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Consumer Behavior based on Brand Sensitivity and CSR Activity Type

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Abstract

Objectives: This study contributes to the academic study and theoretical framework by verifying the results from various CSR studies. Additionally, this study provides useful data for corporate PR professionals to identify which CSR activity is the most effective communication strategy. Methods/Statistical Analysis: To test the hypotheses, this study applied a 2 x 3 between subjects factorial design between brand sensitivity: High/low and CSR types: Charitable activity, voluntary activity, cause-related marketing. Advertisement articles for three scenarios were created and an operation check was conducted. Findings: The results show that there are identical responses for all dependent variables for the reliability of a news release, attitude towards a firm, product attitude and purchase intention. In other words, regardless of the dependent variable, when the level of brand sensitivity is high, the results show a favorable response to charitable activity and cause-related marketing. However, when the level of brand sensitivity is low, the results show a positive response to voluntary activity, charitable activity and cause-related marketing. Improvements/Applications: Furthermore, firms cannot be evaluated by consumers through the CSR activity alone. Hence, a specific type of CSR activity could be effective, but could cause a serious problem if consumers evaluate it as a careless event. In particular, firms must strategically approach CSR activities by analyzing consumer prejudices, preliminary emotions and their emotional state towards the brand in great detail.

Keywords: Brand Sensitivity, Consumer Behavior, CSR Activity Type

1. Introduction

Brand sensitivity is associated with consumer emotions and consumers make their purchase decisions on various criteria, including price, quality and brand. Even with identical purchase criteria, purchase behaviors vary among consumers because their awareness of a product changes depending on their brand sensitivity. 2.

Some individuals respond to a brand more sensitively than others; the higher this brand sensitivity is, the more important the brand is for the individual. Although brand sensitivity is essential to marketing, few studies have analyzed it. Existing studies focus on the characteristics relevant to specific brands, such as brand image or brand assets. However, brand sensitivity is important as it is closely related to consumers' ultimate behavior³.

Although Corporate Social Responsibility (CSR), which aims to achieve corporate objectives strategically

is established in the field of marketing, few studies examine CSR and brand sensitivity. Corporations exist and expand through the pursuit of profits and comprehensive marketing communication and they continuously conduct external activities that focus on social contributions because these CSR marketing activities have a powerful impact on consumers. In particular, although CSR is significant on its own, it is also actively promoted through social media or in public. CSR, which is a contributing factor to brand evaluation, is closely related to an individual's brand sensitivity4-6. Thus, based on existing literature, this study focuses on measuring the communication effect of CSR activities contingent on the level of an individual's brand sensitivity by categorizing the most commonly conducted CSR activities into three types. In doing so, this study contributes to the academic study and theoretical framework by verifying the results from vari-

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ous CSR studies. Additionally, this study provides useful data for corporate PR professionals to identify which CSR activity is the most effective communication strategy.

2. Brand Sensitivity and Theoretical Background

2.1 Brand Sensitivity

Numerous factors influence consumer behavior beyond price. As studies investigating the effect of brand sensitivity, which is the consumer's preliminary emotion towards a brand, on consumer behavior have increased, brand sensitivity has become an important factor to induce consumer behavior.

Brand sensitivity refers to the degree of value a consumer grants a brand when evaluating its products. Therefore, the impact of a brand on decision making increases as a consumer becomes more sensitive to or conscious of a brand. In existing research, brand sensitivity has been studied at the brand management level^{7.8}.

Brand sensitivity is related to psychological emotions. Consumers make purchase decisions based on various evaluation criteria, including the price, quality, brand, store and service. Even with identical purchase criteria, consumer purchase behavior differs based on their perception according to their personal criteria. In particular, brand sensitivity plays an important role in the purchase decision making process.

2.2 The Manifest Effect of Brand Sensitivity

Existing research shows that consumers with high brand sensitivity are more conscious of products and have a stronger interest or preference towards products than consumers with low brand sensitivity. Furthermore, consumers with high brand sensitivity have more negative attitudes and lower purchase intentions towards unknown brands than consumers with low brand sensitivity. Studies on teenager's brand sensitivity towards fashion indicates that teenagers' purchase decisions vary depending on the brand sensitivity of their peer group because they rely on brands when they purchase fashion products 9.10.

As such, previous literature suggests that consumer brand sensitivity is manifested through the emotion that consumers have towards the brand. Hence, consumers with high brand sensitivity would not purchase unknown brands because they consider the brand to represent quality and consumers with low brand sensitivity would prefer to purchase unknown brands¹¹. Based on the aforementioned literature, brand sensitivity is an important variable at the brand management level and as brand sensitivity increases, the role of brands for consumers becomes more significant.

3. Corporate Social Responsibility (CSR) Activities

3.1 CSR Activities

Firms that have remained competitive solely by pursuing profits through consumer satisfaction have recently faced difficulties. Since the social and cultural environment of consumption is changing, firms must establish new marketing strategies. This new environment can be considered as being both a crisis and an opportunity. Firms actively make social contributions to transform these changes in the consumer environment from crisis into opportunity. However, some firms have responded passively to activities relevant to the public interest. Firms should also be considered as members of society and not as superstructures that simply create profits through consumer satisfaction^{12–14}. Thus, firms must understand the current situation and actively promote activities related to the public interest of various interest groups. Therefore, corporate activities for the public interest are now a major part of corporate marketing. As corporate citizens, firms must be actively engaged in solving problems that could emerge in daily life while still fulfilling their ethical and moral responsibilities. Marketing based on these social contributions has a great impact on short-term profit and long-term reputation and is, therefore, a field of immense interest15,16.

Although definitions vary, CSR is commonly explained as when "firms take a further step from seeking profits and make a wide range of contribution to the welfare and interest of the society". Since firms, just like citizens, are the members of society, firms must fulfill their responsibilities and duties.

3.2 Types of CSR Activities

Consumers are becoming more interested in and demanding of CSR. Thus, firms experience pressure to conduct

socially contributive activities and also recognize that investment in such philanthropic and charitable activities can increase the value of their assets. In other words, a firm's reputation as perceived by consumers through various CSR activities could be an important criterion for consumers' purchase decisions^{17,18}. Conversely, a firm's reputation established through pursuing commercial profits can become their weakness.

Since consumers respond differently based on the types of CSR activities and communication methods, selecting appropriate CSR activities is important for firms. Depending on the magnitude of communication about CSR activities, some consumers do not trust or begin to doubt the firms. Hence, the type of CSR and communication activities is influential factors for efficiency^{19,20}.

Previous studies show that there are three types of CSR activities: Social activities that are directly managed by firms for the public interest; charitable activities for other organizations that conduct public services; and the voluntary activities by firms' employees²¹. These types of comprehensive CSR activities can be further categorized into marketing communication activities, public service activities, donation sponsorship activities and voluntary activities.

Previous research focused only on the conceptual aspect of CSR activities. As some studies suggest various types of CSR activities from the researchers' perspective rather than using systematic categorization criteria, a systematic and logical approach is necessary.

3.3 Research Hypothesis

Hypothesis 1: The reliability of a news release will vary based on the level of brand sensitivity (high/low) and a firm's charitable activities, voluntary activities and cause-related marketing.

Hypothesis 2: The attitude towards a firm will vary based on the level of brand sensitivity (high/low) and a firm's charitable activities, voluntary activities and cause-related marketing.

Hypothesis 3: The product attitude will vary based on the level of brand sensitivity (high/low) and a firm's charitable activities, voluntary activities and cause-related marketing.

Hypothesis 4: The purchase intention will vary based on the level of brand sensitivity (high/low) and a firm's charitable activities, voluntary activities and cause-related marketing.

4. Method

4.1 Sample

To test the hypotheses, this study applied a 2 x 3 between subjects factorial design between brand sensitivity: high/low and CSR types: Charitable activity, voluntary activity, cause-related marketing. Advertisement articles for three scenarios were created and an operation check was conducted. The study sample was selected from undergraduate students through convenience sampling. After excluding nine incomplete responses through the sample selection process, a total of 279 responses were analyzed. The participants consisted of 146 males (52.3%) and 133 females (47.7%).

4.2 Instrument Design

This study used a reconstructed brand sensitivity scale from Kapferer and Laurent (1989). The brand sensitivity scale consists of four categories and is composed of a 7-point Likert scale. To categorize the brand sensitivity into groups of high brand sensitivity and low brand sensitivity, the 50% below the average sum were categorized as the low group and the 50% above the average sum were categorized as the high group. Consequently, 137 respondents (49.1%) were categorized as the low group and 142 respondents (50.9%) were categorized as the high group.

This study chose the following dependent variables for analysis: Reliability of the type of CSR activity, attitude towards the CSR activity, product attitude towards the CSR activity and the CSR activity. The reliability scale of the type of CSR activity (dependent variable) consisted of four questions measured with a 7-point Likert semantic differential scale. The four questions regarding the attitude towards the CSR activity were developed by Bruner II (1998), were modified to meet Korean standards before utilization and were measured with a 7-point Likert scale. The six questions for the product attitude towards the CSR activity were measured with a 7-point Likert scale. Only one question about the purchase intention towards the CSR activity was used and was measured with a 7-point semantic differential scale.

The results show that the Cronbach Alphas (α) for the reliability, attitude towards the CSR activity, product attitude towards the CSR activity and purchase behavior towards the CSR activity are .958, .956, .975 and .965,

respectively, maintaining the internal consistency among questions.

5. Results

5.1 Verification of Hypothesis 1

To test the difference in the reliability of a news release based on brand sensitivity (high/low) and the types of the CSR activity, a one-way ANOVA was conducted. As shown in Table 1, the brand sensitivity (high/low) has a statistically significant effect on the reliability of a news release at the 95% level, thereby showing that there is a difference in the reliability of a news release based on the level of brand sensitivity (F = 6.17, p<.05). Also, the type of the CSR activity has a statistically significant effect on the reliability of a news release at the 99.9% level, thereby showing that there is a difference in the reliability of a news release based on the type of CSR activity (F = 12.23, p<.001). Moreover, after analyzing the interaction effects between the brand sensitivity (high/low) and the type of CSR activity, the results indicate that the brand sensitivity (high/low) and the type of CSR activity have a statistically significant effect on the reliability of a news release at the 99.9% level, thereby showing that there is a difference in the reliability of a news release according to the brand sensitivity (high/low) and the type of the CSR activity (F = 18.22, p<.001).

Table 1. The reliability based on the brand sensitivity and the type of CSR activity

	F	Eta ²	Observed power
Brand sensitivity (high/low	6.17*	.02	.69
Type of CSR activity	12.23***	.08	.99
Brand sensitivity (high/low)* type of CSR activity	18.22***	.11	1.00

^{*} p<.05 *** p<.001

As shown in Figure 1, the difference in the reliability of a news release based on the brand sensitivity (high/low) and the type of CSR activity indicates that the reliability of a news release is the highest when the group with low brand sensitivity highly values the voluntary activity (M = 4.74, SD = .94) and the reliability of a news release is the

lowest when the group with low brand sensitivity highly values the cause-related marketing (M = 2.85, SD = .78). For the group with high brand sensitivity, the reliability of a news release is the highest when they highly value the charitable activity (M = 4.59, SD = .97) and the reliability of a news release is the lowest when they highly value the voluntary activity (M = 2.70, SD = 1.03). Hence, the group with low brand sensitivity tends to consider a news release highly reliable when they highly value the voluntary activity and the group with high brand sensitivity tends to consider a news release highly reliable when they highly value the charitable activity.

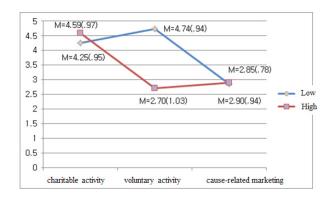


Figure 1. The difference in the reliability based on the brand sensitivity (high/low) and the type of CSR activity.

5.2 Verification of Hypothesis 2

This study tested the difference in the attitude towards a firm based on brand sensitivity (high/low) and the type of CSR activity. As shown in Table 2, the brand sensitivity (high/low) has a statistically significant effect on the consumer's trust in a firm at the 95% level, thereby showing that there is a difference in the attitude towards a firm based on the level of brand sensitivity (F = 5.95, p<.05). Also, the type of the CSR activity has a statistically significant effect on the attitude towards a firm at the 99.9% level, thereby showing that there is a difference in the attitude towards a firm based on the type of CSR activity (F = 12.70, p<.001). Moreover, after analyzing the interaction effects between the brand sensitivity (high/low) and the type of CSR activity, the results indicate that the brand sensitivity (high/low) and the type of CSR activity have a statistically significant effect on the attitude towards a firm at the 99.9% level, thereby showing that there is a difference in the attitude towards a firm based on the brand sensitivity (high/low) and the type of CSR activity (F = 15.90, p<.001).

Table 2. The attitude towards a firm based on the brand sensitivity and the type of CSR activity

	F	Eta ²	Observed Power
Brand sensitivity (high/low)	5.95*	.02	.68
Type of CSR activity	12.70***	.08	.99
Brand sensitivity (high/low)* type of CSR activity	15.90***	.10	1.00

^{*} p<.05 *** p<.001

As shown in Figure 2, the difference in the attitude towards a firm based on the brand sensitivity (high/ low) and the type of CSR activity indicates that the attitude towards a firm is positive when the group with low brand sensitivity highly values the voluntary activity (M = 4.70, SD = .97) and the attitude toward a firm is negative when the group with low brand sensitivity highly values the cause-related marketing (M = 2.79, SD = .78). For the group with high brand sensitivity, the attitude towards a firm is positive when they highly value the charitable activity (M = 4.59, SD = .1.06) and the attitude towards a firm is negative when they highly value the voluntary activity (M = 2.70, SD = 1.00). Hence, the group with low brand sensitivity tends to have a positive attitude towards a firm when they highly value the voluntary activity and the group with high brand sensitivity tends to have a positive attitude towards a firm when they highly value the charitable activity.

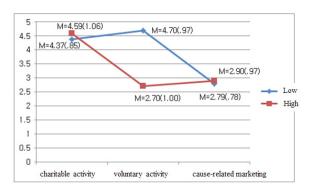


Figure 2. The difference in the attitude towards a firm based on the brand sensitivity (high/low) and the type of CSR activity.

5.3 Verification of Hypothesis 3

This study tested the difference in the product attitude based on the brand sensitivity (high/low) and the type of CSR activity. As shown in Table 3, the brand sensitivity (high/low) has a statistically significant effect on the product attitude at the 95% level, thereby showing that there is a difference in the product attitude based on the level of brand sensitivity (F = 5.75, p<.05). Also, the type of CSR activity has a statistically significant effect on the product attitude at the 99.9% level, thereby showing that there is a difference in the product attitude based on the type of CSR activity (F = 11.98, p<.001). Moreover, after analyzing the interaction effects between the brand sensitivity (high/low) and the type of CSR activity, the results indicate that the brand sensitivity (high/low) and the type of CSR activity have a statistically significant effect on the product attitude at the 99.9% level, thereby showing that there is a difference in the product attitude based on the brand sensitivity (high/low) and the type of CSR activity (F = 23.57, p < .001).

Table 3. The product attitude based on the brand sensitivity and the type of CSR activity

	F	Eta ²	Observed
			Power
Brand sensitivity	5.75*	.02	.66
(high/low)			
Type of CSR activity	11.98***	.08	.99
Brand sensitivity	23.57***	.14	1.00
(high/low)* type of			
CSR activity			

^{*} p<.05 *** p<.001

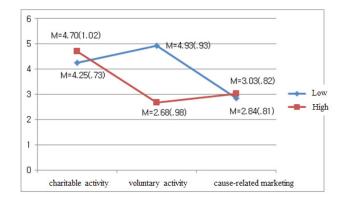


Figure 3. The difference in the product attitude based on the brand sensitivity (high/low) and the type of CSR activity.

As shown in Figure 3, the difference in the product attitude based on the brand sensitivity (high/low) and the type of CSR activity indicates that the product attitude is positive when the group with low brand sensitivity highly

values the voluntary activity (M = 4.93, SD = .93) and the product attitude is negative when the group with low brand sensitivity highly values the cause-related marketing (M = 2.84, SD = .81). For the group with high brand sensitivity, the product attitude is positive when they highly value the charitable activity (M = 4.70, SD = .1.02) and the product attitude is negative when they highly value the voluntary activity (M = 2.68, SD = .98). Hence, the group with low brand sensitivity tends to have a positive product attitude when they highly value the voluntary activity and the group with high brand sensitivity tends to have a positive product attitude when they highly value the charitable activity.

5.4 Verification of Hypothesis 4

This study tested the difference in purchase intention based on the brand sensitivity (high/low) and the type of CSR activity. As shown in Table 4, the brand sensitivity (high/low) has a statistically significant effect on the purchase intention at the 95% level, thereby showing that there is a difference in purchase intention based on the level of brand sensitivity (F = 5.84, p<.05). Also, the type of CSR activity has a statistically significant effect on the purchase intention at the 99.9% level, thereby showing that there is a difference in the purchase intention based on the type of CSR activity (F = 9.21, p<.001). Moreover, after analyzing the interaction effects between the brand sensitivity (high/low) and the type of CSR activity, the results indicate that the brand sensitivity (high/low) and the type of CSR activity have a statistically significant effect on the purchase intention at the 99.9% level, thereby showing that there is a difference in purchase intention based on the brand sensitivity (high/low) and the type of CSR activity (F = 18.16, p<.001).

Table 4. The purchase intention based on the brand sensitivity and the type of CSR activity

	F	Eta ²	Observed Power
Brand sensitivity (high/ low)	5.84*	.02	.67
Type of CSR activity	9.21***	.06	.97
Brand sensitivity (high/ low)* type of CSR activity	18.16***	.11	1.00

^{*} p<.05 *** p<.001

As shown in Figure 4, the difference in purchase intention based on the brand sensitivity (high/low) and

the type of CSR activity indicates that the purchase intention is high when the group with low brand sensitivity highly values the voluntary activity (M = 5.04, SD = 1.12) and the purchase intention is low when the group with low brand sensitivity highly values the cause-related marketing (M = 3.02, SD = .88). For the group with high brand sensitivity, the purchase intention is high when they highly value the charitable activity (M = 4.84, SD = .1.24) and the purchase intention is low when they highly value the voluntary activity (M = 2.71, SD = 1.05). Hence, the group with low brand sensitivity tends to have a high purchase intention when they highly value the voluntary activity and the group with high brand sensitivity tends to have a high purchase intention when they highly value the charitable activity.

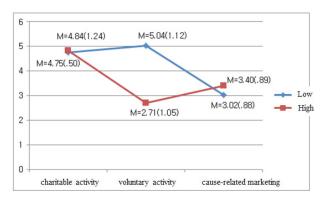


Figure 4. The difference in purchase intention based on the brand sensitivity (high/low) and the type of CSR activity.

5. Discussion and Managerial Implications

This study analyzed consumer behavior based on brand sensitivity and the type of CSR activity. The results from research based on a sample of undergraduate students are as follows. The reliability of a news release, attitude towards a firm, product attitude and purchase intention differs based on brand sensitivity and the type of CSR activity. Moreover, the interaction effects between brand sensitivity and the type of CSR activity have different influences on the dependent variables. The results show that there are identical responses for all dependent variables for the reliability of a news release, attitude towards a firm, product attitude and purchase intention. In other words, regardless of the dependent variable, when the level of brand sensitivity is high, the results show a favorable response to charitable activity and cause-related marketing. However, when the level of brand sensitivity is low, the results show a positive response to voluntary activity, charitable activity and cause-related marketing.

The results of this study have the following managerial implications. Consumers with stronger preliminary emotions towards a brand evaluated charitable activity as the most genuine CSR activity. A firm's charitable activity is composed of a large donation over a short period of time and it is abstract and not long-term. In practice, because a firm's charitable activity is the type of CSR activity that can be confirmed and experienced by consumers, it is evaluated positively. Cause-related marketing is the CSR activity that firms frequently use during their beginning stages. However, cause-related marketing does not mean that firms autonomously conduct social contributive activities. Since this type of CSR activity cannot occur unless consumers conduct certain behaviors, it is evaluated negatively. As consumers with high brand sensitivity have stereotypical brand scenarios, they have a negative perspective of CSR activities that are conducted through certain conditions or short-term voluntary activities. Particularly, a firm's voluntary activity can receive positive responses from consumers if it is conducted continuously for a long time, but not if it is conducted as a spontaneous event.

If consumers have low brand sensitivity, voluntary activity is the most favorable CSR type. This is opposite for consumers with high brand sensitivity and a charitable activity or cause-related marketing should be utilized. Since consumers with low brand sensitivity understand certain issues, they evaluated the voluntary activity, rather than the charitable activity or cause-related marketing, as the most genuine CSR activity.

There are a variety of CSR activities that ultimately contribute to achieving a firm's objectives. As corporate citizens, firms must fulfill their public responsibilities. A CSR activity can have negative effects if used as a means to simply maximize profits. Furthermore, firms cannot be evaluated by consumers through the CSR activity alone. Hence, a specific type of CSR activity could be effective, but could cause a serious problem if consumers evaluate it as a careless event. In particular, firms must strategically approach CSR activities by analyzing consumer prejudices, preliminary emotions and their emotional state towards the brand in great detail.

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