

# CONSUMERS' PERCEPTION OF CORPORATE SOCIAL RESPONSIBILITY THE EXAMPLE OF ECO-DESIGN

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Consumers' Perception of CSR

**Abstract** 

English:

Companies' involvement in Corporate Social Responsibility has become stronger through the

past decades. This rising interest comes from the interest a business has to implement CSR

policies, impacting different areas of its activities. Consumers should also be strongly involved

in the process, to ensure the success of such a policy.

To understand consumers' perceptions towards CSR, this paper covers CSR as a whole and a

specific application example of it: eco-designed products. After an extensive literature review

and an exploratory investigation made through indirect observations, we argue first, that CSR

is a really well-known concept while eco-design remains less unfamiliar to most consumers and

second, that CSR and eco-design help build consumers' trust and thus a good brand image, even

though this does not always translate into purchase intention. Based on the literature review and

survey, we explored the correlation between consumers' behaviors towards CSR and towards

eco-design, by describing their perceptions when it comes to each of these concepts.

Keywords: Corporate Social Responsibility, Marketing, Fair Trade, Ecological

JEL Classification: M310, Q560

Portuguese:

O envolvimento das empresas em Responsabilidade Social Corporativa tem se tornado mais

forte nas últimas décadas. Este crescente interesse vem da vontade que uma empresa tem de

implementar políticas de RSC, impactando diferentes áreas das suas atividades.

Além disso, os consumidores também devem estar fortemente envolvidos no processo para

garantir o sucesso dessa política. Para compreender as percepções dos consumidores no sentido

de RSC, este artigo aborda a RSC como um todo e como um exemplo específico de aplicação:

produtos eco-projetados.

Após uma revisão bibliográfica extensa, e uma investigação exploratória feita através de

observações indiretas, discutimos, em primeiro lugar, que RSC é um conceito realmente muito

conhecido, enquanto eco-design permanece menos familiar para a maioria dos consumidores.

Em segundo, foi discutido que RSC e eco-design ajudam a construir a confiança dos

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consumidores e, portanto, uma boa imagem da marca, mesmo que isso nem sempre se traduza na intenção de compra.

Com base na revisão da literatura e da pesquisa, exploramos a correlação entre os comportamentos dos consumidores em relação à RSC e ao eco-design, descrevendo suas percepções quando se trata de cada um desses conceitos.



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#### I. Introduction

« By 2030, the world is projected to face a 40% global water deficit under the business-asusual scenario. »<sup>1</sup>

In his 2015 Water Report, the United Nations alarmed the international community about the potential lack of water in the next coming years. This type of concerns has grown immensely through the past thirty years. Society has slowly come to realize resources were finite. To face this issue, a new way of managing organizations, more respectful to the environment and human beings has emerged: Corporate Social Responsibility (CSR). While companies are slowly shifting to this new managerial mode, it will only be efficient if consumers understand and accept the new concept. The goal of this study is to understand consumers' perceptions of CSR, using a concrete example: the eco-design.

To do so, we studied the existing literature about the two concepts. To explore more precisely these concepts, an investigation was made through a questionnaire, aiming to understands consumers' response to CSR and eco-design.

In order to understand the concept of CSR, the first part of this paper focuses on the roots of CSR chronologically, from the first CSR theories (Bowen, 1953; Freeman, 1984) to the main reports from the United Nations, giving a legal frame to the concept. Yet, going further than the legal frame only, the discussion moves on to the effects of CSR on companies, using the frameword defined by Meaux and Jounot (2014), of economic, internal marketing and external marketing point of views. In this way, we explain the potential advantages a firm has to change its daily operations to implement a strong CSR policy. In the following part, the focus is made on consumers' perceptions of CSR through the concept of brand image (He and Lai, 2012) and purchase intention (Khojastehpour and Johns, 2014). As mentioned before, a CSR policy can be only be efficient if the company succeed in finding support through their consumers and society in general. Finally, in order to illustrate the concept of CSR and introduce a concrete way to apply it within a company, we explain the idea of eco-design, with some examples

<sup>&</sup>lt;sup>1</sup> The United Nations (2015). Water for a Sustainable World. The United Nations World Water Development Report 2015. [online] Paris, p.11. Available at: http://unesdoc.unesco.org/images/0023/002318/231823E.pdf [Accessed 6 Sep. 2017].



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(Pense-Lheritier, 2013; Cimatti et al, 2017) and an exploratory study of consumers' response to both CSR and eco-designed products. By doing so, we intent to understand what the consumers' responses to CSR and eco-design are.



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#### II. Literature Review

In this first part, we tried to understand the founding principles of the Corporate Social Responsibility as well as the main benefits companies can find in implementing a CSR policy. Firstly, we studied the origins of that concept and its evolution through time but also the influence of the International Community in the development of that idea worldwide. We took a closer look to the ground basis companies use to implement a CSR policy. The second part was fully dedicated to the different areas of a business unit influenced by CSR with a focus on the economic side, the human resources management (marketing towards employees) and the external marketing.

#### 1. Origins, History and Definition of the Corporate Social Responsibility

#### 1.1 Historical Origins of Corporate Social Responsibility

The concept of CSR or Corporate Social Responsibility (CSR) is not new, even though its development has been fast those last few years. In the United States of America, in the late 1920's, the idea that companies had a social role to play slowly appeared. According to Edwin M. Dodd, law professor at Harvard University a company has a social goal as well as an economic function, which is making benefits (de la Chauvinière, 2013). The author uses the example of Owen Young, CEO of General Electric who considers he has a certain responsibility towards his employees, shareholders, clients and the society in general.

However, Howard R. Bowen and his book "Social Responsibilities of the Businessman" launched the modern era of significant researches on the topic, leading to a new CSR model. His work expresses how leaders should make decisions and how they should give orientations to their companies by being respectful of their environment and their community. But it should not be considered at a personal level only, leaders should also use their position and influence to make society aware of the issues they are going through and how to face them in the most responsible way possible (Bowen, 1953).

In 1970, Milton Friedman, an American economist who received the Nobel Memorial Prize in Economic Sciences, gives a complete different vision of the companies' responsibility by writing "There is one and only one social responsibility of business -- to use its resources and



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engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." (Friedman, 1970). To Friedman, businesses' only purpose was to increase its profits. The creation of value only resided in the capacity of the company to raise its size in terms of financial results.

Friedman's theory was discredited when environmental disasters caused by industries started appearing such as the accident in Seveso (Italy) in 1976, the sinking of the oil tanker Amoco Cadiz off the coast of France in 1978 or finally the explosion of the nuclear power plant in Chernobyl in 1987. Those accidents helped showing what can be called the "unknown costs" of a company. Those unknown costs represent the charges the community and the governmental organizations need to bear, even though the benefit of it goes to private companies (Kapp, 1952).

In the meantime, the idea of stakeholders, first broached in 1963 in a memo from the Stanford Research Institute, is made public in 1984 (Freeman, 1984). The Stakeholder Theory implies that each actor of the business scheme is to be treated equally. Different kinds of approaches have been developed concerning that theory. The most used one states that "A person, group or organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies." (Post, Preston, Sachs, 2002, p. 18). As the authors continue:

"Not all stakeholders are equal. A company's customers are entitled to fair trading practices but they are not entitled to the same consideration as the company's employees. The stakeholders in a corporation are the individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and that are therefore its potential beneficiaries and/or risk bearers." (Post and Preston, 2002, p. 19)

The different stakeholders detailed by Post and Preston are presented in Figure 1.



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Figure 1. The Corporation and Its Stakeholders (Post, Preston and Sachs, 2002, p.52)

#### 1.2 The role of the International Community

In 1972, the report called "The Limits to Growth" gave a simulation of an exponential growth of the world population and its economy with a finite amount of natural resources (Meadows and Club of Rome, 1972). That study, also called "Meadows Report" showed how economic growth threatened the world balance: knowing that the amount of energetic resources are limited, the development as we know it can only be sustained by those resources for a short time. This report launched a new idea, which was then used by the partisans of Corporate Social Responsibility: the economic wealth of the world should be divided so it would cover the fundamental needs of every human being. Moreover, technologic progress would allow fighting pollution, and improving the population's health (Meadows and Club of Rome, 1972).

In 1983, the United Nations created the World Commission on Environment and Development more commonly known as the Brundtland Commission. The aim of this new organization was to create an international community identifying sustainability problems and set sustainable goals. The idea behind this was to raise awareness about the issues found and suggested the implementation of solutions. In 1987, the Brundtland Commission published "Our Common"



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Future" known as the Commission main report.<sup>2</sup> That report strongly influenced the decisions made during the Earth Summit in Rio de Janeiro, Brazil in 1992 and during the third UN Conference on Environment and Development in Johannesburg, South Africa in 2002.

But the Brundtland Commission is also credited for giving the most widespread definition of sustainability as follow:

"Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given;
- The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs."<sup>3</sup>

Following the publication of "Our Common Future" in 1987, the United Nations organized in 1992 in Rio de Janeiro the Earth Summit. Two of the most commonly used international reference documents in terms of CSR have come from that summit.

The first one is the Rio Declaration on Environment and Development, often shortened to Rio Declaration. That document redacted during the Conference incorporates 27 principles aiming to guide sustainable development around the world. The text confirmed the absolute necessity of a shared action by all the countries, and the integration of the environmental aspect in any type of economic growth.<sup>4</sup>

The second one, called Agenda 21 (21 being a reference to the 21<sup>st</sup> century), is a list of actions to be achieved during the 21<sup>st</sup> century. Signed by over 150 nations, it regroups 115 propositions aimed to lead the politicians regarding sustainable development. It is, nowadays, the most used tool in a CSR implementation process within a public infrastructure, such as a hospital for instance, or within a local community (city, state, etc.) (De la Chauvinière, 2013).

At the beginning of the 2000's, the international community realized the sustainable development could only be achieved if private and public sectors worked together. In that way,

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<sup>&</sup>lt;sup>2</sup> World Commission on Environment and Development,. (1987). *Our Common Future*. New York: Publishing Service, United Nations.

<sup>&</sup>lt;sup>3</sup> Ibid. p. 41

<sup>&</sup>lt;sup>4</sup> Rio Declaration on Environment and Development. (1992). In *Report of the United Nations Conference on Environment and Development*. Rio de Janeiro.



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the United Nations Global Compact appeared as a United Nations initiative to bring together businesses worldwide and encourage them to adopt sustainable and socially responsible policies. The United Nations Global Compact states 10 fundamental principles to sustainable development and CSR in different areas: human rights, labor, environment and anti-corruption. It is considered as the world's largest corporate initiative with 10.000 business participants and other stakeholders from over 145 countries.<sup>5</sup>

# 1.3 A facilitated implementation through founding principles and documents of references

According to what was exposed before, the CSR can be defined as a company's awareness of the consequences of its decisions on a social, economic and environmental level. These three parts are considered as the three pillars of the CSR. Even though the United Nations added the cultural aspect as the fourth pillar in 2002, companies mostly use the three former ones. According to Pasquero (2008), the CSR is based on a free interpretation of the CSR three-part work: economic, social and environmental. In that way, the companies may choose the nature of the sustainable actions and might even choose which point seems to be the most important according to their activities. As we have seen before, the idea of a sustainable development for the companies has been around for half a century and is now becoming one of the managerial models of reference.

In order to understand the interest in that model and its democratization, we can analyze it from four different perspectives: Moral, Preservation and Sustainability, Approbation and Reputation (Paone and Forterre, 2012). The first one is called the Moral Perspective. It implies that the company should act as responsible and respectful towards the community it's working in because its activities are only made possible thanks to the resources it is taking from its environment. The social result of its activities should not deteriorate, but improve the community well-being. The company is also to handle its relationships with the different stakeholders in a respectful way.

<sup>&</sup>lt;sup>5</sup> Unglobalcompact.org,. (2015) *United Nations Global Compact*. Retrieved 19 June 2017, from https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/



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The second perspective used to analyze the model is the Preservation and Sustainability perspective, meaning the company, if it wants to last, must take into account its "capital" to the next generation. This means companies need to somehow preserve the resources they are using in order to last in time.

Moreover, to understand this model, the Approbation perspective is also often used. Through this perspective it is expected that the company needs to obtain an agreement to operate whether it is clearly stated or implied, by the public institutions and the civil society. Without this agreement, a company cannot develop itself and its activities and assure its survival. The company has to adapt in advance to potential changes in the institutional context and even have an influence on those changes.

Finally, the Reputation perspective is also used, implying that companies protect and develop their reputation, in order to reinforce its legitimacy towards society and secure its future.

These different perspectives show the advantages expected and/or generated by a CSR policy. In our next part, we tried to understand what the how the International Institutions have addressed the issue of CSR and its implementation.

In this way, in order to frame the development of CSR, the different corporations and states can base their development on three reference sources. Those sources fall under soft law, which means the principles or recommendations given by those texts are not restrictive. However, the "Comply or explain" concept is prevailing in the implementation of CSR (De la Chauvinière, 2013). The aim is to push companies to auto regulate themselves on a voluntary basis.

The first source is the OECD Guidelines for Multinational Companies, first published in 1976 and then revised in 2002 and 2011. It focuses on the main axes of CSR: a) Employment and professional relationships; b) Health and safety at work; c) Information disclosure; d) Environment; e) Combating bribery; f) Consumer interests; g) Science and technology; h) Competition; i) Taxation.

Each signing country has an organization called National Contact Point who is responsible for the promotion of the Guidelines in its country.

The second source is called the ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work. This declaration, adopted in 1998, conveys the commitment of governments, employers' and workers' organization to respect basic human rights. Those rights that were before seen as governments' concern only are now considered as every organization's responsibility. The areas covered by this Declaration are the following the



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freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labors, an effective abolition of child labor and finally the elimination of discrimination in respect of employment and occupation.<sup>6</sup>

The last text that States and companies have been using to implement their CSR policy is quite recent. Called the "Protect, Respect, Remedy" Framework or the United Nations Guiding Principles on Business and Human Rights, this document was issued by the Human Rights Council at the United Nations in 2011. Composed by three pillars, the guide gives a clear outline of the foundational and operational principles to apply for each pillar (United Nations, 2012). The three pillars are:

- The State duty to protect human rights
- The corporate responsibility to respect human rights
- Access to remedy

This text encourages the States and corporations to be an active actor on these three pillars. The three guidelines above also help them to have clear objectives concerning their area of improvement.

When it comes to Corporate Social Responsibility, the perspectives and areas of improvement can sometimes seem quite vague. During the implementation of such a policy, the different actors can lean on the above principles in order to fix their priorities and objectives. However, it is important to note that a company expects a certain return on investment (ROI) while implementing CSR. This ROI can be witnessed through the reaction of consumers to a CSR policy or to the absence of such a policy.

According to different authors, Corporate Social Responsibility can represent four tools for companies. The first one is a symbolic tool used to attract sympathy (Ingalens, 2006). CSR is about the recognition by corporations of a society issue and their will to appease the relationship between society and themselves. Moreover, it can also be a politic tool which tends to conserve and optimize the collective well-being with a good management of the companies' costs. It helps influencing the relation of power between the community and firms. A company can also use CSR as an economic tool. In fact, the company may use CSR by anticipating, identifying and fixing the issues it might face in a near future and that could damage its activities and

<sup>&</sup>lt;sup>6</sup> Ilo.org. (2015). *ILO Declaration on Fundamental Principles and Rights at Work*. Retrieved 19 June 2017, from http://www.ilo.org/declaration/lang--en/index.htm



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consequently its turnover. Finally, it might also become a strategic tool in order to preserve companies' integrity by adapting its response to the critics (Paone and Forterre, 2012).

But all these tools could be grouped into two different categories: economic or marketing. The marketing category can be subdivided between human resources management (marketing towards employees) and external marketing.

In the next paragraphs, we defined the exact effects expected by a company for these two areas and how they then influenced the consumers' perception.

#### 2. Benefits of a CSR policy from businesses perspectives

Even though CSR can seem to be ethically the right thing to do, it involves different costs. Some companies need to find a benefit, whether it is short them or long term. Without understanding the company's perspective on CSR, it would not be possible to cease the consumers' perception of it.

Thus, after the insights given above on the founding principles, we focused our study on the economic and marketing areas of the company. For the marketing, the study was divided into two different types of marketing: externally marketing (directed towards the customers) and internal marketing (directed towards its internal stakeholders) (Saad, Hassan and Shya, 2015).

#### 2.1 On Economic area of the company

The main goal of any company is to create value. To do so, most companies aim to improve their financial results (Méaux, Jounot, 2014). In that way, the implementation of a Corporate Social Responsibility policy has to lead to better revenue. That is also why the economic pillar is one of the three pillars of sustainable development.

The consideration towards the different stakeholders can lead to many economic and financial advantages. (Mathieu et Reynaud, 2005). Whether it is towards the first circle of stakeholders (supply chain associates, clients, employees, etc.) or towards the second circle of stakeholders (community, financial firms, public infrastructures, etc.), the benefit of a sustainable and honest relationship might improve the quality of the exchange and benefit both parties (Luetkenhorst, 2004).

An improved relationship with a supplier could lead, for instance, to more interesting prices, or to a loyalty to the corporation (Ortiz-de-Urbina-Criado, Luis Ángel Guerras-Martín, Ángeles



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Montoro-Sánchez, 2014). Moreover, transparency with the tax authorities could prevent from paying a fine during a control. Consequently, we can conclude CSR could generate savings for a company (Princic., and Floyd, 2003).

Yet the relationship with the stakeholders is not the only source of savings. The attitude towards the workers can also have a positive impact on savings (Méaux and Jounat, 2014). If the employees' well-being is taken into account through a better safety at work, a policy against discrimination or even campaign of prevention about public health issues, their loyalty and motivation tend to be improved. In that way, it prevents from a big turnover. The money spent on trainings and the hiring costs are becoming more efficient. It helps creating savings from the Human Resources department (Méaux and Jounat, 2014). The environmental pillar of CSR might also lead to savings. By monitoring and limiting its energetic performance, a company is able to save up on its energy expenses (Berger-Douce, 2007).

Finally, since CSR implies a strong change in the company structure and type of management, firms adopting CSR learn how to be more flexible (Spence, 2007). In this way, the adoption of such a policy develops a better capacity to adapt to changes.

However, Corporate Social Responsibility has a cost and the tangible benefits might not be seen at short term. The costs a company might face while implementing CSR are both direct and indirect costs. The direct costs include what a firm has to spend for the implementation process. The indirect costs are multiple: a lack of efficiency in the production process due to change, lack of interest from the targeted audience but also disapproval of stockholders about how their investment is used (Gligor-Cimpoieru and Munteanu, 2015). That is why corporations also seek a marketing advantage for both internal and external marketing compared to their competitors.

#### 2.2 External Marketing

The marketing of the company mainly drags the enhancement of the economic performance. In this first part, we focused on the external marketing, that is to say the marketing directed towards its current and potential customers and which is often symbolized by the traditional marketing mix (Lings, 1999).

The implementation of a Corporate Social Responsibility policy within a company should be accompanied by a strong communication about it. By using CSR as a communication tool, the company hopes to improve its reputation. This reputation then plays an important role in the



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customers' decision process (de la Chauvinière, 2013). Studies have shown that, in developed countries where the market is saturated, companies need to present a competitive advantage not only about their products, but also concerning the company image. In addition, consumers are more and more sensitive to sustainable development issues. When facing different alternatives for the same product or service, the client takes the reputation of the companies concerned into consideration (Porter and Kramer, 2006). The improvement of reputation through the application of sustainable principles within corporations can play an important role in the marketing and increase sales.

But the reputation goes far beyond clients only. Firms' reputation is also really important to the stakeholders and to get society support. In order to survive and be sustainable, a company needs an implicit approval from society and its impact on the community on a social level and on the environment. CSR helps giving a good image on those two different points. Society more certainly accepts company's activities as useful and respectful of the environment. That consent permits an easier and faster development (De la Chauvinière, 2013). For instance, more and more big distributors such as Carrefour create special display for organic products. The idea behind it is to get socially accepted as responsible brands.

Finally, the attraction of new consumers can be also done through renewed competitiveness. As we have seen before, Corporate Social Responsibility leads to cost-savings. Thanks to those, companies might be able to offer their products or services to a more interesting price than the ones used by its competitors. A change of positioning on the market is reached providing companies with new tools to enter in new markets or to increase their market shares in a determined sector.

However, that change of positioning can also be done through a differentiation of the products. The company could use the higher quality of its products, induced by Corporate Social Responsibility in order to promote them (Méaux and Jounat, 2014). For instance, the French company Innocent, which sells juices and smoothies, is highly priced. However, their products are made with fruits only with neither additives nor conservatives. Consumers are ready to pay the extra price for a product they think of as natural.

Corporate Social Responsibility can highly influence on the reputation and consequently on the marketing and the sustainability of a company. Nonetheless, it is important to note that even if a strong communication is important to convey the marketing of the company, it should not be exaggerated or trying to hide unsustainable actions. That kind of behavior is called



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"Greenwashing" (Bazillier and Vauday, 2009). According to the Greenpeace website dedicated to Greenwashing, it can be defined as follows "the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service". The consequence of Greenwashing on consumers behaviors was revealed in a French survey in 2012 (IFOP-Observatoire Indépendant de la Publicité). More than 80% of the respondents stated CSR was an important criterion for the purchasing behaviors, but did not fully trust companies' communication and needed to look into their commitments to accept them (de la Chauvinière, 2013).

#### 2.3 Internal Marketing

As seen before, marketing should not only be directed to consumers (Saad, Hassan and Shya, 2015). Internal marketing was defined as the necessity to have customer-conscious and motivated personnel (Helman and Payne, 1995). As mentioned before, one of the most important groups of stakeholders of a company is the worker. Corporate Social Responsibility has a direct impact on their daily work life. To be efficient that plan should be also directed towards them. Then it creates certain positive consequences. Among those measures, we can note the promotion of trainings, a better management of the work-related risks but also a prevention system concerning health issues and finally more respect to the employees' work (Spence, 2007)

Each company sets up a different social plan depending on its activities and the needs encountered by its workers. However, the consequences are most likely similar whatever the plan is.

The first major consequence is noticed in employees' attitude. Feeling like they are actually considered as a major player in the operation of the firm leads to an increased motivation from their side (Lee, Park and Lee, 2013). That motivation can be a source of savings through more loyalty. Being more loyal to their employer prevents workers from leaving as soon as they find a new opportunity. A smallest worker turnover permits an investment in training with an interesting return (Luetkenhorst, 2004). Moreover, loyalty to the company leads to a decrease of absenteeism, which then leads to a better productivity (Cascio, 2006).

The second main consequence is related to low turnover. By applying a sustainable development procedure, the company has a long-term vision of its business. Qualified



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employees are valued in that process, which is why innovation and apprenticeship are promoted (Bos-Brouwers, 2009).

Finally, the improvement of risks management is another way to increase productivity. By preventing the accidents, the risk of facing them decreases and permits a better efficiency in the production process. (Spence, 2007).

In that way, as shown in Table 1, we can conclude that most of the consequences are related to the economic area, even if it also involves marketing.

	Generate savings	
Economic reason	Easier access to new resources	
Economic reason	Develop a better capacity to adapt to changes	
	Improve the relationships with the different suppliers	
	Improve companies' reputation	
External Marketing	Improve relationships with stakeholders and society support	
Date in it is in it.	Attracts consumers	
	Improve competitiveness and positioning on the market	
	Increase motivation, loyalty of the employees, decrease absenteeism, and facilitate the hiring process	
<b>External Marketing</b>	Promote innovation and apprenticeship	
	Improve risks management	

Table 1. Consequences of a CSR policy within a company by area (Méaux and Jounat, 2014)



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Even though many studies have been conducted on the economic performance of companies concurring with CSR compared to ones with no implementation of this type of policy (Balabanis, Phillips and Lyall, 1998; Belu and Manescu, 2013; Blajer-Gołębiewska, 2014), it has never been possible to assert a scientific correlation existed between CSR and financial and economic results. However, what did come out of those studies is a strong statistic correlation between the two factors.

Moreover, a study published by Harvard Business School in 2011, Robert Eccles, George Serafeim (from Harvard Business School), accompanied by Ioannis Ioannou (from London Business School)<sup>7</sup>, compared over 90 firms strongly committed to sustainable development process to 90 companies seen as "weakly sustainable". The follow up between the two groups' financial performances during a period of time lasting from 1992 to 2010 demonstrates a better performance for "sustainable" companies.

This study explains the performance showed by different characteristics specific to sustainable companies. On the one hand, the authors as well as others (Zollinger, 2009), showed that, for responsible companies, stakeholders' needs and expectations are taken into account which helps leading to a better performance. Moreover, this performance is led by a management system through indicators. It is then easier to detect and correct an issue, avoiding performance loss (Chen, 2009). On the other hand, the long-term vision and commitment responsible companies are to set up is a strong help to their performance even for short-term (Székely and Knirsch, 2005). In that way, the communication towards stakeholders, for both the inner and outside circles is responsible and help maintaining a strong relationship, always favorable to a good performance (de la Chauvinière, 2013).

Yet, as discussed before, the consumer's point of view is the foundation of any positive consequences the company might get from the implementation of a CSR policy. In addition, the image a firm wishes to send is very often different than what the consumers actually feel and understand.

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http://www.hbs.edu/faculty/Publication%20Files/SSRN-id1964011\_6791edac-7daa-4603-a220-4a0c6c7a3f7a.pdf



Consumers' Perception of CSR

#### 3. Consumers Global Perception of Companies' CSR Policies

As one of the primary stakeholders, the interest of consumers in the CSR implementation process is highly important for the sustainability of such a policy. However, consumers and clients cannot be considered on the same level as other primary stakeholders. Their perception and interest in CSR might lead to a significant change in terms of economic results, in one way or another.

In this part, we took a closer look at the different levels of influence a consumer can have on a company and its Corporate Social Responsibility program. We then tried to understand what the main aspects consumers are interested in are and how they can be combined to lead to a highly performant and responsible company.

The focus is then put on one of the tangible evidences a company can give of its green and ethical policy with the example of eco-design. As discussed above, companies implement CSR in order to see a long-term benefit. This benefit appears through its consumers and their reaction to companies' policies. The only way for a company to spread the word about its responsible actions is through communication. The first part is dedicated to the importance of branding for consumers' perceptions. Finally, it was interesting to see how consumers are very aware of greenwashing and what tools they use in order to determine whether the company is honest or not about their behaviors.

#### 3.1 CSR Effects on Brand Image

In order for a company to be sustainable, its economic result is essential, and its customer base seems to be the reason-to-be for it. For a company to be successful, its brand image has to be strong enough so its clients trust it. According to He and Lai (2012), brand image can be defined as the perception in consumers' minds of a brand's characteristics whether they are concrete or imaginary, shortcomings or qualities. In order to ensure they have a good brand image, most brands use communication and advertising all related to a consistent theme, that is to say, brands find one effective communication theme and stick to it. Translated into CSR, it means companies should find one specific theme (preservation of the water, wellbeing of employees, etc.) and stick to it throughout their different mean of communication.

Moreover, studies have shown that a company brand image relies mostly on the corporate credibility (e.g. Kim, Lee and Kim, 2016; Jahanzeb, Fatima and Mohsin Butt, 2013; Ulke and



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Schons, 2016; Inoue and Kent, 2012). This aspect of a company includes features such as the company's global reputation as well as its social and environmental contribution. In that way, Corporate Social Responsibility seems to be a major part of corporate credibility, thus decisive in consumers' perception of a brand.

According to Sweeney and Soutar (2001), there are two different types of brand images included in corporate credibility. On the one hand, companies have a functional image. That is to say a brand's functional image gathers all the intrinsic features of a products. On the other hand, the symbolic Image is based on the Maslow pyramid. With this image, consumers try to understand if the product and the company could satisfy the penultimate step of the needs pyramid: the self-esteem needs.

The implementation of CSR within a company builds trust with its customers in two different ways (Swaen and Chumpitaz, 2008). On the one hand, customers believe the company is completely able to fulfill the terms of the exchange and to offer the expected performance (functional image). On the other hand, customers feel like the company qualifies as upright since it seems honest and sincere towards society (symbolic image). However, most customers do not put the same importance in both type of images. The functional image is the minimum expected and the absence of ability to deliver the expected performance can prevent the purchase. That is why, we consider the symbolic image plays a strongest role in brand loyalty. Since customers are not preoccupied by the economic viability of a brand, their concern is higher on what they consider being an ethical and legal attitude (Castaldo et al, 2009). The perceived quality and customers trust prevailing over other product characteristics, companies need to pair their CSR policy with their brand image for a maximum effect.

Even though several studies have suggested CSR has a significant influence on purchase intention, brand choice and recommendations and even brand loyalty (Sen and Bhattacharya, 2006), the study conducted by He and Lai in 2012 has shown different levels of CSR influence differently the brand image. In this study, searchers have established that two aspects of CSR can influence very differently a brand image. While the corporate legal responsibility reinforces the functional image of the company, the corporate ethical responsibility of a company has more effect on the symbolic image of a company (He and Lai, 2012).

Yet, brand image and purchase intention are not always linked. A company might have an excellent image, being perceived as very ethical and green. However, its product features being



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similar or perceived as of lower quality than another brand, the brand image might not lead to an actual purchase (Khojastehpour and Johns, 2014).

In order to transform a good brand image into actual purchase, companies need to deliver a high perceived value to their customers. According to Ravald (1996), perceived value can be defined as the comparison between the benefits the consumer acknowledges he/she is earning in the transaction and the sacrifices monetary and non-monetary he/she sees as necessary for the exchange to be effective. Non-monetary sacrifices can include psychological costs which sometimes translates into the feeling of doing something harmful to society or the environment through the purchase.

In this way, products from companies applying a strong CSR policy can have several advantages over other products of the same category. The consumer feels the benefit perceived is higher than in a regular product and consequently the value perceived is higher than for a similar product from a « non-responsible » company (Ferreira, Avila, de Faria, 2010).

The creation of a strong CSR corporate culture may come along with additional costs that would endanger the company's sustainability. Yet, since the value perceived is higher, it seems quite easy to transfer part of the cost structure increase directly to the consumer. By appealing to their philanthropic side, firms are able to increase the price of their product (Peixoto, 2004). However, as noted by Mohr and Webb (2001), the social action the company has put in place only works if the customer has a personal interest in the different responsible actions the company is supporting. In that way, it needs to carefully chosen its causes in order to answer their customer base's desires to feel good about a purchase. The products should be seen as involving a strong emotional benefit, a source of happiness derived from the action of doing good things to others.

One of the best way for the customers to find a social action related to their personal needs is to hear it from someone they can relate to. This person is often an employee. In this way, human resources management is not only important to keep talents and increase productivity as we have seen before, but also to spread a good brand image that is followed by many (Erkmen and Hancer, 2015).

A good management of human resources leads to satisfied employees. They then become brand ambassadors at work, but also outside. This situation, called extra role branding can be defined as the word of mouth staff members can spread to their local community about the benefit of their companies' products. These extra-role branding efforts can be explained by a



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psychological state that appears when workers have confidence in their exchange partner's (their employer) reliability (Kimpakorn and Tocquer, 2010).

This phenomenon reinforces brand image through brand citizenship. Brand citizenship is an overall structure including a behavior from the employees aiming to strengthen the, previously discussed, brand image (Verma and Dhar, 2015). These behaviors are completely, being outside of the determined duties (Porricelli, 2013).

Brand image and perceived value are essential for a firm as consumers are becoming more and more informed and interested about companies' sustainable behaviors.

#### 3.2 Consumers' feelings on CSR communication and marketing

Throughout times, the number of ads and all types of marketing has been increasing, creating with customers a feeling of suspicion towards anything companies are communicating. This attitude has been theorized by Forehand and Grier in 2003 as the dispositional skepticism. This behavior is defined as a global tendency from the customer to doubt the credibility of other people's (including corporations) motives (Forehand and Grier, 2003). This global skepticism has spread among the population and CSR is one of the most doubted topic of all. As of today, in the western world, about three fifth of the global population feel that way (Pernin and Petitpretre, 2012), whether it is about the social actions of a company, but also about its environmental positive involvements. Moreover, recent ecological scandals, such as Volkswagen cheating on the pollution test results of its newest cars only increases consumer's skepticism and suspicion. Such behaviors only lead to a generalized feeling of suspicion about any green claims coming from any industries. Thus, companies need to convince their clients, as well as society in general, of the veracity of its actions, and avoid at all costs greenwashing. The efficiency of a CSR policy in terms of marketing and economic results only comes in the perception of its customers.

As mentioned before, greenwashing is a gap between the communication and marketing made around business' green, social and ethical implications and the reality of its actions. For instance, a company publishing on different media environmental promises without ever living up to it (Vos, 2009), is automatically considered as a greenwasher. Another research also defines greenwashing as disloyalty towards a company's customers and society by providing



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public with wrong information to either shape or even repair the firm's current reputation (Laufer, 2003).

This type of misleading positive perceptions from the consumers' side can lead to dramatic consequences for a firm. These consequences can be, for instance, the loss of trust leading to a bad brand image, but also more damaging with important consumer' protests. The last step of such negative reactions is voluntary or involuntary boycott of firms' products, highly decreasing the company's performance (Polonsky and Rosenberger, 2001).

Consumers generally consider two types of motives for a company's will to implement a CSR policy. On the one hand, there are the society-serving motives. These are considered as completely altruistic, with the only purpose to serve society and the collective interest. On the other hand, firm-serving motives are seen as a way for a company to increase its own benefits (Forehand and Grier, 2003). By default, customers tend to assume any responsible actions are firm-serving motives only for good publicity and pleasing customer. This concept of corporate hypocrisy refers to the global belief through the population that a business claims to be something that it is not (Wagner et al, 2009). The main goal of such a strategy is to fool customers into thinking they are participating to an altruistic action that satisfies their self-esteem needs.

However, not all companies are facing the same issues and they need to choose the right causes in order to avoid this kind of skepticism. A CSR policy has much more impact if it does not appear to be a conflict with the company's core business. For instance, a tobacco company supporting an anti-cancer foundation cannot be perceived as truthful. It would seem more interesting for this type of company to support environmental causes (de Vries, Terwel, Ellemers, 2003).

Even though the development of the internet and online communities might appear as a very important threat for companies, giving full access to CSR reports and other information about companies' actions to their consumers, it has also immensely helped some of them. According to different researchers (e.g. Champoux, Durgee and McGlynn, 2012; Sparks and Browning, 2010) some consumers use social media and online communities to complain and express their frustrations towards a certain product. A negative review is defined by one which expresses more criticisms and complaints than compliments (Kowalski, 1996). These complains need to be answered in order to avoid a bad reputation to appear and spread out. However, as previously discussed, customers naturally doubt any corporate communication, including answers from



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marketing teams to complains. That is exactly why online communities have become so important. Companies can rely on their consumer devotees. These loyal consumers consider the mentioned brand as an extension to their self-image (McAlexander, 2002). They do not accept any criticism directed towards their favorite companies and go to great extents to defend and refute complainers' arguments. These customer-to-customer interactions provide a stronger defense and help restore a positive brand image (Hassan and Casalo Ariño, 2015). Brands should realize the importance of these loyal customers by offering exclusive content on their fan pages on social media and taking a particular attention to their vision of the brand in order not to disappoint them.

However, companies cannot rely only on their consumer devotees. They should also design a communication that seems socially acceptable. According to de Vries, *et al.* (2003), the most efficient way for a company to market its responsible actions and CSR policy it to link it to economic motives. If the public understands what the company gains in implementing such a policy, it is more likely to accept the social and/or environmental benefit too. The incorporation of economic motives linked to CSR motives should be clearly stated in any type of corporate or product communication. These campaigns should clearly state the action of the company, its effect for itself and its effect for its environment. Customers need to feel like nothing is hidden from them.

In order to achieve both firm serving motives and society serving motives, they need to find ways to combine an economic performance, through for instance economy of scale or costs saving strategies caused by energy consumption reduction. In this way, eco-design and eco-conception have appeared to gather both motives and objectives and to be generally widely accepted by society.

#### 4. Eco-design

In order to go one step further in terms of CSR, more and more firms are adopting an eco-design or eco-conception attitude. To do so, the concept as well as its different applications was here defined. Then, the impact of eco-design on consumer's brand perception is studied.

The concept of eco-design could be defined in many different ways. However, it appears that one definition has become more consensual among scholars. According to Sakao (2003), the eco-design aims to reduce a product environmental impact throughout its life cycle. The four



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different steps of a product life-cycle are to be taken into account. A product life cycle starts with Procurement and the origin of the raw material, relationship with suppliers, etc. Then come the manufacturing time, including security of the plant, use of non-toxic products for the manufacturing, etc. The third step is the one consumers are more aware of: the product's use. It includes the safety of use for the consumer, the good's lifespan. Finally, the last step of a product lifecycle is the disposal, the ease to recycle the materials and products, but also the easy to find a disposal area. The eco-design also results from another concept called "circular economy".

Circular economy is defined as and economic and environmental frame where materials are preserved for as long as possible. To do so, companies intend to extend a product lifecycle either by making it more resistant or by looping it back in the system to be reused. In such a system, the notion of waste had disappeared: the main idea behind this concept is that products and materials are reused and cycled almost indefinitely (den Hollander, Bakker and Hultink, 2017). Both of these concepts are tightly linked when it comes to product development.

Since pollutants might come from the product itself and the pack or container, they both need to be addressed by an eco-design mindset.

Different strategies have been used throughout time to implement eco-design. The first strategy included simple indicators to assess the impact of design on recycling and disassembly procedures (Cerdan et al., 2009). However, this method only considered the end of the product lifecycle. Then, companies have tried to align eco-design decisions to customer feedback to create eco-efficiency (Chen, 2009). Unfortunately, some companies stated this method could not work on a long-term basis as they needed to be proactive about eco-design and could not wait for consumers' feedback to make the changes. Lately, the use of the Life-Cycle Assessment methodology seems to be the strategy most companies willing to use eco-design have opted for. This methodology helps assessing the environmental impacts and consumption associated with the existence of the products through their entire lifecycle (Cimatti et al., 2017). With the development of specialized LCA software, it has become a simple and very effective tool to help managers of all levels to make decisions about their products for more sustainability. The eco-design focuses on two aspects of Corporate Social Responsibility: the economic one and environmental one (Janin, 2000). The environmental one appears through the level of chemicals used for the products, control of energy consumption and treatment of the product at the end of its lifecycle. Yet, eco-design also brings an economic advantage to the



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company through the anticipation of the different costs leading to a reduction of these (Vercalsteren, 2001).

However, eco-design might give companies more benefits than just the reduction of costs. Even though, multiple types of resources are used, it results in a differentiation factor. Physical resources are extremely important to the implementation of an effective eco-design attitude. Production plants, but also storage areas, distribution network and recycling facilities are all part of the resources enlisted to make eco-design effective (Bundgaard, Mosgaard and Remmen, 2017). Moreover, intangible resources are the cornerstone of eco-design. In fact, the whole supply chain process is modified in order to fit the needs of the process. The logistic coordination between suppliers, producers, external services, distributors has to be included from the conception of the product to achieve the expected result (Boks, 2006).

But this involvement of different types of resources leads to a protection of the product. As Doz (1994) mentioned, a product's complexity is an obstacle to imitation. The more a company's productive capacities are complex the less likely its product is to be copied by a competitor. Moreover, in their latest research, Gherra (2005) tested different hypothesis about the inclusion of eco-design in the productive process. It appeared that not only does eco-design has a very positive impact on a firm's cost reduction but it also highly influences the global brand image. However, this result has to be shaded: companies always develop a product that match with their consumer base's expectations, even before they express it. In that way, the result seems obvious and should be balanced with new purchase intention result and not only brand image. Examples of eco-designed products can be found throughout all types of industries. One of the most famous example of eco-design is in architecture. New constructions include more and more features related to safety and energy consumption. By using specific types of materials for the structure of a building, it can be both really well isolated from the loss of energy and really safe for inhabitants' health. Architects are also taking into account different factors such as the orientation of the windows in order to limit the energy need.

However, eco-design has now reached all type of industries, allowing consumers to find it through their daily products.

Thus, the fashion industry is also slowly coming to more sustainable and eco-designed product. While the fast fashion trend has taken over the market for the past decades, a global awareness about these products is arising. Consumers are now more concerned about the origin of their clothes, but also the type of fabric used and how to reuse them. Some companies, such as



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Borbonese, an Italian luxury accessory brand has implemented a strong eco-design policy (Cimatti, et al., 2017). On the one hand the company has focused its effort on the product itself. By offering high quality product made out of natural fabric (leather, cotton, wool, etc.), this brand has differentiated itself, giving to its customers the feeling of doing something good through the purchase. On the other hand, this company has found a way to overcome one of the main criticism made to this industry. In fact, the fashion industry has been repeatedly accused of a waste and destruction of raw materials due to the excess of them (Cimatti, et al., 2017). Borbonese has found a way to reuse fabric offcuts by redesigning some products. Thus, the fashion industry is slowing adapting to offer sustainable product and getting a differentiation advantage.

Yet, even though the eco-design was at first only used by niche brands, using the eco-design to justify a high price, it is becoming popular among lower price brand. The cosmetic industry is a good example of it. It started with the growing concern from consumers about what kind of product composed their beauty product (Pense-Lheritier, 2013). To answer this, beauty companies have slowly adopted a « free of» policy. For instance, the absence of paraben and silicon component is very popular among customers (Hansen, Risborg and Steen, 2012). However, the eco-design thinking has gone one step further. Nowadays, some cosmetic companies do not always free their products of dangerous chemical for the human body, but also for the environment. For instance, more and more products are redesigned without sulfate or micro-plastic. These substances are extremely dangerous for the environment and highly polluting when mixed with water (Duis and Coors, 2016). Finally, as mentioned before, the product cannot be considered by itself and has to be in accordance with the pack. Cosmetic manufacturers have developed concentrated formula that is as efficient as normal formula. Thanks to this, plastic packs can be reduced for less waste (Pense-Lheritier, 2013). For the products that cannot be concentrated, many companies offer product refill in their stores (Pense-Lheritier, 2013).

As a conclusion of this part, the influence of CSR on consumers' behaviors has significantly evolved through the years. Moreover, companies have learned how to appeal to their customers' self-esteem by fulfilling their need to « do something good ». More and more consumers feel reassured by purchasing certain products. Even though some of them remain quite skeptical about the honesty of companies about their responsible actions, the access to more and more information can comfort them in their choices. In order to reassure their consumers and society



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in general, many companies have decided to include CSR at the very beginning of their product development process through the concept of eco-design. We have here seen the perception of eco-design from the businesses. The next part of this paper will focus on the consumers' perception and feeling towards CSR and eco-design, intending to explore their behavior towards eco-design in terms of brand image and purchase intention.



# Consumers' Perception of CSR

#### III. Methodology

While global perception of Corporate Social Responsibility has been previously addressed in this study, the focus was then put on the specific perception of consumers on eco-design products, its impact on the brand image and on purchase intention.

For this survey, a qualitative approach was used. A qualitative approach might be used when studying a decision-making process or a knowledge on a subject (Swanson, 2009). This research study has been made out of primary data. Since this subject is relatively new, it was difficult to find secondary data exploitable in this study. This primary data was collected with indirect observation. It means we have not observed the results directly but used a questionnaire respondents were responsible to fill in to get the information (Campenhoudt, Quivy and Marquet, 2013, p. 161). This method was used because it helped reach more respondents than a direct method which would have involved focusing on a small number of respondents to obtain consistent findings. The first part of the research is mainly descriptive, exposing the different findings the study has led to. In a second part, these findings will be discussed in the light of the theory.

After the literature review, it has been decided that all member of society in age of purchasing might be part of this survey. We considered that any consumer, no matter his age, social class or education would be able to relate to this subject. It was considered that excluding some part of the population would lead to a biased study. Yet, a focus on the French population was made so the survey was only conducted in France.

The collection of the primary data has been made with a 14 question questionnaire through an online survey platform named Survio. In order to get a global understanding of the respondents' knowledge and involvement in terms of eco-design products, the survey was divided into three different main parts, following the structure of the literature review. The first one is only about the global concept of CSR. The aim of this first part was to determine if the subject was familiar with this concept and if so, if they had been influenced by policy such as this one for their purchases. From then, the second part was about the level of awareness of respondents with eco-design. The third part aimed to characterize the sample in terms of age, gender and occupation. For this part, the result was to be linked with the occupation of the respondents as



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some of them might be working in environmentally responsible firm, which could slightly bias their answers.

As we have tried to keep respondents interested to our study, we have intended to keep the survey concise, involving them and being responsive to their different ideas for future ecodesigned innovation. A sample of sixty people from various social environment, age, and gender answered our survey was obtained to carry out this research after broadcasting it through professional social media.

Before filling out the survey, the respondents were informed about the aim of the study. This might have led to a bias. CSR currently being an important social topic, some respondents might have experienced a social-desirability bias by which they answered what they felt was socially acceptable and not what they actually thought (Boulan, 2015, p.58). To overcome this possible bias, the survey was built using very objective questions without any "correct" answer.

The main aim of this study was to explain and compare consumers' perceptions of CSR and of eco-design. To do so, we followed the structure of the literature review about CSR. The first step was to determine whether our sample was well aware of the concept of eco-design and its implications. Then, the respondents were inquired on their interest towards this concept and the products resulting. From there, they were asked if the brand image was influenced in anyway by their interest or lack of interest for this concept. Finally, as we have seen in the literature review, brand image and purchase habits might not always be related. The last part of the questionnaire then aimed to determine whether consumers have the same behavior towards eco-designed product or not.

As mentioned before, the study was only conducted in France. As a result, the questionnaire was written in French. Consequently, the questionnaire is available in Appendix in its original version. For a better understanding, the questionnaire is presented in English with its sources in Table 2.



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Questions in English	Sources / References	Comments			
CORPORATE SOCIAL RESPONSIBILITY					
Are you interested in « green » companies?	Rodrigues and Borges (2015)				
According to you, which of the CSR's following aspect is the most important?     A. Ecological aspect: Carbon impact reduction, use of materials that respect the environment etc.     B. Ethical aspect: Companies that are involved in local or international charity actions, sponsorship, etc.     C. Social aspect: Security at work, employees' well-being, management by kindness, use of healthy products for consumers, etc.	Gupta (2011), Roberts (1996)				
3. Why?	Gupta (2011), Roberts (1996)				
Do you usually buy products from a brand that is respectful to the environment?     Yes always     Yes if the price does not change     Sometimes for products I am not attached to     Never	Gupta (2011)				
	ECO-CONCEPTION				
5. Have you ever heard of eco-conception or eco-design?	Adapted from Rodrigues and Borges (2015)	Using the same structure as the authors used for CSR			
6. If so, which example(s) could you give?	Adapted from Rodrigues and Borges (2015)	Using the same structure as the authors used for CSR			
7. If you did not know about eco-conception, could you now think of products based on this principle?	-	Question asked to keep respondents interested and make the survey more dynamic			
<ul> <li>8. Do the following eco-designed products seem interesting or important?</li> <li>Smart buildings: Architects conceive buildings made out of environmentally respectful materials preventing from energy loss. The direct environment of the building is also use to optimize sun exposure for instance.</li> <li>Concentrated Cosmetic Product: Packed in smaller pack made with less plastic (fully recyclable), these products permit an efficient use with less substance than regular product.</li> <li>Washing Powder: Washing Powders are made out of natural components, good for the health and non-polluting for water.</li> <li>Eco-designed sofa: All material of the sofa are natural and extracted in Europe. To reduce transportation, the sofa is made in France and sold only in France. Finally the store offers a recycling service for its customers</li> </ul>	Pense-Lheritier (2013) Lamé, Leroy and Yannou (2017) Jo and Shin (2017)	Use of a Likert Scale			
Would you trust more a company that emphasizes on eco-designed products?	Adapted from Gupta (2011)	Using the same structure as the author used for CSR			
10. Would you be willing to change your purchase habits for an eco-designed product?	Adapted from Gupta (2011)	Using the same structure as the author used for CSR			
11. Would you buy an eco-designed product rather than a similar product for an equivalent price?	Adapted from Gupta (2011)				
QUALIFICATION OF RESPONDENTS					
12. Are you a man / a woman?	-				
<ul> <li>13. How old are you?</li> <li>15 - 29 years old</li> <li>30 - 44 years old</li> <li>45 - 59 years old</li> <li>60 - 74 years old</li> <li>75 years old and more</li> </ul>	-				
14. Are you:  Self-employed  Middle managers & Executives  Working class  Students  Retired  Other	-	28			



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#### Table 2: Survey, References and Comments

The following text was posted as an introduction to the questionnaire: "The information collected through this questionnaire remains strictly anonymous. I would like to thank you in advance for your time and contribution to this project. Within the framework of my Master in Management, I am writing an essay on the perception of Corporate Social Responsibility by consumers using the frame of eco-design."

#### IV. Findings and Discussion

In a fast changing world such as ours, companies need to always be adapting to their environment and customers' expectations. However, as we have seen before, one of the main pillars of Corporate Social Responsibility is the economic side. In that way, a strong CSR policy cannot be implemented if not accepted, or even supported by its consumers.

Before starting the analysis of this questionnaire, it is important to describe the sample used. Respondents were only asked three questions about themselves: their gender, age class and socio-professional category.

We managed to keep a diverse sample in terms of age and socio-professional category. As shown in Table 3, our sample followed the distribution of the French population in terms of gender repartition. According to the national Institute of Statistics for Economic Studies in France (INSEE), French population was, on January 1<sup>st</sup> 2017, composed of 52% of females and 48% of males. Moreover, in terms of age class, as illustrated in Table 4, the proportion is quite representative of the total French population. The only major difference can be noticed in senior age classes. This difference might be explained by the mode of investigation: an online questionnaire. We can assume younger age classes would be more inclined to participate to an online survey than senior age classes for who the use of the internet is less important. Finally, as shown in Table 5, the proportion of students answering the survey is higher than it actually is in the population. Currently in France, about 3,5% of the population is a student. After analysis of the result, it seems like this difference did not have a strong impact on the result.

<sup>9</sup> Ministère de l'Enseignement Supérieur et de la Recherche (2016). Note d'information : Les effectifs d'étudiants dans le supérieur en 2015-2016 en forte progression, notamment à l'université. Paris.

<sup>&</sup>lt;sup>8</sup> https://www.insee.fr/fr/statistiques/1892086?sommaire=1912926



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Male	Female
48%	52%

Table 3: Gender of the Respondents

Age	Percentage	Percentage in the French Population <sup>10</sup>
15 to 29 yo	35 %	21 %
30 to 44 yo	22 %	22 %
45 to 59 yo	25 %	24 %
60 to 74 yo	13 %	20 %
75 yo and more	3 %	12 %

Table 4: Age Class of the Respondents

Socio-Professional Category	Percentage
Self-employed	13 %

https://www.insee.fr/fr/statistiques/1892086?sommaire=1912926



Middle managers and Executives	26 %
Working class	21 %
Students	23 %
Retired	12 %
Other	5 %

Table 5: Occupation of the Respondents



## 1. Awareness about Corporate Social Responsibility

The starting axiom of our study was that it would be easier for a company to implement environmental and social changes linked to CSR if their consumers were already aware about this new way of doing business.

For the first question, it was decided to mention neither the word « Corporate Social Responsibility » nor « Eco-Design ». Instead, only the term « green » was mentioned to qualify a company. The respondents were asked if they thought they were responsive to green companies. 78% of the respondents stated they were familiar with this type of product to a certain extent. It is important to note how the concept has spread out among the population while they really were in minority a couple of decades ago. However, this question was just an introduction as the adjective « green » is very vague and may be applied to many companies even though CSR is not strongly implemented and may not be applied to some companies strongly responsible.

Since the major part of our respondents were sensitive to « green » companies and the evolution has been clear, we can imagine, in the coming years, the 22% remaining are slowly made aware about this subject and me more responsive than they currently are.

After a brief description of what was, in this survey, called a « green company », all respondents were then asked what was the most important side of Corporate Social Responsibility to them and why. In order to help them in their choice, different examples were given for each item. Unlike what we had seen in the literature review, the ecological side was the most important for them, with 47% of respondents. We can assume the different ecological disasters society has witnessed over the past few years has a deep impact on which item they consider as their top priority. The majority of respondents explained the environmental issue had become very important in their own lives and they were expecting the company they purchase from to be as involved as they are. Moreover, some of them considered the problem as a global issue and stated they « refuse to see companies being selfish by considering only their own interest when the whole planet was in danger. »

Yet, the social aspect is still really well represented with 42% of the users considering it as a top priority. Unlike the reasons given for the environmental item, people more interested by the social aspect defended their point of view by explaining that the social side was more local.



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Their local community could benefit from this type of action. It was also explained by the respondents they could relate more easily to these issues as they were directly linked to something they could go through themselves. With this answers, we confirm also the importance for a brand of human resources management and brand ambassadors. The well-being of employees being at the center of the interest for more than one-third of the populations questioned, the role of brand ambassadors plays a major role in the diffusion of a good brand image. This interest in the social item of CSR was also explained by some respondents as the need to support certain communities. Many respondents mentioned Fair Trade as a very important aspect to them. According to a respondent « companies should respect the work of their suppliers and offer fair wages to those who work for them. »

Finally, 11% of the respondents only considered the « Ethical part » as important. Respondents qualifying the ethical part of CSR as the most important justified their choice by the idea that a company could do more with this matter than what they could do themselves. According to one of the respondent « The difference made by a company is much larger than what I could do myself as an individual. It is then important they get involved with all resources they can gather ». Moreover, a couple of the respondent stated they were more likely to purchase a product when it was linked to a non-profit organization. However, this lack of interest for the charity actions of a company could be explained through the global feeling of skepticism towards responsible action from consumers. Most people might consider giving away to charity programs as an action with very little involvement, not enough to build a strong brand image. The last question of the CSR part of the questionnaire asked the respondents if they were more likely to buy a product from a responsible company than from another company. The main goal of this question was to determine whether the good brand image caused by a strong CSR policy was automatically converted into purchase intention or not. The questions had four different answers:

- 1. Yes, always
- 2. Yes, if the price difference is not too important
- 3. Sometimes, for certain products I am not attached to
- 4. No, it does not matter to me

The result of this question seems to be in accordance with the different research. Only 8% of the respondents answered they would always buy a product from a responsible company. This proportion seems really low compared to the 78% of respondents stating they were concerned



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by the environment. However, the price factor we introduced in the second answer seemed really important to consumers as they were 47% to state they would buy a product from a green company if the price difference was not too important. As a result, we can note the price is the major factor influencing the transformation of a brand image into an actual purchase. In the commentary section, among those who answered « Yes, if the price difference is not too important », some of them explained it was also about their perception of the product. Even though a brand has a very strong image, they consider some products as not responsible, but only part of the global branding. In that way, they are very careful with what they buy, refusing to purchase a product for the global brand image and not for its specific attributes.

Yet, in the third question another purchase factor appears. 39% of the people replied they would sometimes buy certain products from responsible companies, as long as it was not products they were somehow attached to. The emotional bound to certain brands appear in this question. Changing for a more respectful product seems complicated for products people are used to purchase and which gives them a certain emotion. For some companies, the brand image is already so strong, they do not consider a responsible approach as necessary since their customers are so loyal. In the comments, the example was given of some food items that they consider as irreplaceable because of a big taste difference and even bigger change in their habits. As a conclusion to this first part of the survey, it is interesting to note that, as stated in the literature review, even though most people consider responsible companies as important, they are not ready to any extra cost - whether monetary or non-monetary - to purchase such a product.

## 2. Awareness and Interest about Eco-Design

The second part of the questionnaire focused on the concept of eco-design. In order to determine if our respondents had heard of the concept of eco-design and eco-conception. The question remained really vague on purpose. The main goal was to avoid giving respondents too many insights on the concept and its exact definition. The result was quite surprising compared to the interest expressed in the very first question of the questionnaire about « green companies ». While 78% answered they were interested in responsible companies, only 47% of the respondents stated they had heard about the concept of eco-design before. This difference in answers might reflect a lack of education about the action on the product itself while companies strongly communicate about their global policies.



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For the second question of this part, we asked respondents to name one eco-designed item they knew about. The main goal of this question was to determine if consumers had just briefly heard about eco-concept or if they were fully aware of the different implications. Among the 47% of consumers who stated they knew what eco-design was, only 66% were able to give a concrete example. Among the different example given, we had:

- Eco-designed buildings (21%)
- Organic food items (32%)
- Surf boards made out of recycled pallets (3%)
- Clothes made out of recycled fabric fibers (3%)
- Recharge for fine fragrances (7%)

Most respondents cannot name precise products but general concepts (eco-designed buildings and organic food). This reinforce the idea that eco-designed products remain quite unknown for the public.

In order to continue the survey, we then offered a simple definition of the concept eco-design for those who had not previously heard about it. The definition given by Sakao stating that the eco-design aims to reduce a product environmental impact throughout its life cycle, from its conception to its disposal and throughout its use time.

After this quick definition, we asked the respondents who stated they did not know the concept it they could name products that would fit the definition. Among the 53% who were not previously familiar with eco-design, 61% mentioned new products that had come to their minds thanks to the definition. The remaining 39% could not list any. Some of the products that were mentioned already appeared in the previous question answered by those who already knew what it was: eco-designed buildings were named in majority, followed by products that can be recharged in stores (especially food and cosmetics), but also detergents and organic plastic bags (made out of vegetal oils).

In the next question, respondents were presented with 4 different eco-designed products. They were asked to rate this product according to its level of interest and usefulness to them. The four items were described as follow:

• Smart buildings: Architects conceive buildings made out of environmentally respectful materials preventing from energy loss. The direct environment of the building is also use to optimize sun exposure for instance.



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- Concentrated Cosmetic Product: Packed in smaller pack made with less plastic (fully recyclable), these products permit an efficient use with less substance than regular product.
- Washing Powder: Washing Powders are made out of natural components, good for the health and non-polluting for water.
- Eco-designed sofa: All materials of the sofa are natural and extracted in Europe. To reduce transportation, the sofa is made in France and sold only in France. Finally, the store offers a recycling service for its customers.

Respondents had to grade their level of interest for each of the product on a scale from 1 to 5, 1 being « not interested at all » and 5 « extremely interested ». The two items that were the most highly rated were smart buildings (3.9/5 on average) and the concentrated cosmetic product with an average of 3.6/5. It might seem like the consumers see a personal advantage in those two products. For the smart buildings, they see a lower energy consumption and then lower bills for the buyer. For cosmetic product, consumer might see the interest of having a smaller pack and using less product as economically interesting to them. When it comes to items that do not bring them any special benefit other than helping to preserve the environment, the average interest is far lower. While the washing powder get an average of 2.6/5, the sofa only gets a 2.1/5. People might not consider a sofa as something harmful to the environment. In that way, consumers might not see the point of buying such a product, thinking only in terms of use and not in terms of full lifecycle. This point confirms the lack of knowledge about eco-design previously noticed. Consumers do not realize the concept is about being environmentally respectful during the four life stages. They tend to only understand the use of such products during the time they possess them.

After explaining the concept of eco-design and illustrating it with different examples, the questionnaire intended to test consumers on both brand image and purchase intention, the same way it was done for Corporate Social Responsibility globally.

The first question was about the trust consumers placed in companies promoting eco-product. The term « trust » was chosen as it only reflects the image of a company, and not necessarily the potential purchases. To do so, respondents had to choose on a scale from 1 to 4, 1 being « Strongly disagree » and 4 « Strongly agree »

The results got really close to the very first question of the survey with 72% of the respondents claiming they « strongly agreed » or « agreed » with the statement. This element is very



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interesting and should be better taken into consideration by companies when it comes to communication. Explaining their eco-design processes might lead to an improved brand image, on top of the good brand image already conveyed by CSR.

However, to confirm whether this good brand image was easily turned into purchase intention, we asked respondents if they were ready to change their purchase habits in favor of ecodesigned products. The same way we noticed the transition between brand image and purchase habit was difficult when CSR was only observed, eco-design is not a determinant factor in the buying process. Only 45% of the respondents stated they were willing to change their consumption habits. The gap between those who are interested and those who intend to buy is even bigger than when we mentioned CSR only.

In order to understand where this gap was coming from, we finally tested the price sensitivity of consumers to eco-designed product. The respondents were asked if they would favor an eco-designed product if the price remains the same as regular product. For this question, the result was obvious. 67% of the respondents answered they would choose an eco-product if the price remained the same. It means almost 22% of our respondents were afraid of the price of such products.

# 3. Conclusion from the Research Study

As a reminder, the concept of eco-design was studied the same way the Corporate Social Responsibility policies were previously studied in the literature review. We started by testing the global knowledge of the sample about CSR. We then continued with eco-design by testing the global knowledge, the interest and finally the influence on companies' images, trust and purchase intention.

After seeing the result of each question, we drew out different conclusions. In the first part of our survey, we confirmed the findings of other studies (Rodrigues and Borges, 2015; Swaen and Chumpitaz, 2008; Gupta, 2011) with a strong knowledge about CSR among our respondents. However, we then noticed the level of awareness about eco-design was very low. More than half of the sample stated they had never heard about the concept of eco-design. Furthermore, even among the ones who answered they knew about it, a third of them was not able to give a concrete example of an eco-designed product.



After a concise definition of the concept, we could conclude our respondents were globally interested in the concept of eco-design. This conclusion is in accordance with the global interest noticed in the literature review and in the first part of the questionnaire for the concept of CSR. However, the different level of interest depending on the type of products was unexpected. The conclusion drawn from this differences might come from the possible monetary and non-monetary interest consumers might get from these eco-designed products. We confirmed the strong interest in eco-designed products already shown by Pense-Lheritier in 2013. Furthermore, as noticed in the literature review (Mohr and Webb, 2001), consumers' personal interest is usually as important to them as the environmental and sustainable aspects of the product for Corporate Social Responsibility. The same concept of personal interest might be applied to eco-designed products.

The last part of the questionnaire aimed to understand how eco-design influenced on one hand brand image and on the other hand purchase intentions. The correlation between consumers' behaviors towards CSR and eco-design is, one more time, confirmed. 72% of our respondents said they would totally or quite trust a company developing eco-designed products. This trust is the emotional translation of a good brand image as explained in the literature review (Castaldo et al, 2009). However, as noticed for CSR, more than half of the sample, the respondents explained they were not ready to change their purchase habits to support eco-design, the result slightly changed when the price sensitivity became at stake. With the last question it appeared as obvious that most people considered eco-design as a source of extra costs for their products.

As a conclusion of this study, we can see a strong lack of education on eco-design. While Corporate Social Responsibility has now globally spread among the population, with a very positive response from consumers, eco-design remains quite unknown. Companies should most likely educate through communication about the benefit of the products, not only when used, but through its whole lifecycle. Moreover, as the price sensitivity remains the biggest issue for a company to invest in such a process, it is important to explain how the costs can actually be lowered through this process. Only then, when consumers will have understood how the product has to be considered through it whole existence and how it might be a source of cost reduction, companies will be able to market their eco-designed product. Consumers will be responsive and interested and the impact of eco-design on the economic result of the company will more important than it currently is.





## V. Conclusion

The main goal of this master thesis was to contribute to the understanding of consumers' perceptions of CSR and more specifically to study the correlation between public responses to CSR and eco-design.

The three different pillars of CSR have been highly implemented throughout different industries and corporations. Through different international regulations and personal wills, Corporate Social Responsibility is strongly represented on both environmental and social levels in companies. It seems to positively influence different areas of companies such as economic result, internal marketing and external marketing. A good consumer perception of these actions can lead to a strong brand image and global trust towards the company. Even though it does not always translate into new purchase intentions, it is a long-term process that might lead to a stronger economic performance. Yet, the marketing of CSR should be used carefully as some of these actions are often seen as communication tools by customers. The global skepticism about sustainable actions is a really important obstacle to the implementation of CSR. To overcome this issue, companies need to translate their policies into concrete actions consumers may understand and accept. Thus, the use of eco-design seems to be a concrete idea to prove the firm's will to become responsible. Yet, through our research, we noticed that the concept of eco-design was not really popular among the consumers, as very few people were aware of the results expected through this concept. The idea of a respectful product throughout it full lifecycle was not well-known, even though consumers were interested in it. Companies should accentuate their communication on eco-design in order to educate their consumers.

However, this study shows some limitations. First, this research was only conducted on French population. Western countries are more aware and interested in Corporate Social Responsibility. Thus, the research we have conducted should be expanded to other countries where this concept is not so well-known. It opens the field to other researches about precise examples of eco-designed products and their real influences on the environment but also on the perception of different populations worldwide. Second, the study conducted was only descriptive and not explanatory. Next researches should focus on the factors influencing consumers' behaviors and perceptions of eco-designed products. Finally, as mentioned earlier, the social desirability bias might have strongly influenced this study. Even though, the questions were asked without any value judgements, some respondents might have felt the need to reply



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what they thought was expected and not what they actually perceived. To avoid this bias, a research based on direct observations may lead to more accurate results.



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# VI. Appendix

#### **Questionnaire in French**

1. Êtes-vous sensible aux entreprises « vertes »?

#### YES / NO

- 2. Quels est pour vous les aspects de la RSE les plus importants d'un entreprise ?
  - 1. Aspect écologique : réduction impact carbone, utilisation de matériaux respectueux de l'environnement, etc.
  - 2. Aspect éthique : entreprise étant impliqué dans des actions caritatives locales ou internationales, mécénat, etc.
  - 3. Aspect social : Sécurité au travail, bien-être des employés, management par la bienveillance, utilisation de produit sain pour le consommateur, etc. 1
- 3. Pourquoi?
- 4. Êtes-vous généralement plus à même d'acheter des produits de marque respectueuses de l'environnement ?
  - Oui toujours
  - Oui, si le prix ne diffère pas
  - Parfois, pour des produits auxquels je ne suis pas attaché
  - Jamais
- 5. Avez-vous déjà entendu parler de l'éco-conception ou éco-design?
- 6. Si oui, quels exemples pouvez-vous en donner?
- 7. Si vous n'aviez pas connaissance des principes d'éco-conception, pouvez-vous maintenant penser à des produits basés sur ce principe ?
- 8. Ces produits éco-conçus vous semblent-ils intéressants et importants ?

# **ISCTE Business School**

## University Institute of Lisbon

## Consumers' Perception of CSR

- Bâtiments Intelligents : Les architectes conçoivent des bâtiments faits avec des matériaux respectueux de l'environnement empêchant les pertes d'énergie. L'environnement autour du bâtiment est également utilisé afin d'optimiser l'exposition par exemple.
- Produits de Beauté Concentrés : Présenté dans un plus petit packaging qu'habituellement fait avec moins de plastique (entièrement recyclable), ces produits permettent une utilisation efficace avec moins de liquide qu'un produit normal.
- Lessive : Ces lessives sont faites à partir de composants naturels, bons pour la santé mais aussi pour l'environnement.
- Canapé éco-conçu : Tous les matériaux de ce canapé sont naturels et extraits en France.
   Pour réduire le transport, ce canapé est fait en France et vendu seulement dans ce même pays. Enfin, les magasins offrent aussi un service de recyclage pour ses consommateurs.
- 9. Feriez-vous plus confiance à une entreprise mettant en avant des produits éco-conçus ?
- 10. Seriez-vous prêt à changer vos habitudes d'achat au profit d'un produit éco-conçu ?
- 11. Favoriseriez-vous un produit éco-conçu plutôt qu'un autre similaire à prix équivalent ?

## QUALIFICATION OF RESPONDENTS

- 12. Etes-vous un homme / une femme?
- 13. Age
  - 15 29 ans
  - 30 44 ans
  - 45 59 ans
  - 60 74 ans
  - 75 ans et plus

#### 14. Êtes-vous:

Indépendant



- Managers
- Employés ou Ouvriers
- Etudiants
- Retraités
- Autres