be a powerful vehicle in communicating marketing messages (e.g. Mattila 2000; Escalas, 1998). This is because stories carry the key learning propositions which have the power of changing associative networks and potentially add favorable associations and attitudes (Shimp, 2009). More so, stories have ability to create powerful connections between consumers, the characters within the stories and the storyteller (Gunelius, 2013). That being the case, we believed that through a persuasive story that implicitly justifies company's decision to engage in a particular CSR initiative, a company could change consumers' response to the CSR initiative even though the initiative is imitated from another company (something that would otherwise make consumers skeptical about the initiative). This was the basis for the last four hypotheses of this study (H2a – H2b – H2c – H2d). The results of the hypotheses are discussed in the subsections herein below.

#### **7.3.1 Persuasive story on product attitude and purchase intentions (H2a;H2b)**

As Green and Brock (2002) noted, when people are absorbed in a story and thus transported into a narrative world, they tend to experience strong feelings toward the story characters. In other words, we expected the story to have a "blocking effect" and make consumers focus on the importance of the CSR cause rather than the fact that the cause was

imitated. This conception was posed as H2a and H2b, that is, persuasive story was hypothesized to result into more favorable response in terms of attitude towards the CSR-linked product as well as purchase intention. The results of factorial ANOVA indicate that both hypotheses were supported. For both brands, known and unknown, the story led to the increase in the scores of attitude intention to purchase the CSR-linked product. However, when we made multiple comparisons of consumers' attitude towards the product and purchase intention, we found that the impact of story was much stronger to Bergans (known brand) than it was to Dalman (fictitious brand). Interestingly, when the initiative was communicated without story, the scores for Dalman were slightly higher than those for Bergans (attitude: 5 vs. 4.9; purchase intention: 3.18 vs. 3.1); however, when the initiative was communicated with story, Bergans received way better evaluation than Dalman (attitude: 5.6 vs. 5.19; purchase intention: 4.1 vs. 3.58). Just as suggested by previous studies, the results of this study confirm that persuasive stories have the power to change consumers' response to the elements of marketing mix.

### 7.3.2 The impact of persuasive story on perceived sincerity (H2c)

Among the factors that have been identified by previous studies as contingent factors for consumers' response to CSR initiatives is perceived sincerity of the firm's motives (e.g., Barone et al. 2000; Yoon et al.2006). In this study we hypothesized that persuasive story would politely change consumers perception of firm's sincerity. The basis for our hypothesis was that stories have been reported to be capable of changing beliefs and judgement of individuals (Adaval and Wyer, 1998); more so, Chiu et al., (2012) reported that persuasive stories have the power to influence consumers' judgment and decisions about products (Chiu et al., 2012). As such we expected that a persuasive story could be used to reverse consumers' perception of insincerity on a brand that imitated CSR initiatives. Our results of factorial ANOVA indicate that for both brands the story led to increase in perceived sincerity, however, the effect was not significant. When the initiative is communicated without story, both brands score almost the same on perceived sincerity (3.79 and 3.80), however, when the initiative is communicated with story Dalman is perceived much more sincere than Bergans.

One reason that could possibly explain our results is the fact that it is very difficult for consumers to separate sincere motives of CSR from commercial motives. As Moon (2001) reckons, it is very difficult for companies to eliminate all suspicion about insincerity of CSR activities because consumers know that part of the motive for CSR is always economic oriented. When the initiative was communicated without story, the subjects were simply told that the companies (Bergans and Dalman) wanted to pursue buy-one-give-one shoe

donation; no further details were given. This suggests that, possibly, when no details were given to the subjects, then Dalman was perceived, just like Bergans, that is, the sincerity of their motives were equally judged as profit oriented. As such, they both ended up with almost same score on perceived sincerity (3.79 vs. 3.80). However, the group that read the story was informed the companies wanted to donate the shoes to those in need. However, In the story Dalman was portrayed as a company that is established solely for the purpose of donating shoes, thus we think that this partly contributed to increased perceived sincerity of their initiative. On the other hand, Bergans is known to be a commercial company whose goal, like other commercial companies, is to make profit. This can make it difficult for consumers to judge whether Bergans sincerely wants to help children that need shoes or not because it is difficult to isolate the altruistic motive from the economic motive (Moon, 2001). Based on Attribution theory, Fein et al. (1990) note that whenever people have a reason to doubt the underlying motives of a company or individuals action, usually they would hesitate from concluding that the person or company is acting in good faith. More so, Trope and Gaunt (2000) found that people can show pervasive correspondence bias in attributing an individual's action even when situational factors are salient and sufficient to explain the actual cause of the action. This corresponds very much to what we see in our results; even after telling the story justifying why Bergans will get involved in shoe donation, consumers still doubted Bergans motives— as indicated by very slight increase in perceived sincerity.

In sum, our results suggest that it is very difficult for company to convince consumers that CSR is entirely for the purpose of giving back to the society. This is especially when the company is known to be profit oriented. It appears that even when a story is told to justify the CSR initiative, the pervasive correspondence bias can still kick in. However, we saw earlier that the story had significant effect on attitude and purchase intention; this suggests that even if a story does not succeed to significantly change consumers' perception of firm's sincerity, it can still help to improve attitude and purchase behavior.

### 7.3.3 The impact of persuasive story on perceived fit (H2d)

Perceived fit between a CSR initiative and the firm pursuing it is one of the key success factors for strategic CSR initiative (Simmons and Becker-Olsen, 2006; Becker-Olsen et al. 2006). However, Simmons and Becker-Olsen (2006) reckon that fit can either be natural or can be created. The problem of perceived fit faced by companies when they introduce CSR initiatives is similar to that of perceived fit when they introduce brand extensions (Simmons and Becker-Olsen, 2006; Becker-Olsen et al. 2006). In the context of brand extension, Bridges et al. (2000) showed that communication strategy can be use to increase perceived fit of a brand and its extensions; this happens when consumers are able to establish explanatory links that connect the

parent brand and the extension. Based on that chain of logic, we hypothesized that persuasive story would increase perceived fit for the two brands.

Our results of factorial ANOVA indicate that the impact of persuasive story was different for the two brands. While the score of perceived fit for Dalman was more or less the same (5.02 vs. 4.96), the story resulted into an increase of perceived fit for Bergans (from 3.88 to 4.50). However, in general Dalman was perceived more congruent to shoe donation than Bergans (difference= 0.8; significant at  $p < .05$ ). Even when the initiatives were communicated without any story, Dalman was perceived more congruent to the cause than Bergans (5.02 vs. 3.88). Although these results are contrary to our hypothesis, we find them very interesting. Simmons and Becker-Olsen (2006) advocate that high fit is present when two objects are seen to go together. This can be done through any shared association that is prominent with both objects. For instance fit can be based upon brand concepts (Park et al., 1991), similar markets, technologies or any other key association (Simmons & Becker-Olsen, 2006). Second, a firm with high brand equity has strong, unique and favorable associations connected in a brand schema. Conversely, unknown brands have none of such associations (Keller, 1993). Our conclusion regarding perceived fit is that new brand without any existing associations may quickly be associated with any new information presented to consumers. As we have seen in this study, before the experiment the respondents had no any associations of Dalman but they may have adopted that association after being presented with an ad of CSR-linked shoes. Even after being told the story, the score on perceived sincerity did not change much most likely because the subjects did not have any existing associations that would help them to determine whether shoe donation was congruent with Dalman or not.

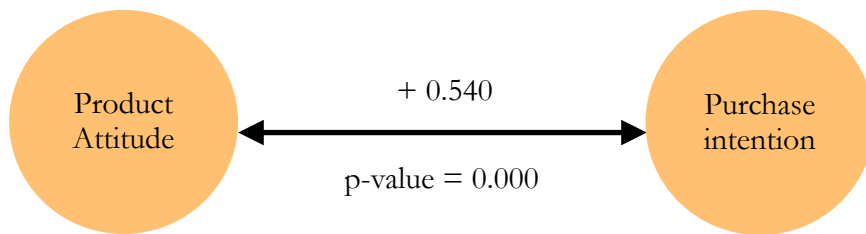
#### **7.4 Correlation of the dependent variables**

In the conceptual model of this study we indicated that there was a potential for observing correlations among our dependent variables. We stated two reasons: first, the study involve responses from humans and in that case correlations should be expected (Field, 2013); second, correlation for some of these variables, such as attitude and purchase intention, has already been proven empirically (e.g., Ajzen 1991). In this section the results of the correlation analysis are discussed.



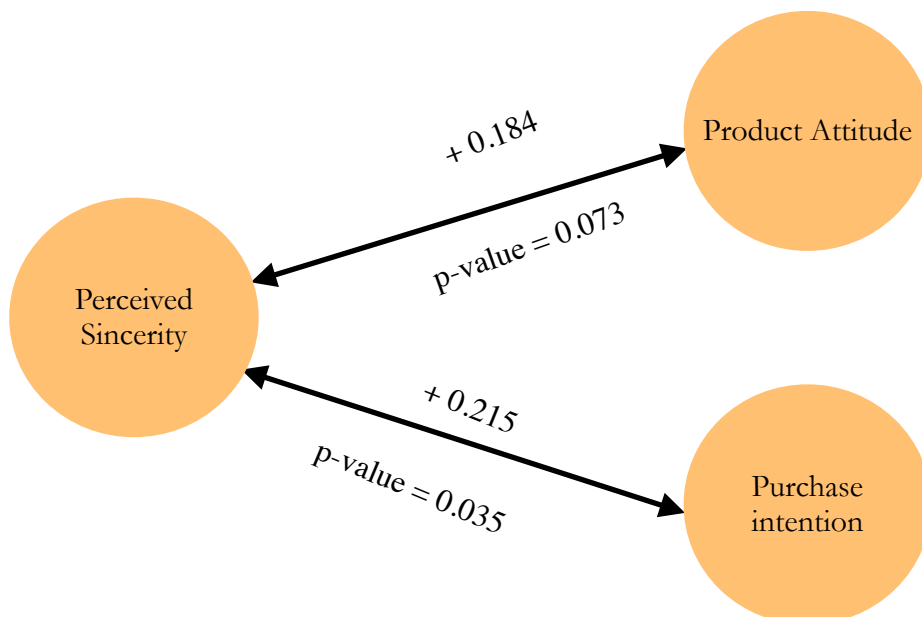
### 7.4.1 Correlation between product attitude and purchase intention

The correlation between attitude and purchase intention was not hypothesized simply because that would not be an interesting story to tell as many studies have already established that correlation, Kraus (1995) has extensively documented such studies. The results of our correlation analysis show that attitude towards the CSR-linked product positively correlated with intention to purchase the product,  $r = .54$ , significant at  $p < .05$ . As such, our results adhere to the theory of planned behavior as well as findings from previous studies on the relationship between product attitude and purchase intentions.



### 7.4.2 Correlation between sincerity, product attitude and purchase intention

In this thesis there was no presence of any hypothesis suggesting a link between sincerity and product attitude/purchase intention. This does not mean that a significant correlation was not expected. Multiple studies have advocated the importance of sincerity for receiving favorable consumer responses (e.g., Barone et al., 2000; Yoon et al., 2006). The results from our analysis partly supports the importance of fit. That is, perceived sincerity correlates significantly with purchase intentions with a p-value of 0.035 and sincerity and product attitude do not correlate significantly with a p-value = 0.073 (However, it is significant on a 90% confidence level). The figure below illustrates these correlations.



At first sight, one would believe that the results in this study adheres to the body of literature advocating the importance of sincerity. However, these correlations might not be the whole story. Table 20 in chapter six suggests that sincerity has a mere marginal effect towards product attitude and purchase intentions. For instance, the highest change in perceived sincerity is from the fictitious brand Dalman whose perceived sincerity is increased from 3.8 without a persuasive story to 4.47 with a persuasive story; however, this increase does not translate in to a substantial change in product attitude nor purchase intentions. That is, the product attitude is increased from 5 without a story to 5.19, and purchase intention is increased from 3.18 without a persuasive story to 3.58 with a persuasive story. Straight away one would believe that the confounding factor fit could be the impeder of greater change. That is not the case; Dalman without a story has a fit value of 5.02 and Dalman with the persuasive story has a fit value of 4.96. Conversely, Bergans demonstrates a greater shift in both product attitude and purchase intentions where the change is 4.9 to 5.6 and 3.1 to 4.1, respectively. However, here perceived sincerity is almost unchanged going from 3.79 to 3.87. As such, we conclude that even though the correlation between perceived sincerity and purchase intention is significant, that correlation does not necessarily mean causal.

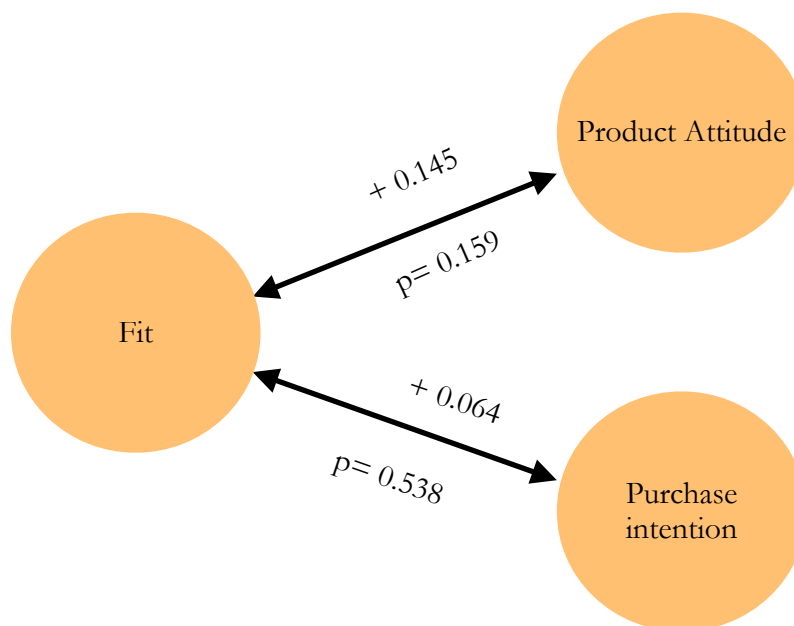
#### 7.4.3 Correlation between Fit and Sincerity

The correlation matrix from chapter six demonstrated a significant correlation between fit and sincerity. The link between fit and sincerity was neither hypothesized nor expected. However, the correlation observed does not prove causality. Therefore, the discussion of fit and sincerity will focus on literature that suggests a causal relationship. To the extent of the authors' knowledge there exist no empirical evidence of a causal relationship between fit and sincerity. However, theories that aim to explain fit and sincerity exist. First, attribution theory advocates that people usually try to understand others' behavior by tying together information (Heider, 1958). As such, if consumers seek to identify a company's CSR motives then the evaluation may be affected by the levels of fit. According to Simmons and Becker-Olsen (2006) low fit leads to higher degree of elaboration, and this elaboration has a negative bias. Consequently, if a firm has low fit with the CSR initiative consumers can be more likely to attribute negative motives concerning firms' sincerity. Second, Campbell and Krimani (2000) found that one antecedent of sincerity is cognitive capacity. They argue that an inference of ulterior motives requires a high degree of cognitive constraints which in turn is dependent upon cognitive capacity. That means people with a higher degree of cognitive

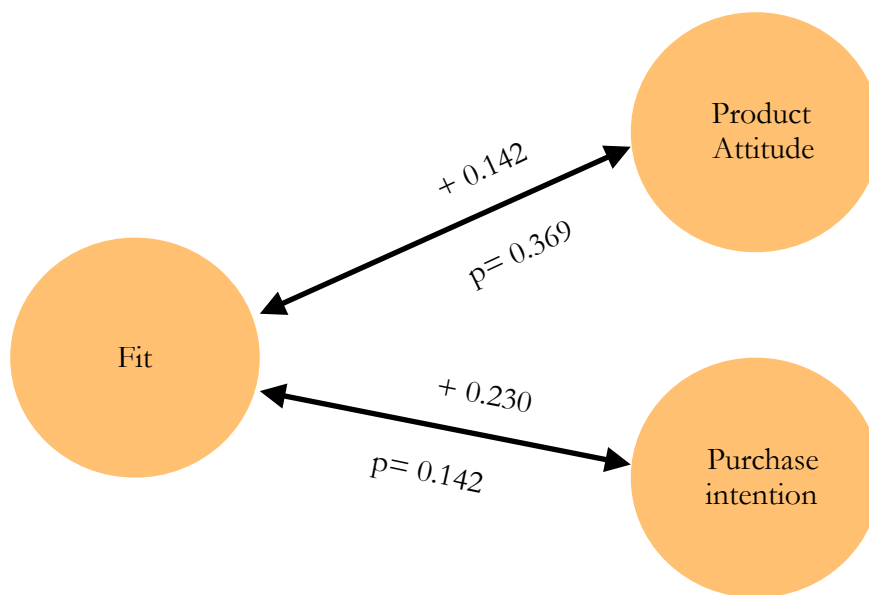
capacity will be more likely to infer ulterior motives. The theory of fit, on the other side, advocates that consumers are motivated to resolve incongruence through cognitive processes. When perceived low fit is not possible to explain, then negative sentiments will follow (Mandler, 1982). The theory suggests that fit can affect sincerity in two ways. First, low fit leads consumers to elaborate with a negative bias. Suggesting that if consumers were to assess a company's sincerity it will be negatively based. Second, low fit can motivate consumers to elaborate on a firm's sincerity levels. As such, there may be merits for a potential causal relationship between fit and sincerity. Based on this logic it appears that low fit may motivate consumers to assess companies' sincerity levels. Consequently, a suggested causal relationship between fit and sincerity is plausible.

#### 7.4.4 Correlation between fit, attitude towards the product and purchase intentions

Although in this study the correlation between fit and product attitude/purchase intentions was not hypothesized, it was expected. According to literature on brand extensions fit is considered as one of the most important factor for the success of brand extensions (e.g., Aaker & Keller, 1990; Volkncer & Sattler, 2006). The results of correlation analysis show that there is positive correlation between fit and attitude towards the product as well as positive correlation between fit and purchase intention. However, these correlations were not significant. We observe that fit and product attitude has a p-value = 0.159 and fit and purchase intentions yields a p-value = 0.538. The correlations are illustrated in the figure below.

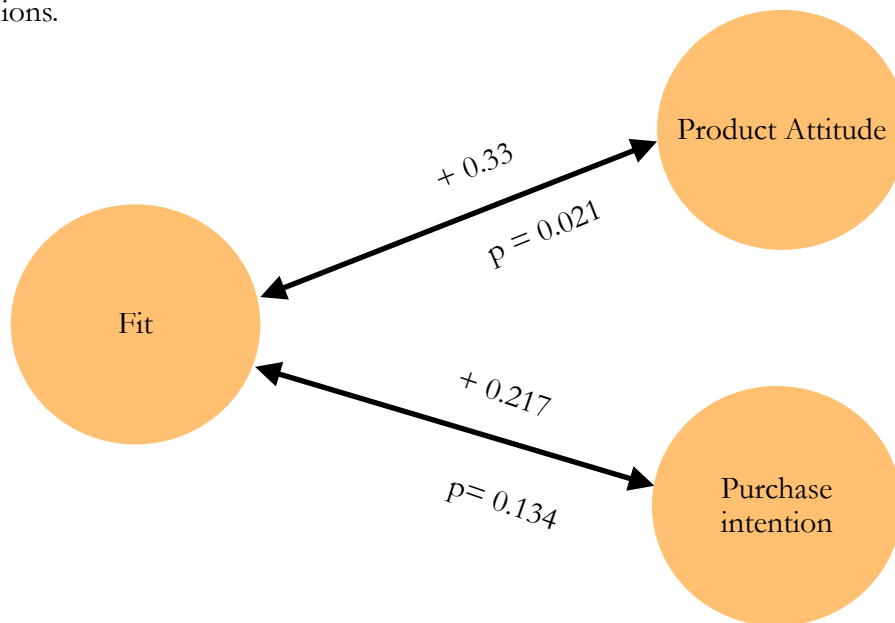


The insignificant correlations seemed strange. For instance, the main study revealed how story had a significant impact on both product attitude and purchase intentions for the known brand Bergans. The fact that the story increased the perceived fit for Bergans led us to interpret it as a potential driver for product attitude and purchase intention. As such, fit was expected to have a high positive correlation with both these variables. However, this was not the case. A possible explanation could be that respondents who were exposed to Dalman evaluated the fit almost identical with and without story; Dalman without story had a fit value = 5, Dalman with story had a fit value = 4.96. At the same time, there were trends indicating that story increased purchase intentions and product attitude. Thus for Dalman, the correlation of fit and product attitude/purchase intention was negative. In order to adjust for Dalman's overall high fit values we performed a correlation analysis with only Bergans respondents. Again the results were insignificant. The correlation between fit and product attitude has a p-value = 0.369 while the correlation between fit and purchase intentions has a p-value = 0.142. The figure below illustrates these findings.



The correlations fail to deliver significant results yet again. There can be three possible explanations: (1) Fit is not the cause that creates change in product attitude and purchase intentions, (2) Created fit is not as powerful as natural fit, and (3) fit works as a potential moderator. Addressing the first point, that is, fit may not cause the change in product attitude or purchase intentions. An alternative explanation is that the narrative story creates an affective attitude by itself. For instance, Mattila (2000) and Escales (1998) advocated how

stories are effective due to their affective nature. Regarding the second point, it may be that created fit is not performing as natural fit. When we analyzed responses where the story was not present we noted a significant correlation between fit and product attitude where the  $p$ -value = 0.021. The correlation is illustrated in the figure below. One possible explanation can be that there are different dimensions of fit and that consumers' response to these fit dimensions are different. For instance, Simmons and Becker-Olsen (2006) argue that fit can be created with any salient firm association. However, consumers could perhaps respond differently if fit is created through an association that is favorable compared to unfavorable. In the present study consumers reported their overall perception of fit and not fit's specific dimensions.



The third point, perhaps fit works as a moderator where the effect is not direct. According to Aaker and Keller (1990) fit is a transfer mechanism of parent brand characteristic over to the extension. Thus, perhaps the effect of fit is not direct.

### 7.5 Conclusion of the chapter

In this chapter we have discussed the various findings of the present study. Each of the seven hypotheses of the study has been discussed based on the results our findings with reflection to the extant literature. In case of the hypotheses that were not supported, possible explanations have been offered. The explanations are merely tentative and therefore they require empirical verification. Moreover, we have discussed the correlations between the dependent variables and reflect our results to the relevant body of theory. Generally, the various insights drawn from this chapter form the input for the theoretical and managerial implications that are discussed in the next chapter.

## CHAPTER 8

### IMPLICATIONS, LIMITATIONS AND CONCLUSION

#### 8.1 Overview

In this chapter we present the implications and limitations of the present study followed by concluding remarks. The implications presented are both managerial and theoretical. These implications are the various aspects of our findings that we think managers and researchers would be interested in. Equally important, the chapter presents various limitations of the present study and recommend areas for further research.

#### 8.2 Implications

##### 8.2.1 Theoretical implications of the study

An interesting significant correlation was that of sincerity and fit. To the extent of the authors' knowledge there exist no empirical evidence of a causal relationship between these two variables. However, theories that aim to explain fit and sincerity exist. If the theories surrounding these two constructs suggests a causal relationship then the significant correlation may be an expression of causality that should be tested further. First, attribution theory may strengthen the belief of a causal relationship. That is, attribution theory advocates that consumers try to understand others behavior by tying together information (Heider, 1958). If consumers seek to identify a company's CSR motives then the evaluation may be affected by the levels of fit. According to Simmons and Becker-Olsen (2006) low fit leads to higher degree of elaboration, and this elaboration has a negative bias. Consequently, if a firm has low fit with the CSR initiative consumers can be more probable to attribute negative motives concerning firms' sincerity.

Second, Campbell and Krimani (2000) found that one antecedent of sincerity is cognitive capacity. They argue that an inference of ulterior motives requires a high degree of cognitive constraints which in turn is dependent upon cognitive capacity. That is, people with a higher degree of cognitive capacity will be more likely to infer ulterior motives. The theory of fit, on the other side, advocates that consumers are motivated to resolve incongruence through cognitive processes. When low fit is not possible to explain negative sentiments will follow (Mandler, 1982). Based on this rational, low fit may motivate consumers to assess sincerity of the companies that engage in CSR initiatives. Consequently, a suggested causal relationship between fit and sincerity may be plausible. The theory

suggests that fit can affect sincerity in two ways. First, low fit leads consumers to elaborate with a negative bias. Suggesting that if consumers were to assess a company's sincerity it will be negatively based. Second, low fit can motivate consumers to elaborate on a firm's sincerity levels. As such, there may be merits for a potential causal relationship between fit and sincerity. Consequently, we advocate that the relationship between sincerity and fit is further investigated in studies to come.

### 8.2.2 Managerial implications

The first three hypotheses (H1a – H1c) of this study were concerned with the impact of brand equity on consumers' response to imitated brand equity. The results show that when the initiative was communicated without story, both brands— Bergans (known) and Dalman (unknown)— performed almost the same in terms of attitude towards the CSR-linked product, purchase intention and perceived sincerity. On the other hand, when the initiative was communicated with the story Bergans performed better than Dalman in terms of consumers' attitude and purchase intention. Interestingly, perceived fit between the brands and the initiative revealed a different pattern; overall, Bergen had significantly lower score on perceived fit than Dalman. However, communicating the initiative with the story led to some increase in perceived fit for Bergans but not for Dalman. These findings suggest three managerial implications as discussed in the subsequent paragraphs.

First, product attitude and purchase intentions were significantly higher when a known brand was used in conjunction with a persuasive story. It indicates that a known brand has much higher potential to create favorable consumer responses when the pursued CSR initiative is well communicated through a story that justifies company's decision to engage in the initiative. Our findings suggests that even when a brand is well known, imitating CSR initiatives that are well associated with other companies may have lower response from consumers unless the company communicates sensible justification for its decision to engage into such activity.

Second, our results indicate that perceived fit is difficult to create for a known brand. Managers should be aware that creating fit is a challenging task. That is, managers cannot be certain that their intended fit will be understood by consumers. In that case, we support Simmons and Becker-Olsen's (2006) recommendation that although fit can be created, companies that want to engage in CSR activities should first and foremost identify activities that are congruent to their existing associations and then use marketing communication to strengthen the links. Managerial implications are therefore: (1) use a story or other

communication vehicles in order to increase fit, and (2) perform a pre-test in order to observe consumers' fit perceptions.

Third, our results suggest that established brands face greater difficulties in creating sincerity. Even though the story relatively helps to boost perceived sincerity for Bergans, the increase is not significant. This finding is in line with Moon (2001) who argue that it is very difficult for companies to alleviate suspicion about perceived insincerity of their motives for engaging CSR initiatives. This is due to the fact that for an established brand the altruistic motives and economic motives are almost inseparable. The results suggest that companies can still use stories to communicate their CSR initiatives for improving attitudes and intention to purchase but they also need to incorporate other measures that will help to prove their sincerity. For example giving reports from time to time concerning the impact of the initiative can be one of the ways to supplement persuasive stories about CSR initiatives. However, we agree with with Yoon et al. (2006) that companies should not spending overwhelming amounts of funds to raise awareness about their CSR initiatives. This is because when so much funds are invested in communicating the initiative then the persuasive power of the story can easily be negated by consumers' suspicion that may be the company is trying to hide something (Brown and Dacin, 1997) or that the company is trying to manipulate them (Peattie et al., 2009).

### **8.3 Limitations of the study**

Although the present study offers a number of interesting insights, we bring forth caution regarding generalizing from it. In this section we present several factors that are likely to impede the generalization of the findings.

First, the use of student subjects, particularly business students, calls for necessity to replicate and extend this study into different audiences. The use of student subjects has been criticized for lacking generalizability (Zikmund et al. 2010). More so, it can be argued that an "average" consumer's thought process involved in evaluating CSR initiatives could be different that of a business students who are aware of various marketing principles and theories. We therefore suggest that this study should be replicated in other audiences for deepening its insights.

Second, experimenting the impact of brand equity and persuasive story on consumers' response to CSR initiatives requires further investigation. The present study focused on imitated CSR initiative which implies that our findings cannot necessarily be used to explain the impact of brand equity and persuasive story on consumers' response to "novel" CSR initiatives.



Third, the experimental design adopted in this study may potentially have suffered from mono-operation bias with respect to measures of perceived fit and perceived sincerity. The experiment was a 2x2 factorial design whereby brand and persuasive story are the two manipulated variables. The two stories were created in a way that would be believable and that meant Dalman and Bergans could not have the same story. It is possible that part of the differences we observed were induced by the difference in the content of the two stories.

Fourth, our study has looked upon only one product category— shoes, we advocate that further investigation be conducted in other product categories as well. This is because research has shown that whether consumers respond to firm's CSR efforts or not, among other factors, depends also on the type of CSR activity companies choose (Sen & Bhattacharya, 2001; Lichtenstein et al. 2004). Thus, extending this study into other product categories will enrich our understanding regarding the subject matter.

#### **8.4 Conclusion of the study**

The present study was devoted to experimenting the impact of brand equity and persuasive story on consumers response to imitated CSR initiatives. Four variables were measured as dependent variables— attitude towards the CSR-linked product, purchase intention, perceived sincerity and perceived fit. We find that when CSR initiative is not communicated with persuasive story, consumers response in terms attitude and purchase intention is not significantly different between a known brand and unknown brand. In fact, unknown brand receives even a slightly better evaluation. However, when the initiative was communicated with story a known brand received a way better evaluation than unknown brand. More so, the present study has found that perceived fit and perceived sincerity are difficult to increase. This observation is in line with arguments posed in some previous studies (Simmons and Becker-Olsen's 2006; Moon, 2001).

Thus, with respect to our first research question— Can brand equity alleviate consumers' unfavorable response to imitated CSR initiatives?— the findings show that brand equity has a alone is not sufficient in influencing consumers' response to companies' CSR initiatives. However, when the initiative is well communicated a brand with relatively high brand equity, like Bergans, stands a better chance to influence consumers' response to its CSR initiatives even if the initiatives are imitated. With respect to our second question— Can persuasive stories alleviate consumers' unfavorable response to imitated CSR initiatives?— we find that story has a significant impact in influencing consumers' response to CSR initiatives even if the initiative is imitated. However, we find that even with the help of persuasive story, increasing perceived fit and perceived sincerity is quite difficult. And that marks the end of our story.

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## Appendix 1(a): Persuasive stories

### **Bergans' story**

#### **Aftenposten**

I dag lanserte Bergans en ny satsning på veldedighetssko. Konseptet innebærer at for hvert par kjøpt vil Bergans donere et par til de som ikke har råd selv.

Daglig leder i Bergans, Ragnar Jensen utdyper:

«Bergans har alltid hatt et stort fokus på etisk handel. Fokusområdene har vært levedyktig lønn og nulltolleranse til barnearbeid. Men vi har blitt sittende med en vond følelse om at det ikke har vært nok. Når vi besøker leverandørene blir vi vitne til lokalsamfunn hvor brorparten ikke har råd til sko. Spesielt barn viser seg å være utsatt for kutt og infeksjoner under beina. Det gjør det vanskelig å krysse store distanser av ulent terreng for å komme seg til skolen og for å få tak i vann. Vi ser på det som ett skritt i riktig retning, og ønsker å fortsette å hjelpe lokalsamfunnene til å utvikle seg».

### **Dalman's story**

#### **Aftenposten**

Det nylig oppstartede skoselskapet Dalman har bestemt seg for å gi bort like mange sko som de selger. Daglig leder Line Dalman forklarer filosofien:

«Da jeg jobbet for leger uten grenser hadde jeg kun mulighet til å hjelpe etter at en skade hadde skjedd, og aldri forebyggende. Ofte kom det barn inn med infiserte kutt under beina. Infiserte kutt gjorde det vanskelig å komme seg til skolen og for å få vann. I steden for å hele tiden stå der i ettertid ville jeg heller hjelpe i forkant. Det er Dalman sin visjon, vi forebygger. Nå kommer vi til å begynne med sko, og så ser vi hva det kan vokse til».



Appendix 1(b): Print Ad used as stimulus – Bergans



**Kjøp en, gi en!**

**599 kr**



For hvert par du kjøper gir Bergans bort ett par til de som trenger det



The advertisement features the Bergans logo at the top left. Below it, a blue banner contains the text 'Kjøp en, gi en!' and '599 kr' in white. In the center of the banner is a pair of colorful striped Bergans shoes. Below the banner, a photograph shows three children in a rural setting, each holding a pair of shoes and giving a thumbs up. The child on the left holds a black shoe, the middle child holds a red and white striped shoe, and the child on the right holds a blue shoe. The background shows wooden buildings and trees.

Appendix 1(c): Print Ad used as stimulus – Dalman



**Dalman**  
OF NORWAY

**Kjøp en, gi en!**

**599 kr**



For hvert par du kjøper gir Dalman bort ett par til de som trenger det



### Appendix 1(d): Questions capturing relevant constructs

A. Nedenfor er det ulike påstander om Bergans. Sett et kryss som indikerer din grad av enighet – **(Purpose: Bergans'Brand equity index )**

	Helt uenig	Uenig	Hverken uenig eller enig	Enig	Helt enig
Jeg kan gjenkjenne Bergans blant konkurrentene	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jeg kommer raskt på egenskaper ved Bergans sine produkter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logoen til Bergans kommer raskt fram i minne	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jeg forventer veldig høy kvalitet fra Bergans sine produkter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jeg synes det er smartere å kjøpe et Bergansprodukt selv om et annet merke er helt likt.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. Nedenfor er det ulike påstander om Bergans/Dalman sin reklame. Sett et kryss som indikerer din grad av enighet **(Purpose: Asked to all subjects in order to check if attitude towards the Ad confounds the study)**

	Helt uenig	Uenig	Litt uenig	Hverken enig eller uenig	Litt enig	Enig	Helt enig
Reklamen er god	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reklamen er informativ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reklamen er lett å forstå	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reklamen er upassende	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Nedenfor er det ulike påstander om Bergans/Dalman. Sett et kryss som indikerer din grad av enighet **(Purpose: To capture perceived sincerity)**

	Helt uenig	Uenig	Litt uenig	Hverken enig eller uenig	Litt enig	Enig	Helt enig
Bergans/Dalman er genuint opptatt av å hjelpe når de gir bort et par for hvert par du kjøper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bergans/Dalman bryr seg oppriktig når de gir bort et par for hvert par du kjøper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bergans/Dalman prøver kun å skape et godt image når de gir bort sko	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D. Sett et kryss som indikerer din mening om Bergans/Dalman sko **(Purpose: To measure Attitude towards the CSR-linked product)**

	Helt uenig	Uenig	Litt uenig	Hverken enig eller uenig	Litt enig	Enig	Helt enig
Jeg er positiv til Bergans sko	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hvis jeg hadde hatt Bergans sko ville jeg vært stolt av meg selv	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bergans sko kan ikke anbefales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**E. Hva er sannsynligheten for at du vil kjøpe sko fra Bergans/Dalman?**

**(Purpose: To measure Purchase intention)**

	1	2	3	4	5	6	7	
Vil absolutt ikke kjøpe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Vil absolutt kjøpe

**F. Sett et kryss som indikerer hvor godt Bergans/Dalman og skodonasjon passer sammen.**

**(Purpose: To measure perceived Fit)**

	1	2	3	4	5	6	7	
Svært upassende	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Passer svært godt
Gir ikke mening i det hele tatt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Gir svært god mening

**G. Sett et kryss som indikerer din mening om initiativer som rettes mot å hjelpe barn i den tredje verden (Purpose: To measure involvement/concern for social causes)**

	1	2	3	4	5	6	7	
Helt uviktig for meg	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Svært viktig for meg
Betyr ikke noe for meg	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Betyr mye for meg
Er av ingen interesse for meg	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Er av stor interesse for meg

**H. Hvordan vil du vurdere informasjonen om at Bergans/Dalman vil ta initiativ til skodonering? (Purpose: To measure believability of the information)**

	1	2	3	4	5	6	7	
Helt uviktig for meg	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Svært viktig for meg
Betyr ikke noe for meg	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Betyr mye for meg
Er av ingen interesse for meg	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Er av stor interesse for meg

K. Har du hørt om TOMS Sko?

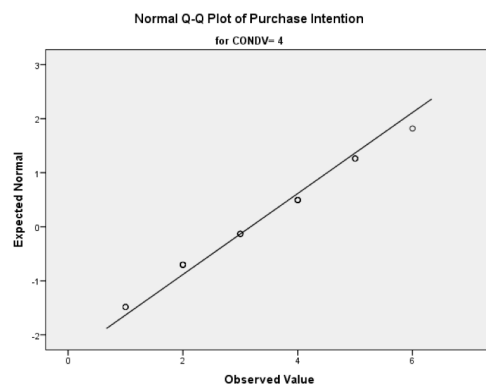
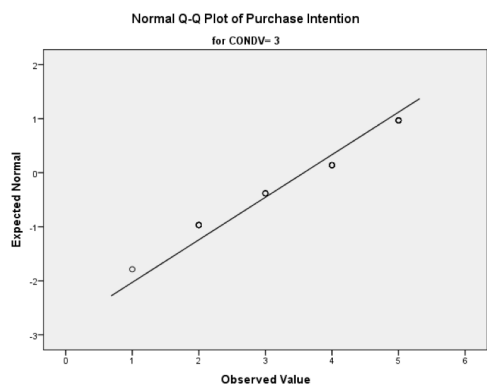
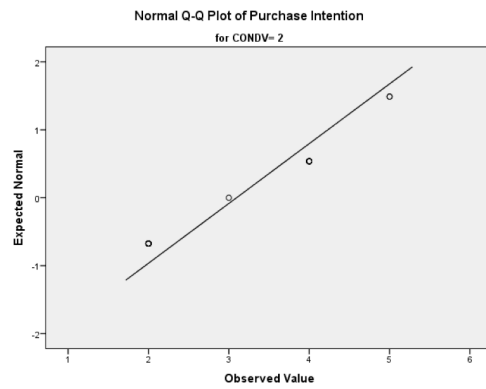
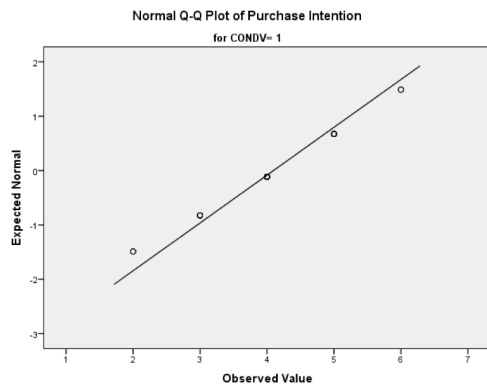
- Ja
- Nei

I. Er du mann eller kvinne?

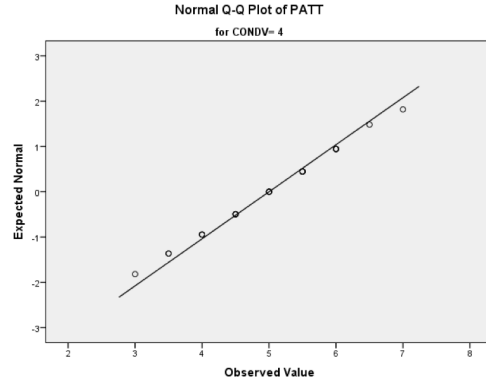
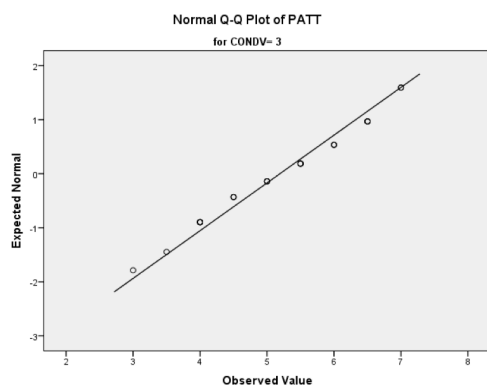
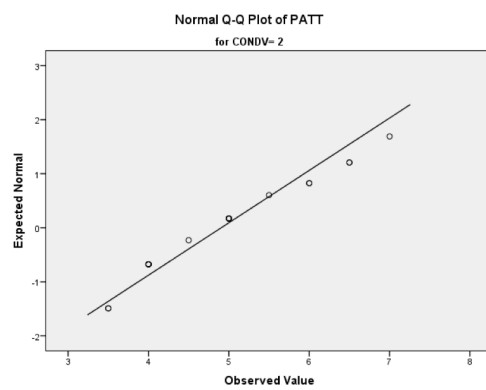
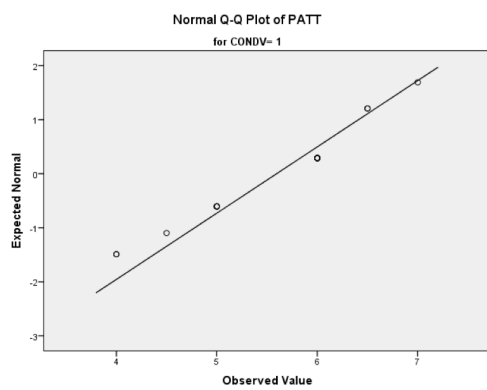
- Mann
- Kvinne

Appendix 2: Normal P-P Plots for assessing normality of the dependent variables

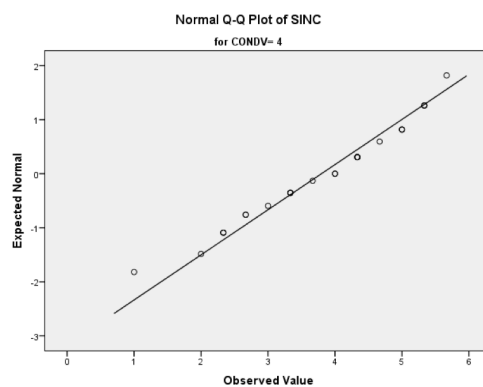
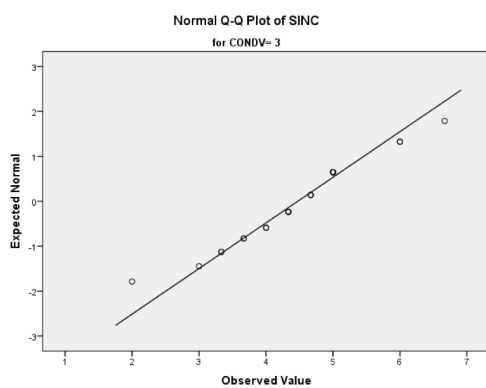
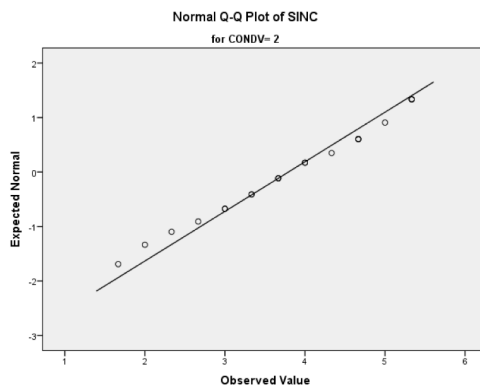
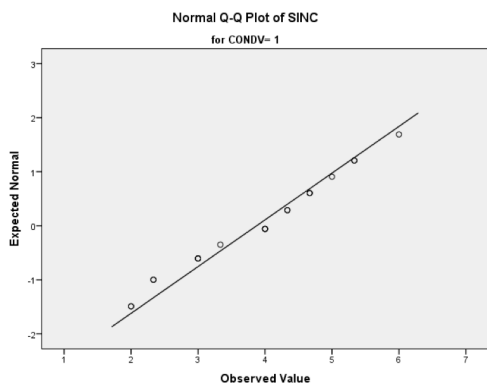
(a) Purchase intention



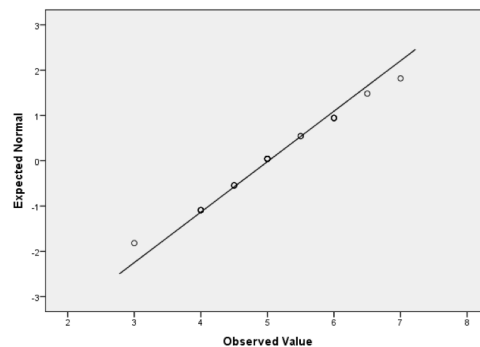
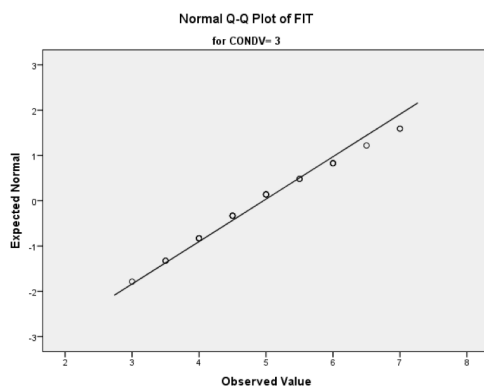
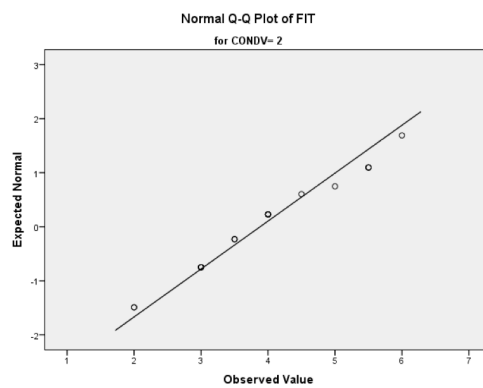
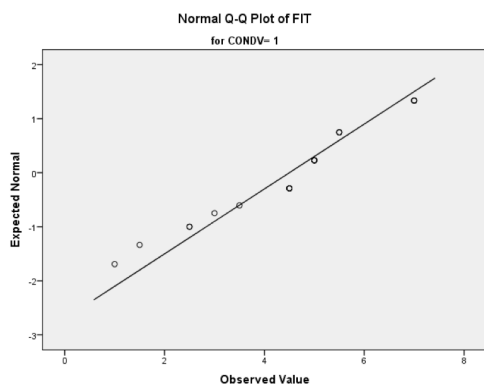
(b) Attitude towards the product



**(c) Perceived sincerity**



**(d) Perceived Fit**





### Appendix 3: Detailed results of the analysis of potential confounders

#### (3a) Attitude towards the Ad

Groups	N	Descriptives				
		Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
1	21	5.38	0.8464	0.1847	5.00	5.77
2	21	5.33	0.7759	0.1693	4.98	5.69
3	26	5.74	0.8077	0.1584	5.41	6.07
4	28	5.37	0.9777	0.1848	4.99	5.75
<b>Total</b>	<b>96</b>	<b>5.46</b>	<b>0.8660</b>	<b>0.0884</b>	<b>5.29</b>	<b>5.64</b>

Multiple Comparisons					
(I) Groups	(J) Comparison Group	Mean Difference (I-J)	Std. Error	Sig.	
1	2	0.04762	0.26627	0.858	
	3	-0.35943	0.25315	0.159	
	4	0.01488	0.24907	0.952	
2	1	-0.04762	0.26627	0.858	
	3	-0.40705	0.25315	0.111	
	4	-0.03274	0.24907	0.896	
3	1	0.35943	0.25315	0.159	
	2	0.40705	0.25315	0.111	
	4	0.37431	0.23499	0.115	
4	1	-0.01488	0.24907	0.952	
	2	0.03274	0.24907	0.896	
	3	-0.37431	0.23499	0.115	

**(3b) Involvement/concern**

<b>Descriptives</b>						
<b>Groups</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error</b>	<b>95% Confidence Interval for Mean</b>	
					<b>Lower Bound</b>	<b>Upper Bound</b>
1	21	5.4	1.448	0.316	4.74	6.06
2	21	5.13	1.323	0.289	4.52	5.73
3	26	5.42	1.039	0.204	5	5.84
4	28	5.24	1.286	0.243	4.74	5.74
<b>Total</b>	<b>96</b>	<b>5.3</b>	<b>1.256</b>	<b>0.128</b>	<b>5.04</b>	<b>5.55</b>

<b>Multiple Comparisons</b>					
<b>(I) Groups</b>	<b>(J) Comparison Group</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>	
1	2	0.27	0.392	0.493	
	3	-0.026	0.373	0.944	
	4	0.159	0.367	0.666	
2	1	-0.27	0.392	0.493	
	3	-0.296	0.373	0.429	
	4	-0.111	0.367	0.763	
3	1	0.026	0.373	0.944	
	2	0.296	0.373	0.429	
	4	0.185	0.346	0.594	
4	1	-0.159	0.367	0.666	
	2	0.111	0.367	0.763	
	3	-0.185	0.346	0.594	

**(3c) Believability - BERGANS**

<b>Descriptives</b>						
<b>Groups</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error</b>	<b>95% Confidence Interval for Mean</b>	
					<b>Lower Bound</b>	<b>Upper Bound</b>
With story	21	4.29	1.309	0.286	3.69	4.88
Without story	21	4	1.789	0.39	3.19	4.81
<b>Total</b>	<b>42</b>	<b>4.14</b>	<b>1.555</b>	<b>0.24</b>	<b>3.66</b>	<b>4.63</b>

<b>Comparison</b>				
<b>(I) Group</b>	<b>(J) Comparison Group</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
With story	Without story	0.286	0.428	0.506

**(3d) Believability - DALMAN**

<b>Descriptives</b>						
<b>Groups</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error</b>	<b>95% Confidence Interval for Mean</b>	
					<b>Lower Bound</b>	<b>Upper Bound</b>
With story	26	5.04	1.183	0.232	4.56	5.52
Without story	28	5.14	1.268	0.24	4.65	5.63
<b>Total</b>	<b>54</b>	<b>5.09</b>	<b>1.217</b>	<b>0.166</b>	<b>4.76</b>	<b>5.42</b>

<b>Comparison</b>				
<b>(I) Group</b>	<b>(J) Comparison Group</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
With story	Without story	-0.104	0.377	0.783