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Brand Equity Effects of Different Types of CSR

- A Quantitative Study of the Swedish Food Industry

Corporate social responsibility (CSR) is an area that has become increasingly important over the last decades, both for companies and for the research community. Recently, scholars have begun to argue that the way in which corporations implement and practice CSR influences its outcomes. However, there is a lack of understanding on how different types of CSR activities affect corporate brands.

The purpose of this master thesis is to investigate whether different types of CSR activities differ in their effects on customer-based brand equity, and whether corporate reputation mediates these effects. Based on a literature review, two action-based types of CSR, philanthropic CSR and strategic CSR, were included in this study. Philanthropic CSR involves the donation of money to a societal cause, while strategic CSR refers to sustainability initiatives that support the core business activities of a firm. In a quantitative experiment, participants were exposed to different treatments where the two factors of CSR type and level of corporate reputation had been manipulated. A total of 1,324 responses were collected and the results were analysed through a two-way analysis of variance.

The results revealed that the branding effects differ between the two CSR types. Strategic CSR activities led to a significantly more positive level of brand equity than philanthropic CSR activities. There is no clear evidence as to whether corporate reputation mediates the branding effects. However, the study provides an indication that strategic CSR might be more effective for companies with a bad reputation while the two CSR types are equally effective for companies that enjoy a good reputation.

Keywords: Corporate social responsibility, philanthropic CSR, strategic CSR, corporate reputation, customer-based brand equity.

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1. Introduction

1.1 Background

Over the last decades business has increasingly been viewed as a major cause of social, environmental, and economic problems, and the perception that companies are prospering at the expense of society is widely disseminated (Kramer, 2011). As a result, the legitimacy of business has fallen to historically low levels (ibid.) and different stakeholder groups have become increasingly skilled at holding corporations responsible for the social and environmental consequences of their activities (Porter & Kramer, 2006). According to several scholars, a big part of the problem lies in companies' outdated approach to value creation. Companies strive to optimize short term financial performance, in large disregarding the social and environmental effects of their activities that will determine their long-term success. Such effects include the depletion of natural resources and reduction of biodiversity, changes to the climate of the earth, as well as economic distress in communities in which companies produce and sell their products (WWF, 2012).

As a response to the legitimacy crisis, corporate social responsibility (CSR) has risen steadily higher not only on corporate agendas (Midttun et al., 2006) but also as a topic of academic study (Wood, 1991). All over the globe, companies in different industries are embracing CSR to build trust, strong brands and a legitimacy to operate. Although the definitions of CSR differ, the general consensus is that CSR defines the duties of corporations towards societal stakeholders and the environment, and that it describes how managers should go about managing these duties (Halme & Laurila, 2009).

While some regard CSR activities simply as a cost, a constraint or a charitable deed, others argue that CSR can be a source of opportunities, innovation and competitive advantage (Porter & Kramer, 2006). Within the academic field of corporate social responsibility, a debate has taken place on whether or not there is a positive relationship between CSR and the financial performance of firms. Numerous studies have been conducted to determine the nature of the relationship and, although the results historically have been mixed, an increasing number of newer studies provide findings of a positive link between corporate responsibility and financial performance (see e.g. Waddock & Graves, 1997; Simpson & Kohers, 2002; Lankoski, 2009; Lev et al., 2010).

1.1.1 CSR is More Than a Monolith

Recently, scholars have begun to argue that the way in which corporations implement and practice CSR influences its outcomes (Barnett & Salomon, 2006; Halme & Laurila, 2009; Lankoski, 2009). The consensus is that since such varied activities as, for example, sponsoring, voluntarism, protection of human-rights, training and development, and the quality of environmental policies and systems can be included within the concept, it cannot be expected that all types of CSR will lead to the same financial outcome. However, there has not been much research into how the financial effects of CSR differ between different types of CSR activities. Instead, more fine-grained research is needed to establish in what ways, and under what circumstances, CSR has the most positive impact on corporate financial performance. Establishing this would not only have academic value; it would also be of practical importance for companies. Different stakeholder groups tend to make conflicting demands and managers have become increasingly pressured when it comes to distributing company resources while at the same time accounting for societal demands and needs (McWilliams & Siegel, 2001). An improved understanding of how company resources can be distributed to achieve the greatest results not only for the specific corporation, but also for society at large, would be highly valuable.

It can therefore be concluded that more in-depth research is needed to understand which types of CSR activities that have the greatest financial impact. Many studies indicate that brand equity is an important driver of financial performance (Aaker, 1991; Srivastava & Shocker, 1991; Keller, 1993; Gerzema et al., 2007), and from a consumer perspective it is therefore imperative to analyse how different types of CSR affect brand perceptions. Because of the link between the strength of a corporate brand and the corporation's financial performance, it also becomes interesting from a financial perspective to investigate if branding effects vary between different types of CSR activities.

According to previous research, CSR outcomes not only depend on the way in which CSR is implemented, but also on several other factors. Corporate reputation has been found to represent such a factor as it has a partially mediating effect on the relationship between CSR and brand performance (Lai et al., 2010). Thus, CSR and corporate reputation are interrelated and thereby it becomes both interesting and important to take corporate reputation into account when talking about different CSR initiatives.

1.2 Purpose

The aim of this thesis is to provide additional insights regarding the link between CSR and customer-based brand equity. This is important because brand equity has been found to directly affect both consumer behaviour and the financial performance of companies. Although some research about this link exists on a more general level, more fine-grained research is needed to understand the relationship between CSR and customer-based brand equity in more detail.

The purpose of our thesis is to investigate whether different types of CSR activities differ in their effects on customer-based brand equity, and whether corporate reputation mediates these effects. The purpose can be decomposed into the following research questions:

1. Is there a difference in the branding effects of different types of CSR?
2. Does corporate reputation influence the way in which different types of CSR affect customer-based brand equity?

1.3 Expected Contribution

By providing more fine-grained research on the relationship between CSR on the one hand and brand equity as well as financial performance on the other, our study will contribute to existing academic knowledge within the field of CSR. There is a lack of research and understanding regarding the effects of different types of CSR, and we hope to provide an initial understanding of how different types of CSR affect customer-based brand equity. Recent research suggests that different CSR types might lead to different outcomes, and through this study we can gain new insights regarding this matter and discover if this is an interesting area to investigate further. In addition to this, we will also provide knowledge as to whether the reputation of companies has a mediating role on the branding outcomes of different types of CSR. This is interesting, because it provides additional depth to our study and increases the practical relevance of our findings. By including corporate reputation, we will not only get an indication of the relative effects of different types of CSR, but also an understanding of whether these effects differ under different circumstances.

1.4 Delimitations

In order to fulfill the purpose, we have decided to make a number of delimitations that concretize and facilitate our investigations. First of all it should be noted that there are several ways to divide the construct of corporate social responsibility. We have chosen to focus on two different CSR types, philanthropic CSR and strategic CSR. These two types of CSR are common within the research literature in the CSR area, although some authors have used slightly different names and definitions for these two CSR types. Philanthropic CSR and strategic CSR thus constitute frequently found CSR types that are relevant to investigate from an academic perspective. Since these two types of CSR are action-based, an investigation of their branding effects is also practically useful for the business community. We also assume, based on recent research within the CSR field, that corporate social responsibility is positively related with the financial performance of firms. Therefore, our purpose is not to investigate whether the two types of CSR actually have positive effects on the financial performance or brands of a company. We merely investigate which of the two CSR types that is most effective from a customer-based brand equity perspective.

When looking at the branding effects of these two different types of corporate social responsibility, we have decided to focus solely on environmental CSR activities. This means that we will investigate the branding effects of environmental activities only, thus omitting social activities from our study. This makes our study and experimental design as concrete as possible. We also limit our investigation to one particular industry, the food industry. Focusing on one specific industry was important, since CSR outcomes have been found to be mediated by industry affiliation. We used two main criteria when choosing between different industries. First of all we wanted the industry to contain many brand names that are well-known among consumers, so that consumers already had well-established perceptions of the reputations of the companies included in our study. Secondly, we wanted to have as small effects as possible from different types of competitive positioning, meaning differences in brand image in terms of perceived exclusiveness and quality. The food industry fulfilled both these criteria in a satisfactory way.

A last delimitation is that we are looking at the brand response for one single stakeholder group, namely consumers. Stakeholder theory is a frequently used concept in relation to CSR, and the company can be seen as having a responsibility towards several different groups of stakeholders. However, since this thesis is limited in both time and scope, we have chosen to focus on one particular stakeholder group. Consumers, which also could be called the general public, is the largest stakeholder group. In addition, consumer attitudes are directly linked to corporate reputation, brand equity and the possibilities of a company to sell its products. It therefore makes sense to focus on consumers in this thesis.

1.5 Definitions

Corporate social responsibility (CSR): "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2001).

Philanthropic CSR: A type of CSR where a corporation voluntarily donates a portion of its resources to a societal cause (Ricks & Williams, 2005). Thus, philanthropic CSR "involves the redistribution of wealth from the company to other stakeholders" (Burke & Logsdon, 1996).

Strategic CSR: A type of CSR that "supports core business activities and thereby contributes to the firm's effectiveness in accomplishing its mission" (Halme & Laurila, 2009). Strategic CSR involves the creation of value from both a business and a societal perspective.

[Customer-based] Brand equity: "The differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 1993). In this thesis brand equity is used interchangeably with customer-based brand equity.

Brand attitude: Consumers' overall evaluation of a brand (Mitchell & Olson, 1981). Brand attitudes can be related to beliefs about both product-related attributes and symbolic benefits (Zeithaml, 1988; Rossiter & Percy, 1987). As such, brand attitude is an important constituent of brand equity from a consumer perspective.

Brand loyalty: "A deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing" (Oliver, 1999). Brand loyalty is considered to be an important outcome of customer-based brand equity.

Corporate reputation: "The long-term combination of outsiders' assessments about what the organization is, how well it meets its commitments and conforms to stakeholders' expectations, and how effectively its overall performance fits with its socio-political environment" (Brown & Logsdon, 1999).

Financial performance: The results of a firm's operations expressed in monetary terms.

Food industry: We have chosen to define the food industry as including all food and beverage brands present on the Swedish market.

Greenwashing: "Selective disclosure of positive information about a company's environmental or social performance, without full disclosure of negative information on these dimensions, so as to create an overly positive corporate image" (Lyon, 2011).

1.6 Thesis Outline

After this introductory part, the structure of our thesis is as follows. In *Part 2* we will outline theories and research relevant for our purpose and, since we use a deductive approach, generate hypotheses based on this previous research. The part contains an overview of research regarding different types of CSR, as well as explanations of key branding concepts and their linkage to brand equity and financial performance. *Part 3* describes the method we have employed for our work, and includes descriptions of our research design and data collection processes. The analysis and results of our experiment are described in *Part 4*, and *Part 5* contains a discussion of our findings, conclusions in relation to the purpose of the thesis, and an outline of managerial implications, limitations, and suggestions for future research.

2. Literature Review & Hypotheses Generation

This part contains an overview of the theories underlying our study as well as a generation of hypotheses in relation to these theories. It begins with an overview of the corporate social responsibility concept and the financial effects of CSR, followed by a description of CSR typologies in general as well as a deeper description of the distinction between philanthropic and strategic CSR. After that we describe the concepts of brand equity, brand attitude and brand loyalty, and provide an overview of research on the link between brand strength and the financial performance of firms. This part is then concluded with a review on how corporate reputation is related to CSR and brand equity.

2.1 Corporate Social Responsibility Defined

The concept of corporate social responsibility has been debated since the beginning of the second half of the twentieth century (Garriga & Melé, 2004). The field has grown significantly during the years and today it contains a great proliferation of theories, approaches and terminologies (ibid.). According to Halme & Laurila (2009), the overall consensus is that corporate responsibility on a general level "...*is a concept that not only defines the duties of business enterprises towards societal stakeholders and the natural environment, but also describes how managers should handle these duties*". Beyond this general level, however, the interpretations of corporate responsibility differ vastly (Halme & Laurila, 2009). Numerous definitions of corporate responsibility have been proposed, and since a clear definition is seldom given, theoretical development and measurement has been made difficult (McWilliams et al., 2006).

The concept of corporate social responsibility (CSR) has also evolved into a number of sister concepts: corporate responsibility, social issues management, stakeholder management, corporate accountability, corporate citizenship and corporate sustainability are just some of the terms used to describe the phenomena (Garriga & Melé, 2004). In addition, theories sometimes combine different approaches and use the same terminology with different meanings (ibid.). This problem has been present for a long time, and in the early 1970s Votaw (1972, p. 25) wrote:

> Corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in

> the ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large.

It has been argued that one reason as to why CSR is such a complex concept is that it relates business to society (Midttun et al., 2006), and since societies are different in terms of national, cultural and social contexts, conceptions about CSR differ as well (ibid.). Moreover, companies within a society continuously encounter conflicting demands from different stakeholder groups, such as customers, employees, suppliers, governments and shareholders (McWilliams & Siegel, 2001), making the concept increasingly complex and multifaceted.

In this thesis, we have chosen to define CSR in accordance with the definition of the European Commission (2001). The Commission defines CSR as "*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*". This definition was chosen for three reasons: (1) it implies a consideration of social, environmental and economic responsibilities; (2) it emphasises voluntary responsibilities that go beyond mandatory obligations; (3) it includes the important notion of stakeholders.

2.1.1 Financial Effects of CSR

As already mentioned the concept of CSR has been debated for a long time, and so has the relationship between a company's social initiatives and its financial performance (Margolis & Walsh, 2003). One group of scholars has been arguing that a firm engaging in CSR lowers its financial performance (Friedman, 1970; McWilliams & Siegel, 1997). The argument behind this line of reasoning is that any discretionary expenditure on social causes unnecessarily raises a firm's costs, thereby putting it at an economic disadvantage in a competitive market (Barnett & Salomon, 2006). In contrast to this belief, another group of scholars have been arguing that a firm's social performance enhances financial performance and creates benefits for different stakeholders. For example, a socially responsible behavior has been found to enhance a firm's ability to attract resources (Waddock & Graves, 1997), obtain quality employees (Greening & Turban, 2000), market its products and services (Fombrun,

1996) and create a competitive advantage (Porter & Van der Linde, 1995). Since the 1970s more than 100 quantitative empirical studies have been conducted with the aim of determining the relationship between corporate social responsibility and financial performance (Lankoski, 2009), but the results have been mixed (Margolis & Walsh, 2003; Lankoski, 2009).

Although some scholars state that the answer as to whether or not CSR is positively related to financial performance remains unknown, others state that the answer has been found and that the relationship is positive (van Beurden & Gössling, 2008). In 2008, van Beurden and Gössling performed a literature review on the issue and their conclusion was that there is clear empirical evidence for a positive correlation between CSR and financial performance. The authors state that societies have changed since the beginning of the CSR debate, and for the present-day Western society corporate responsibility pays off and people who state otherwise refer to out-dated research. This conclusion is supported by a renowned meta-analysis conducted by Orlitzky et al. (2003). The authors analyzed in total 52 studies which yielded a total sample size of 33,878 observations (Orlitzky et al., 2003). The meta-analytic findings show that corporate social responsibility pays off and that there is a positive correlation between CSR and financial performance ($\rho = 0.36$).

In general, an increasing number of newer studies provide findings of a positive link between corporate responsibility and financial performance (Waddock & Graves, 1997; Simpson & Kohers, 2002; Lankoski, 2009; Lev et al., 2010). The reason for the increased coherence in study results during recent years might be that, as argued by Porter and Kramer (2006), companies are increasingly being perceived as "prospering at the expense of the broader community." This fact has made the sustainability work of companies more important than ever, and could be a major reason for the consistency of recent findings with regard to demonstrating a positive relationship between CSR and financial performance.

Scholars have also begun to argue that the different ways of practicing corporate social responsibility influence its outcomes, and that a content-specific perspective needs to be considered (Rowley & Berman, 2000; Barnett & Salomon, 2006; Halme & Laurila, 2009). One of the researchers who takes this view is Lankoski, who states (2009, p. 206-207) that:

> […] *it is important to consider also the substantive content that is being measured. Corporate responsibility covers a myriad of widely different issues that range from child labor through health and safety to atmospheric emissions. There is no theory to suggest, and indeed no reason to believe a priori, that the relationship with economic performance would be identical across these widely varying issues.*

Thus newer research shows that CSR is positively linked with the financial performance of firms. However, it is also important to acknowledge that different types of CSR might lead to different outcomes. We will turn to this aspect of CSR in the next section.

2.2 CSR Typologies

CSR is a complex and multifaceted concept that not only has a myriad of definitions and sister concepts – a number of typologies has also been used to understand and describe it (Garriga & Melé, 2004; Halme & Laurila, 2009). Since the academic field of corporate responsibility lacks a generally accepted typology, we will begin this section by describing some of the more prominent ones. We will then describe the action-based typology that is the basis for our study in more detail. After that, the financial effects of the two types of CSR in our action-based typology will be outlined.

2.2.1 Overview of CSR Typologies

Garriga and Melé (2004) try to bring clarity to the landscape of theories and approaches within the corporate social responsibility field. This is done by classifying the main theories and related approaches into four groups: (1) instrumental theories, in which wealth creation is the sole responsibility of companies and CSR is a means to achieve economic gains; (2) political theories, which acknowledge the power of corporations within society and are concerned with how companies use this power in the political arena; (3) integrative theories, which recognize that companies are dependent on the societies in which they operate and therefore should care about social demands; and (4) ethical theories, in which businesses are assumed to have obligations to society from an ethical point of view (Garriga & Melé, 2004).

Halme and Laurila (2009), on the other hand, recognize three main types of CSR typologies present in current academic research: motivation based typologies, normative responsibility typologies and stage typologies. In addition to these three, the authors propose a fourth typology – the action-based typology. Each of the four CSR typologies is defined below:

- **Motivation based typologies** are based on the firm's motivation to undertake CSR efforts.
- **Normative responsibility typologies** scrutinize the responsibilities that are expected of business firms.
- **Stage typologies** are based on the idea that companies can be at different levels or stages in their CSR activities or awareness.
- **Action-based typologies** differ depending on how CSR is implemented and practiced by firms. Halme and Laurila (2009) recognize three different action-based CSR types:
  1) **Philanthropy**: Corporate philanthropy describes the action of a corporation voluntarily donating a portion of its resources to a societal cause (Ricks & Williams, 2005). The emphasis is generally on charity, sponsorships and employee voluntarism (Halme & Laurila, 2009). The concept of philanthropy invokes feelings of altruism, but there are other objectives for corporate giving such as increased visibility, enhancement of corporate image, and prevention of negative publicity (Ricks & Williams, 2005). Thus, philanthropy can be strategic (ibid.), but in practice it seldom is (Burke & Logsdon, 1996; Porter & Kramer, 2006).
  2) **CSR Integration**: Corporate social responsibility integration emphasizes the conduction of existing business operations in a more responsible way. Integration is concerned with responsible behavior towards the primary stakeholders of a company, i.e. customers, employees, suppliers and the local community. It includes improving the environmental and social performance of business activities, for example through efforts to reduce emissions or by providing more attractive employment conditions and a better work environment for the employees of a company. While philanthropic activities are carried out outside of a firm's core business, CSR integration is characterized by being close to the core business (Halme & Laurila, 2009).
  3) **CSR Innovation**: Corporate social responsibility innovation emphasizes the development of new business models that solve social and environmental problems. It involves an enlargement of a company's core business or the creation and development of an entirely new area of business. According to

Halme and Laurila (2009, p. 330) there is a strong win-win idea inherent in CSR innovation:

> Corporations are not expected to provide products or services to low-income markets or to protect the environment out of mere willingness to do good or to help. Instead, the underlying idea is to cater for the poor or to benefit the environment so that it also makes business sense.

Halme and Laurila (2009) argue that previous literature has failed to address the varying outcomes that result from different types of CSR activities, and that one possible reason for this failure is that the typologies most often encountered in the corporate responsibility literature do not easily lend themselves to empirically observable linkages with financial and societal outcomes. Thereby, the authors conclude that previous CSR typologies do not provide a sound basis for comparative research on the financial and societal outcomes of CSR activities, and this is why the action-based typology is proposed (Halme & Laurila, 2009). This stance is also supported by Aguilera et al. (2007), who state that the CSR field is in need of a more pragmatic perspective that makes it possible to assess the impact of different types of corporate responsibility on the firm's financial and societal outcomes.

Other scholars have used or studied parts of the action-based typology proposed by Halme and Laurila. Although these researchers have not made any reference to an action-based typology, it is clear that their research can be related to this CSR typology. The most studied of the three CSR types in the action-based typology is philanthropy, which have received significant research attention during the years (see e.g. Hillman & Keim, 2001; Sen et al., 2006; Wang et al., 2008; Brammer & Millington, 2008; Patten, 2008; Lev et al., 2010).

Porter and Kramer (2011), on the other hand, are concerned primarily with the latter two categories of Halme and Laurila's CSR typology. The concept of shared value, as outlined by Porter and Kramer (2011), "involves creating economic value in a way that also creates value for society by addressing its needs and challenges." Porter and Kramer (2011) state that companies can solve the problems of modern society much better through acting as businesses rather than as philanthropists. This type of division between strategic CSR and corporate philanthropy has also been made by other authors (Burke & Logsdon, 1996; Husted & de Jesus Salazar, 2006).

Shared value is a strategic approach to CSR which recognizes that markets are defined by both economic and societal needs. Porter and Kramer (2011, p. 5) argue that:

> […] social harms or weaknesses frequently create internal costs for firms—such as wasted energy or raw materials, costly accidents, and the need for remedial training to compensate for inadequacies in education. And addressing societal harms and constraints does not necessarily raise costs for firms, because they can innovate through using new technologies, operating methods, and management approaches—and as a result, increase their productivity and expand their markets.

Shared value as defined by Porter and Kramer (2011) can be said to incorporate both CSR integration and CSR innovation, because it involves the creation of value from both a business and a societal perspective. In light of this, CSR integration and CSR innovation taken together can be described as strategic approaches to CSR. While corporate philanthropy involves the redistribution of wealth from the company to other stakeholders, strategic CSR yields business-related benefits to the firm (Burke & Logsdon, 1996).

Even Halme and Laurila (2009) tend to group together CSR integration and CSR innovation in their discussion on different types of corporate social responsibility. They state that corporate responsibility can be judged to be strategic when it supports core business activities and thereby contributes to the firm's effectiveness in accomplishing its mission. And they also assert that activities conforming to both CSR integration and CSR innovation have a tendency of being closely related to companies' core operations. As such, the two types allow the firm to collect particular benefits of CSR programs and activities, rather than simply creating collective goods which can be shared by others in the industry, community or society at large (Halme & Laurila, 2009). This type of reasoning is closely linked to the discussion of shared value provided by Porter and Kramer (2011).

Because of this, we have decided that it is fruitful to merge CSR integration and CSR innovation into strategic CSR. This leads to two different approaches to corporate social responsibility, namely strategic CSR and philanthropic CSR.

2.2.2 Financial Effects of Different CSR Types

When it comes to the financial effects of philanthropic and strategic approaches to corporate social responsibility, a literature review reveals that philanthropy is by far the most studied of the two. This section contains an overview of the financial effects that can be derived from these two different approaches to CSR.

2.2.2.1 Philanthropic CSR

While some scholars argue that corporate philanthropy facilitates stakeholder cooperation and helps secure access to critical resources controlled by those stakeholders, other scholars take a negative stance, suggesting that philanthropy diverts valuable corporate resources and tends to inhibit corporate financial performance. In the following section, an overview of research supporting the respective stance will be presented.

Lev et al. (2010) find that philanthropy in the form of charitable contributions is significantly associated with future revenues. This finding was particularly pronounced for firms that are sensitive to consumer perceptions, specifically where individual consumers are the predominant customers (ibid.). There is also evidence showing that both unusually high and low philanthropic performance can give firms higher financial returns, with the distinction that unusually poor social performers do best in the short run and unusually good social performers do best over longer time horizons (Brammer & Millington, 2008).

According to Sen et al. (2006), philanthropy can also have other effects than those directly related to the financial performance of firms. In their research, the authors find that awareness of a company’s philanthropic activities is positively related to stakeholders’ associations and attitude towards the company. These findings are supported by Brammer & Millington (2005), who found that companies which make higher levels of philanthropic expenditures have better reputations. Because reputational indices tend to reflect the financial performance of organizations, the authors conclude that this finding supports the argument that philanthropy does indeed have a positive effect on firm financial performance (Brammer & Millington, 2005). Furthermore, awareness of philanthropic activities is associated with a greater intention to consume the company’s products, seek employment with the company and invest in the company. However, it has been found that philanthropic giving must be perceived as being a genuine manifestation of the firm's underlying social responsiveness in order to increase firm value (Patten, 2008).

Providing support for the view that philanthropy detracts from firm financial performance, Hillman and Keim (2001) find that charity-type corporate responsibility which is not related to primary stakeholders is negatively associated with financial performance and shareholder value.

Other scholars have been unable to find a significant relationship between corporate philanthropy and firm financial performance (Seifert et al., 2003). Still others have found that the relationship between philanthropy and financial performance is best captured by an inverse U-shaped curve (Wang et al., 2008). According to Wang et al. (2008), corporate philanthropy helps corporations secure critical resources, at least within certain limits. As philanthropic contributions increase beyond a certain level, however, the positive effect will level off due to constraints on stakeholder support and increased costs. Thus, they argue that corporate philanthropy has a positive influence on financial performance up to a certain level, but after that level the marginal effect of philanthropic activities on financial performance should level off and eventually decline (ibid.).

2.2.2.2 Strategic CSR

Hillman and Keim (2001) investigate the influence of strategic CSR on the financial performance of companies. The authors find that responsible management of primary stakeholder relationships increases shareholder value, thus indicating that strategic CSR provides better financial effects than philanthropic CSR. Giving additional support to this notion, Husted and de Jesus Salazar (2006) find evidence supporting that a strategic rather than altruistic CSR approach is more profitable for the firm. According to Hillman and Kleim (2001), this difference in financial effects may partially explain why aggregating the two different CSR approaches into one measure of corporate social performance may lead to ambiguous results (Hillman & Keim, 2001).

In relation to strategic CSR there are also a few business examples relating to the bottom of the pyramid phenomenon (Halme & Laurila, 2009). *The bottom of the pyramid* is an expression used to describe the people who earn the least amount of money, yet constitute a large majority of the world's population (Prahalad, 2005). Business evidence from bottom of the pyramid examples, i.e. business innovations used to help the poor while at the same time achieving satisfying financial returns, indicate that strategic CSR can be financially profitable (Hart & Christensen, 2002; Hart, 2005; Prahalad, 2005).

In light of these findings, Halme and Laurila (2009) conclude that strategic CSR may carry more financial performance potential than philanthropy, an argument that is supported by Burke and Logsdon (1996) as well as Porter and Kramer (2006).

Although Halme and Laurila (2009) state that CSR integration and innovation have more positive financial and societal outcomes compared to corporate philanthropy, they acknowledge that their assumption about the relatively positive effects of CSR integration and innovation is based on a rather limited amount of academic research. In 2009, however, Lankoski found that the content of corporate responsibility does have an effect on economic performance. According to her study, economic impacts were more positive for corporate responsibility activities that reduce negative externalities (i.e. activities that reduce harmful externalities that the corporation is directly causing) than for activities that generate positive externalities (i.e. activities generating positive environmental and social effects). This indicates that strategic CSR would be more beneficial than philanthropic CSR from a financial perspective.

2.3 The Power of Brands

The concept of branding has received a lot of attention in academic writings, and it has been established that brands are one of the most valuable assets of companies (Dacin & Smith, 1994). Some, such as former Quaker Oats chairman John Stuart, even argue that it is the single most valuable asset (Gerzema et al., 2007, p. 26):

> If the businesses were split up, I would take the brands, trademarks and goodwill, and you could have all the bricks and mortar – and I would fare better than you.

In this section we will present an overview of studies on a few key concepts related to branding, as well as a summary of research related to the link between brands and the financial performance of firms.

2.3.1 Brand Equity

According to Keller and Lehmann (2006), companies need to have a clear understanding of the equity of their brands in order to be able to manage them in an appropriate way. According to Aaker (1991), brand equity can create value for both the firm and its customers. It can generate marginal cash flow for the firm in a number of ways, e.g. through increased potential to attract new customers and retain old ones, an ability to command price premiums, and leverage in the supply chain. For customers, brands can provide information and confidence in purchase decisions as well as enhance customer satisfaction through the brand assets of perceived quality and brand associations (Aaker, 1991).

Brand equity can be analyzed and measured from both a customer and a financial perspective. From the viewpoint of the customer, brand equity constitutes the attraction to a particular product that is generated by the brand name rather than the attributes of that same product. Taking this perspective, brand equity would be "the differential effect that brand knowledge has on a customer's response to the marketing activities of the brand" (Keller & Lehmann, 2006). From a financial perspective, a brand is an asset that can be bought or sold for a particular price. Several methods for assessing the financial value of a brand has been proposed by the research community (see e.g. Aaker, 1991; Keller & Lehmann, 2006).

2.3.2 Brand Attitude

One important constituent of brand equity from a consumer perspective is brand attitude, which can be defined as consumers' overall evaluation of a brand (Mitchell & Olson, 1981; Wilkie, 1986; Keller, 1993; Chaudhuri, 1999; Low & Lamb Jr, 2000; Faircloth et al., 2001); Keller et al., 2008). Aaker and Jacobson (2001) assert that brand attitude is "a key component of brand equity" and a "cornerstone of marketing thought". In addition to this, they also state that brand attitude can be used as an indicator for brand equity. Taking an even broader view on attitude, Farquhar (1989) states that brand equity from a consumer perspective results entirely from a positive attitude towards the brand in question.

Brand attitude also plays an important role in Keller's (1993) conceptualization of brand equity. He argues that brand attitude constitutes the highest level of brand associations, and the role of favorable brand associations is highlighted in his definition of brand equity. Keller (1993) also notes that brand attitudes in many cases form the basis for consumer behavior. Brand attitudes can be related to beliefs about both product-related attributes and symbolic benefits (Rossiter & Percy, 1987; Zeithaml, 1988).

2.3.3 Brand Loyalty

Brand loyalty is one of the most important marketing measures from a consumer perspective, and it may be defined as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing" (Oliver, 1999). According to several marketing scholars, brand loyalty is an outcome of brand equity (Aaker, 1991; Lassar et al., 1995; Keller et al., 2008). Furthermore, brand loyalty is linked to both business growth and profitability (Reichheld, 2003).

2.3.4 The Financial Benefits of Strong Brands

A literature review shows that strong brands have been found to provide a number of financial benefits. Park and Srinavasan (1994), for example, find that brand equity has a significant positive impact on both market share and profit margins, while Gerzema et al. (2007) shows that strong brands increase economic value added. Aaker (1991) states that all brand equity assets have the potential to provide a brand with the ability to command a price premium, and Srivastava and Shocker (1991) find that a product's brand equity positively affects future profits and long-term cash flow. Keller (2003), in summing up earlier literature, lists numerous additional financial benefits derived from having a strong brand. These benefits include less vulnerability to competitive marketing and crisis situations, greater trade cooperation and support, increased marketing communication effectiveness, and better licensing opportunities and brand extension opportunities. In addition to these benefits, strong brands can also be helpful in attracting better employees (DelVecchio et al., 2007).

2.3.5 Linking Brands to Shareholder Value

Since Nobel Prize-winning economist Friedman (1970) argued that the sole purpose of business is to increase profits, the concept of maximizing shareholder value has been an influential tenet within both business practice and academia. Although this view has been challenged by the stakeholder theory outlined by Freeman (2010), it is still useful to link business decisions to shareholder wealth in order to gain internal and external credibility and support.

A direct link between brand strength and financial performance is provided by Madden et al. (2006), who provide evidence of a link between branding and shareholder value creation. The authors used stock data for the period 1994-2000 and created different portfolio's based on brand consultancy Interbrand's well-known brand valuation method. Madden et al. (2006) show that strong brands create greater returns to stockholders in comparison to weaker brands. In addition to this, the authors demonstrate that the strong brands do so with less risk (Madden et al., 2006). In a follow-up study, Fehle at al. (2008) show that a portfolio of Interbrand firms has "statistically and economically significant better performance than the overall market before and after adjusting for risk." According to the authors, this shows that that Interbrand firms possess an element of return that traditional asset pricing models are not able to capture (Fehle et al., 2008). In addition to these findings, the brand values in the Interbrand list have been found to be significantly and positively related to market-to-book ratios (Kerin & Sethuraman, 1998) as well as stock prices and returns (Barth et al., 1998).

There is also evidence of a positive relationship between a firm's advertising and promotion spending and the market value of the firm, something which links brand-building activities to financial performance (Conchar et al., 2005). Ohnemus and Jenster (2007) show that there is a link between the amount of financial resources a company allocates to brand-building and the financial return achieved by the company. They find that the relationship between branding expenditures and financial return can be described by a W-shaped curve, showing that companies with the right balance of *brand thrust* (i.e. spending on brand-building activities) on average achieve a three-percentage point higher return to their shareholders (Ohnemus & Jenster, 2007).

Ohnemus (2009) also investigates how marketing affects the financial performance of firms, and his analysis indicates that there is a correlation between branding and shareholder wealth within the financial sector.

Kim et al. (2003) found that the brand equity concept as proposed by Aaker (1991) is positively related to financial performance. Aaker and Jacobson (1994) find that perceived quality is significantly and positively correlated with stock-price movements. In a later study, Aaker and Jacobson (2001) also show that brand attitude is positively associated with both stock returns and return on equity. Their findings are widely acknowledged as evidence of brands' ability to create shareholder value (Madden et al., 2006). Going the furthest in the debate on brands and shareholder value, Doyle (2000) states that shareholder value actually is determined by marketing assets, of which brands constitute an important part.

2.3.6 The Long-Term Nature of Brand Effects on Financial Performance

The general reasoning behind the positive link between brand equity and financial performance is that a strong brand will lead to a high customer loyalty. This, in turn, will increase customer retention and decrease price sensitivity, thus having a positive effect on firm earnings (Rubinson & Pfeiffer, 2005). Brand investments that create the ability to keep customers over time and maintain a relatively low price elasticity on products might not immediately have significant effects on the bottom line of firms. Rather, the most significant effects of brand investments will affect the future earnings potential and thus lead to positive financial performance effects in the long run (Doyle, 2000; Aaker & Jacobson, 2001; Gerzema et al., 2007). Gerzema et al. (2007), for example, show that "only one-third of a brand's impact is realized in current sales and operating earnings, while two-thirds of its influence is felt via future financial performance." Doyle (2000) states it is counterproductive for marketing to measure the immediate effects of marketing investments on corporate earnings or return on capital employed. The reason for this is what he describes as the lagged effect of many marketing activities, and the fact that "cutting rather than increasing marketing expenditures will almost always boost short-term profitability." Looking at the literature review provided above, it becomes clear that those studies that have demonstrated the strongest link between branding and financial performance have used data-series that cover an extended period of time.

This overview of the branding literature clearly shows that there is a link between brand equity and the financial performance of firms. There are of course many ways for companies to create strong brands. Corporate social responsibility, which is the focus of this thesis, is one of the things that companies can focus on in order to strengthen their brands. An important question is which of the two types of corporate responsibility, namely philanthropic CSR or strategic CSR, that has the most positive effects on a company's perceived brand equity. Brand attitude is a relevant measure to compare the brand effects of the two CSR types from a consumer perspective, since brand attitude has been defined as consumers' overall evaluation of a brand. Furthermore, brand attitude is related to brand equity from the consumer perspective (Farquhar, 1989; Aaker & Jacobson, 2001). Given the findings that brand equity is positively associated with financial performance and that strategic CSR is more positively associated with financial performance than philanthropic CSR, we make the following hypothesis:

Hypothesis 1: Strategic CSR leads to a more positive level of brand attitude than philanthropic CSR.

The same line of reasoning can be applied with regard to brand loyalty. Since brand loyalty is an outcome of brand equity, and since strategic CSR has been hypothesized to be more effective than philanthropic CSR in terms of brand equity, it seems likely that strategic CSR also should be more effective than philanthropic CSR with regard to brand loyalty. Furthermore, the fact that brand loyalty is directly linked to financial performance also suggests that strategic CSR might provide more positive brand loyalty effects, since previous research suggests that strategic CSR is more beneficial than philanthropic CSR from a financial perspective (Burke & Logsdon, 1996; Hillman & Keim, 2001; Porter & Kramer, 2006; Halme & Laurila, 2009). In light of this we formulate the following hypothesis:

Hypothesis 2: Strategic CSR leads to a more positive level of brand loyalty than philanthropic CSR.

2.4 Corporate Reputation

Reputation can be defined as "the long-term combination of outsiders' assessments about what the organization is, how well it meets its commitments and conforms to stakeholders' expectations, and how effectively its overall performance fits with its socio-political environment" (Brown & Logsdon, 1999). A company's reputation is part of its brand name capital, thus constituting a factor that can contribute both positively or negatively to brand equity (Brickley et al., 2002; Lai et al., 2010). Furthermore, corporate reputation is a valuable asset for companies because it takes a long time and consistent investments in order to build a good reputation (Roberts & Dowling, 2002; Lai et al., 2010).

According to Lai et al. (2010), corporate reputation has a partial mediating effect on the relationship between CSR and brand performance. This makes it interesting to take corporate reputation into account when talking about different CSR initiatives, since it suggests that the brand effects of CSR depend on whether a company already enjoys a relatively good or bad reputation. There is no research specifically investigating whether companies with a particular baseline reputation could derive more beneficial brand effects from their CSR initiatives. However, a look at the corporate crisis literature provides some useful cues regarding this matter.

A brand crisis has been found to have several damaging effects for companies, including reduced effects of advertising (Stammerjohan et al., 2005), negative attitudes (Ahluwalia et al., 2000), and reduced brand equity (Dawar & Pillutla, 2000). In addition, a number of researchers have found that a brand crisis lowers consumers' trust in the brand (Dawar & Pillutla, 2000; Cleeren et al., 2008; Yannopoulou et al., 2011). A lack of trust in a particular brand could make people skeptical towards initiatives undertaken by that brand in order to resolve a crisis.

A crisis also often damages a company's reputation (Dean, 2004), something that provides further evidence that trust could be low for a company with a relatively bad corporate reputation. This possible lack of trust for companies with relatively bad corporate reputations should make people skeptical towards initiatives performed by these companies. One of the things a company in a crisis could do to regain brand equity is to engage in CSR initiatives. However, we hypothesize that possible CSR initiatives must be perceived as genuine in order for consumers to change their perceptions towards the company. Strategic CSR is by definition directly related to a company's core business. Philanthropic CSR, on the other hand, is not necessarily related to a company's core business and involves less planning and change than strategic CSR. Because of this, the risk for perceptions of greenwashing (i.e. selective disclosure of positive information without full disclosure of negative facts) could be relatively higher for philanthropic CSR. Strategic CSR might therefore be more effective than philanthropic CSR for companies with a bad reputation. When it comes to companies that enjoy a relatively good corporate reputation, there is no research indicating that one of the two CSR types is more effective than the other. Therefore we formulate the following hypotheses:

Hypothesis 3a: For companies with a bad corporate reputation, strategic CSR leads to a more positive level of brand attitude than philanthropic CSR.

Hypothesis 3b: For companies with a good corporate reputation, philanthropic CSR and strategic CSR result in the same level of brand attitude.

Hypothesis 4a: For companies with a bad corporate reputation, strategic CSR leads to a more positive level of brand loyalty than philanthropic CSR.

Hypothesis 4b: For companies with a good corporate reputation, philanthropic CSR and strategic CSR result in the same level of brand loyalty.

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3. Method

In this part we will describe the thesis process and the methodological choices we made when we carried out the thesis work. We start off with a short description on how we came up with our purpose. After this we explain our scientific approach as well as the experimental design that we used for our investigation. We then describe the data collection process, which consisted of (1) a pre-study and (2) a main study of experimental nature. The data collection section includes a description of the experimental treatment as well as our survey design. Finally, this part is concluded with a discussion on the validity and reliability of our research design.

3.1 Purpose Formulation

Since we share a common interest in corporate social responsibility and brand management issues, we searched for a thesis topic within these two areas. Having read the article by Halme and Laurila (2009), we realized that more fine-grained research is needed on the relationship between CSR and financial performance. One corporate asset that has been found to greatly influence a corporation's financial performance is brand equity from a consumer perspective. However, a preliminary literature review indicated that there is little research on the brand effects of different types of CSR activities. We thus saw an opportunity to contribute to academic knowledge regarding the relationship between a corporation's CSR activities and its brand equity, consequently providing a possibility to gain deeper insights also regarding the link between CSR and financial performance. Given this gap in academic knowledge, and our areas of interest, we decided to conduct a study within this area.

Initially, we meant to study all three CSR types included in Halme and Laurila's (2009) action-based typology: philanthropy, CR integration and CR innovation. After having conducted a more thorough literature review, however, we realized that the difference between CR integration and CR innovation is rather vague, not only in academic research but also in practice. Other scholars that have used action-based CSR types have typically spoken of philanthropic CSR and of CSR that is more closely related to the company's core business and its different stakeholders (i.e. strategic CSR). Companies are seldom engaged in only CR integration or CR innovation, but rather a combination of the two. Moreover, CR innovation is a rather new business phenomenon that has not yet been subject to much academic attention. Thus, we realized that creating trustworthy and convincing experimental treatments with practical examples of CR integration and CR innovation constituted a potential problem. As a consequence, we decided to compare the two action-based CSR types of philanthropic and strategic CSR, and leave possible differences between CR integration and CR innovation for future research.

As we dug deeper into previous research we realized that CSR outcomes not only depend on the way in which CSR is implemented, but also on other factors such as firm and industry specific characteristics. Consequently, we thought that it would be interesting to combine our study of different CSR types with another variable. We argued that this would provide our study with additional depth and that our study in this way could contribute to academic knowledge regarding not only how different types of CSR affect brand equity from a consumer perspective, but also if the effects differ depending on the baseline circumstances.

While we considered several other variables such as firm size, industry-belongingness and societal context, we eventually chose to study how a company's reputation moderates the brand effects of different types of CSR activities. This choice was made since corporate reputation has been found to have a partially mediating effect on the relationship between CSR and brand performance (Lai et al., 2010). Thus, CSR and corporate reputation are interrelated and thereby it becomes both interesting and important to take corporate reputation into account when talking about different CSR initiatives. Eventually we arrived at the following purpose: *To investigate whether different types of CSR activities differ in their effects on customer-based brand equity, and whether corporate reputation mediates these effects.*

3.2 Scientific Approach

In this master thesis, a deductive research approach has been adopted. This means that we, on the basis of existing academic theory and knowledge, deduced our hypotheses and subsequently tested them empirically (Bryman & Bell, 2007).

Since we tested specific hypotheses and investigated relationships between variables, our research design was conclusive in nature (Malhotra, 2010). More specifically, the applied research design can be described as causal. With such a research design we were able to determine the nature of the relationship between our casual, or independent, variables (i.e. CSR-type and reputation) and the effect on our dependent variables (brand attitude and brand loyalty). According to Malhotra (2010), the main method of casual research is experimentation. This is because the independent variables of causal research must be manipulated in a relatively controlled environment so that other variables that may affect the dependent variable are controlled for as much as possible. As a consequence, we chose to conduct an experiment in order to test our hypotheses and fulfil our purpose.

Experiments are typically combined with quantitative research (Malhotra, 2010; Söderlund, 2010). According to Malhotra (2010), quantitative research seeks to quantify data and apply some form of statistical analysis. For this, a large number of representative cases is needed and the data collection has to be structured. Using quantitative research was appropriate for our purpose since we strived to aggregate individual responses into groups and thereby make more generalized conclusions.

Quantitative research was also appropriate for our study given that previous research indicated that strategic CSR has a stronger effect on brand equity than philanthropic CSR. However, the literature review also indicated that the opposite might be true, that is, that philanthropic CSR has a stronger effect on brand attitude than strategic CSR. Thus, we reasoned that quantitative research was needed to bring clarity to this difference of opinion as qualitative research with a small number of non-representative cases was unlikely to advance academic knowledge within the area.

3.3 Research Design

To fulfill the purpose of this master thesis, we needed to gather data on the brand effects of different CSR types given a certain corporate reputation. Therefore, we decided to divide our data collection into two phases, including one pre-study and one main study. The objective of our pre-study was to select companies with different levels of corporate reputation that could be included in our main study. The objective of our main study, on the other hand, was to gather data for the brand effects of different CSR-types. In addition to this, the main study also aimed to provide data on whether corporate reputation is a mediating factor between the CSR types and their brand effects. In this section, the two data-collection phases will be presented in more detail.

3.3.1 Pre-Study

The pre-study was conducted in order to decide on what companies to include in the main study. During this phase we decided on what industry to study and what companies to assess. We also designed our questionnaire and carried out the data collection. After this we were able to analyze the results of our pre-study and decide on what companies to include in our main study.

3.3.1.1 Initial Company Selection and Survey Design

At first we considered including companies from different industries in our study. In our literature review however, we found several studies indicating that industry is a factor that affects the outcomes of CSR activities (Barnett & Salomon, 2006; Aguilera et al., 2007). Since we are conducting an experiment, and therefore need to keep other independent factors constant, we decided to use companies from the same industry. When it came to the decision of which industry to include in our study we reasoned that the industry had to (1) include quite a large number of well-known companies and (2) contain companies with a similar market positioning. The first requirement was needed since we wanted to ask respondents to rate the reputations of a large number of companies in order to increase our chances of finding companies with particularly good and bad reputations. The second requirement was desirable since it is likely that different competitive positions can influence corporate reputation. For example, a high-end company might enjoy a better reputation than a low-end company simply because of its brand image, not because of its corporate activities.

The consumer electronics, clothing and car industries were alternatives that we considered given the number of well-known companies present in these industries. However, we soon came to the realization that the companies present within these industries typically are positioned quite differently on a scale that runs from low-end to high-end market positions. Since both types of positioning are likely to affect both corporate reputation and brand evaluations, we decided not to study these industries. Therefore, we turned to the food industry where numerous well-known companies with a similar market positioning are present. The companies that we chose to include in our pre-study were: Arla, Barilla, Becel, Carlsberg, Chiquita, Coca Cola, Dole, Felix, Findus, Heinz, Kellogg’s, Kopparbergs, Kronfågel, Marabou, Nestlé, Scan, Tropicana, and Zeta.

Our pre-study consisted of one question where respondents were asked to rate the reputation of each of the 18 companies on a 7-point scale ranging from “Bad reputation” to “Good reputation” (see *Appendix I*).

3.3.1.2 Data Collection

For the pre-study we used a convenience sample consisting of friends, families and acquaintances. The survey was distributed via e-mail and Facebook and we received a total of 53 answers. Although it is not ideal to use a convenience sample, it can be acceptable for certain purposes (Bryman & Bell, 2007). Indeed, convenience samples are very common in the field of business and management and, according to Bryman and Bell (2007), more prominent than are samples based on probability sampling. Given the resources at our disposal, we thought that a convenience sample would suffice in order to get satisfactory results from our pre-study.

3.3.1.3 Analysis and Final Company Selection

An overview of the results of our pre-study is presented in *Table 1*. We selected the two companies with the best reputation, Zeta and Marabou, and the two companies with the worst reputation, Findus and Dole. Paired sample t-tests showed significant differences between the two companies with the best reputation (Zeta and Marabou) and the two companies with the worst reputation (Findus and Dole) ($t = -13.3$, $p = 0.000$). However, there were no significant differences in reputation between the two companies with the best reputation or the two companies with the worst reputation. In general, companies with less favorable reputation scores tend to show a higher standard deviation on their reputation scores. Since all the companies with the lowest scores have been involved in some kind of scandal or brand crisis, this indicates that there is a difference in how people remember such crises. While some people retain bad associations in relation to the brand name, others seem to have forgotten the crisis and rate the brand in a favorable way.

Table 1: Perceived Reputation of Food Brands

Brand	Perceived Reputation	
	Mean value	Standard Deviation
Zeta	5.81	1.029
Marabou	5.71	1.210
Barilla	5.58	0.992
Heinz	5.55	1.083
Tropicana	5.50	1.111
Arla	5.47	1.376
Carlsberg	5.44	1.091
Kopparbergs	5.02	1.145
Kellogg's	5.00	1.252
Becel	4.81	1.299
Kronfågel	4.64	1.411
Felix	4.50	1.448
Coca Cola	4.40	1.587
Scan	4.27	1.374
Nestlé	4.17	1.614
Chiquita	3.59	1.824
Dole	3.13	1.614
Findus	3.10	1.648
n = 53		

Following the statistical analysis, we could conclude that we had two groups of companies (one group with good reputation and one with bad reputation) that differed significantly in terms of corporate reputation, although there was no difference in reputation within the respective group. Therefore, we chose to include Zeta, Marabou, Findus and Dole in our main study. We argued that two companies with good reputation and two companies with bad reputation would provide the study with more depth compared to an analysis of only two companies in total. On the other hand, including more than four companies would have created too many questionnaire groups given the resources at hand. Here is a short description of each of the four companies included in our main study:

- *Zeta:* A Swedish food company founded in 1971. Zeta offers a wide variety of products based on the Italian kitchen, e.g. oils, vinegar, antipasti, olives, pasta, pesto, cheese and biscotti (Zeta, 2013).

- *Marabou:* A Swedish chocolate brand founded in 1916 (Marabou, 2013a), which is currently owned by Mondelēz International. Marabou has a large assortment of chocolate-based products, including bars, boxes, bags and cookies (Marabou, 2013b).
- *Findus:* A European food brand founded in Sweden in 1941, which markets its products in the Nordic countries, France, Spain and the United Kingdom (Findus, 2013a). Findus mainly offers frozen-food products such as fish, vegetables, ready-made meals and baked goods, but the brand also offers an assortment of soups and sauces (Findus, 2013b).
- *Dole:* An American-based agriculture and food company that traces its roots back to the 1851 founding of Castle & Cooke in Hawaii. The brand name Dole was first introduced in 1933, and today the company is the world's largest producer and marketer of fresh fruit and vegetables (Dole, 2013). In addition, the company offers packaged and frozen fruit.

Both Findus and Dole have experienced a brand crisis during the last years, which probably is the reason behind the two companies' relatively bad reputations. However, Dole's crisis occurred four years ago while the Findus brand has found itself in distress quite recently. In 2009, Dole received much negative publicity following the release of the documentary movie *Bananas!* by Swedish filmmaker Fredrik Gertten (IMDb, 2013). The film received a lot of attention in the media, and Dole has persistently disputed the truthfulness of the movie (see e.g. Johnson, 2009; Orey, 2009; Keating, 2009; Glover, 2009; Goldstein, 2009; Catsoulis, 2012). Findus, on the other hand, came into the media spotlight in February 2013 after it was revealed that up to 100 percent of the meat in Findus' ready-made beef lasagne actually was horse meat. Although it was then revealed that several other companies also had sold products containing horse meat, it was Findus that received the brunt of the negative publicity (see e.g. BBC, 2013; Rajan, 2013; Carp, 2013; Lindberg, 2013; SVT, 2013; Lane, 2013; Beal, 2013).

3.3.2 Main Study

Our main study consisted of an experiment in which participants were exposed to activities related to one of the two CSR types (philanthropic CSR or strategic CSR). Furthermore, the participants were exposed to the brand name of one of the four companies (i.e. Zeta, Marabou, Dole or Findus) that we chose to include as a result of our pre-study. With two different types of CSR and four different companies, we ended up with a total of eight groups (2 × 4) that could be compared in terms of the brand effects of the two CSR-types given a certain corporate reputation. Our intent for the later analysis was to merge the two companies with bad reputation as well as the two with good reputation, something that would result in a 2 x 2 matrix with type of CSR (philanthropic or strategic) on one axis and corporate reputation (bad or good) on the other. Experimental experts often recommend a relatively simple design of the type 2 × 2 or 2 × 3, and a 2 × 2 experiment is particularly common (Söderlund, 2010).

In the following sections we describe the design of our experiment in greater detail, as well as the data collection process and the data analysis.

3.3.2.1 Experimental Design

According to Söderlund (2010) an experiment entails individuals which are randomly allocated to groups that receive different treatments. Following these different treatments, the reactions of the participants can be analysed and compared. While treatments can be designed in a number of ways, we chose to base our treatment on a text that the participants were asked to read before answering a set of questions. Below, the treatment and question design will be explained in more detail.

Treatment

We chose to base our treatment on transports, an area within the food industry that has a significant negative impact on the environment. Transport activities therefore represented an appropriate base for our treatment given the study's delimitation to study the brand effects of different types of environmentally related CSR activities. Transports were appropriate also because Zeta, Dole, Marabou and Findus transport their products over long distances; Zeta sources ingredients from Mediterranean countries such as Italy and Greece, Dole and Marabou transport their main products and ingredients from tropical climates, while Findus sources meat from geographically dispersed countries such as Brazil, Thailand, Ireland, Denmark and Sweden. The fact that transport activities are relevant to all four companies makes our experiment more similar to a real world situation.

In our experiment we manipulated the independent factor (type of CSR) by creating two types of surveys – one for philanthropic CSR and one for strategic CSR. Each survey began with equal introductions to the environmental impacts of transports:

> Please read the following text and answer the questions below.
>
> Transports are one of the activities that have the greatest environmental impact within the food industry. Goods are shipped from cultivations, fields, and farms to factories before they are delivered to our supermarkets. One of the causes of the environmental impact of transports is that many ingredients are sourced from distant places and thus require long transports. In addition, there are often many stages in a company's supply chain, creating a need for additional transport activities.

After this general introduction participants were exposed to one of the two treatments, either the treatment for philanthropic CSR or the one for strategic CSR. Below, the respective treatment is presented. For each treatment, four versions existed – one for Zeta, Marabou, Dole and Findus respectively (with only the brand name being changed), resulting in eight groups in total. In the following, Findus will be used as an illustrative example.

Philanthropic CSR

> The food company Findus strives to reduce the environmental impact caused by its transportation activities. During the past year, Findus has therefore chosen to donate money to an organization that works to promote the use of environmentally friendly modes of transport, such as sea instead of air transportation and rail instead of road transportation. Moreover, Findus has donated money to research into environmentally friendly fuels. Overall, Findus has donated ten million SEK for these purposes.

Strategic CSR

> The food company Findus strives to reduce the environmental impact caused by its transportation activities. During the past year, Findus has therefore chosen to invest in environmentally friendly modes of transport, and thus increased the use of sea instead of air transportation and rail instead of road transportation. Moreover, Findus has decided that all road transports should be carried out in vehicles powered by environmentally friendly fuels. Overall, Findus has invested ten million SEK for these purposes.

The difference between the two treatments is that in the case of philanthropic CSR the company donates money to different causes instead of investing in its own operations, the latter being a defining characteristic of strategic CSR. Apart from this difference, we have been careful to keep other factors constant between the two treatments.

According to Söderlund (2010), the best treatments differ in one word or one sentence. Initially, we therefore considered using treatments that consisted of only two sentences; one sentence introducing the respective company and its commitment to reducing its environmental impact, and one sentence for presenting a single donation/investment done by the company. However, for an independent variable to be able to affect a dependent variable, the casual variable must have a certain scope (Söderlund, 2010). After in person having discussed alternative treatment designs with Magnus Söderlund, we decided to use a stronger manipulation by including two sentences in which we describe how the company works with environmental issues related to transports. In that way, the participants were given more time to take in the message we were trying to communicate. In addition, we decided to quantify the treatments by stating that the donations/investments consisted of ten million SEK. The intention with this quantification was that it would reduce the risk that one of the treatments would be perceived as more costly or environmentally beneficial than the other.

Although strong manipulations are believed to be particularly absorbing and interesting for participants, some scholars argue that one should avoid too strong manipulations. However, the experiment will fail if the treatment is so mild that it does not have a chance to produce an effect (Söderlund, 2010). As a consequence, we considered the benefits with a stronger manipulation to outweigh the cons.

Design of Questions

Here we provide a description of the second part of our experiment – the questionnaire which had the same set of questions and statements for all eight groups. The questionnaire consisted of five questions and two statements that the participants were asked to answer or take a stand to (see Appendix II).

In the first question participants were asked to answer whether or not they had heard of the respective company before. The purpose of this question was to be able to exclude persons who were not aware of the companies. Without an awareness of the company in question the respondent could not have a perception of the company's reputation. Such a perception was needed, since we later on wanted to analyze the brand effects of different types of CSR activities given a certain corporate reputation. Below, arguments are presented for the subsequent set of questions and statements included in the questionnaire.

Measuring Brand Equity

When designing our questions we needed to decide on how to measure brand equity. After having conducted a literature review we realized that the concept of brand attitude could be used for this purpose. As already mentioned, brand attitude is often defined as consumers' overall evaluation of a brand (Mitchell & Olson, 1981; Wilkie, 1986; Keller, 1993; Chaudhuri, 1999; Low & Lamb Jr, 2000; Faircloth et al., 2001; Keller et al., 2008) and Aaker and Jacobson (2001) assert that brand attitude is "a key component of brand equity" and that it can be used as an indicator for brand equity. Farquhar (1989) even states that brand equity from a consumer perspective results from a positive attitude towards the brand in question. Having discussed the matter with Sara Rosengren, a senior research fellow at the Center for Consumer Marketing at the Stockholm School of Economics, we decided to use brand attitude as a proxy for brand equity.

According to Söderlund (2010), it is appropriate to measure attitudes through experiments since attitudes represent an end-result of the psychological processes evoked by a given treatment. That is, the participants are aware of their attitudes (and thereby they can be measured), but they need not necessarily be aware of the psychological processes that resulted in a given attitude. This provides another argument for why brand attitudes represent a suitable alternative for us. Söderlund (2010) also states that attitudes often are measured on a continuum with two adjectives as extremes, such as "bad/good", "dislike it/like it" or "unpleasant/pleasant". Such questions have been used by several researchers that have measured brand attitude. One example is Aaker and Stayman (1990), who used one single question for measuring brand attitude. In their study they adopted a three-point scale and it ranged from bad to good. Another example is Mitchell & Olsson (1981) who used two questions for measuring brand attitude. The authors found that this scale had a high internal validity, and it has also been used in subsequent studies by Berger and Mitchell (1989) and Faircloth et al. (2001). Furthermore, Zaichkowsky (1985) refers to this scale as a traditional attitude measurement scale. In our study we decided to include the two questions proposed by Mitchell & Olsson (1981) in our measure of brand attitude: (1) What is your perception of X? (Bad – Good); (2) What are your feelings towards X? (Do not like – Like).

Quality is often considered to be a key dimension of brand attitude and, as such, a casual determinant (Aaker, 2001; Keller & Lehmann, 2006). Thus we decided to use a third question for measuring brand attitude, "How do you perceive the quality of X's products?".

Consequently, question two, three and four were used to measure brand attitude. For all three questions a seven-point scale was adopted.

Question five measures brand loyalty, which is considered to be an outcome of brand equity (Keller & Lehmann, 2006). According to Reichheld (2003), recommendations are one of the best indicators of loyalty because, in making a recommendation to a friend or a colleague, a person puts his own reputation at risk. Consequently, we have chosen to measure brand loyalty through the following question: How likely is it that you would recommend Company X to a friend or colleague? This question was measured on a seven point scale instead of the ten point scale recommended by Reichheld (2003). The reason for this is that we are not interested in calculating Reichheld's net-promoter score, but rather to have a measure of brand loyalty that is comparable with our other questions.

Manipulation Controls

We included two manipulation controls in our experiment, one for philanthropic CSR and one for strategic CSR. According to Söderlund (2010), it is important for the investigator to include something in the experiment that allows for conclusions to be made about whether or not the treatment is really representing the casual variable intended to be studied – and this was the purpose of our manipulation controls.

There are two types of manipulation controls, those that are conducted before the experiment and those that are conducted after the experiment. In our study, we used both, with an emphasis on the latter. The benefit with conducting a manipulation control before the experiment is that this may provide the investigator with early signs that the treatment is not having the intended effects. In that way, the investigator gets the opportunity to create a better treatment before carrying out the experiment. In addition, the investigator avoids the risk that the manipulation control affects the outcome of the experiment (Söderlund, 2010). Before we carried out our main study, a total of 10 persons were asked to complete one of the eight versions of the experiment. We then thoroughly discussed the experimental design with each of these 10 persons. In this way, we received feedback not only on how the respective CSR-treatment was perceived by the participants, but also on how the experiment could be improved. This process was iterated three times before we were happy with the wording of the treatments and the questionnaire.

We also included manipulation controls in the main experiment. According to Söderlund (2010) the benefit with including a manipulation control in the experiment is that the investigator can be sure that the treatments have the desired effects in the actual experiment. Thus, we included our manipulation controls in the experiment, right after the set of questions designed to measure brand equity. With this disposition, we argued that the risk of the manipulation controls affecting the brand equity questions was reduced. That is, we considered it less likely that the manipulation controls, when positioned in this way, would work as causal variables in relation to the dependent variables.

The manipulation controls in our experiment were measured on a scale from one to seven, one implying that the participant did not agree at all with the statement and seven implying that the participant agreed completely. The manipulation control for philanthropic CSR read "Company X donates money to good causes", while the manipulation control for strategic CSR read "Company X is working with improving its business". As mentioned earlier, the same questionnaire was used for both treatments, meaning that a participant that had been exposed to the philanthropic CSR treatment should give a high score on the first statement and a low score on the second statement if the treatment had its intended effect (and vice versa for the strategic CSR treatment).

3.3.2.2 Data Collection

To ensure high-quality data we needed to access a database of respondents from which a representative sample of the Swedish population could be drawn. Since we did not have access to such a database we decided to contact a number of market research agencies. One of these agencies, CINT, kindly asked one of its customers, Sustainable Brand Insight, whether they would be interested in our study. Since our research topic is of practical relevance to their business, Sustainable Brand Insight decided to sponsor our data collection. Thereby we were able to distribute our experiment to a representative sample of the Swedish population using a random sampling approach. In total, 1,324 respondents took part in our experiment, resulting in a large number of respondents in each of the eight groups. The experiment was distributed to participants via e-mail, and the participants were asked to follow a link to the survey. When a participant followed the link, he or she was randomly assigned to one of the eight groups.

We did not inform the participants that they were taking part in an experiment since we did not want this to affect their reactions and responses. According to Söderlund (2010), participants guessing the purpose of an experiment can create problems for an investigator, and therefore we decided to inform them first *after* the experiment that they had contributed to a scientific study. The participants received a small payment for taking part in the experiment, something that is likely to increase the chance of them completing the task in a serious manner.

In any experiment it is important that the researcher creates groups that do not differ in any other way than in the treatment they receive. We accomplished this by using a random assignment approach. This means that each participant had an equal chance of getting assigned to any of our eight groups. With this approach, individual differences will cancel each other out when large groups of participants are used (Söderlund, 2010). The random assignment of participants to different groups means that we have conducted a true experiment. The main benefit with this type of experiment is that it increases the opportunities to draw fairly explicit conclusions (ibid.).

3.3.2.3 Analytic Tools

Since the survey was distributed online, the data could be imported straight into SPSS, the statistical program we used for analyzing our results. Before analyzing the results however, the data set was screened for errors. During this screening process, 364 out of 1,324 respondents were excluded. The majority of these respondents were excluded since they had answered no to the question concerning brand awareness. Some respondents were excluded since they had not answered several questions, while a few respondents had answered the same thing throughout the questionnaire (indicating that they had not put any effort into completing it in a reliable way). After the screening process, we had 960 respondents left in our data set.[1]

For the analysis we chose to conduct a two-way analysis of variance (ANOVA). A two-way ANOVA is used to compare sample differences between two categorical independent variables at the same time, and it is suitable for hypothesis testing (Hassmén & Koivula,

[1] The number of respondents in each group was as follows: Zeta, Philanthropic CSR = 111; Zeta, Strategic CSR = 115; Marabou, Philanthropic CSR = 132; Marabou, Strategic CSR = 134; Dole, Philanthropic CSR = 97; Dole, Strategic CSR = 111; Findus, Philanthropic CSR = 114; Findus, Strategic CSR = 146.

1996). An alternative would have been to conduct a regression analysis, but given our purpose of comparing *differences* between groups, an ANOVA is the most commonly used method (ibid.).

Through a two-way ANOVA we were able to statistically test the effect of each of our independent variables, CSR-type and corporate reputation, on our dependent variables brand attitude and brand loyalty. This allowed us to answer hypotheses one and two. Testing of these two hypotheses could also be carried out through two separate independent samples t-tests (as showed in *Section 4*). By using a two-way ANOVA, we were also able to test if there is an interaction effect between our independent variables. A significant interaction effect would entail that differences in the level of one variable depends on the level of the other independent variable. This test allowed us to answer hypotheses three and four, concerning whether the level of brand attitude and brand loyalty resulting from the two CSR types is dependent on the level of corporate reputation.

To conduct a two-way ANOVA, a couple of assumptions must be met. These assumptions and how they were fulfilled in our study are presented in *Table 2*.

Table 2: Two-Way ANOVA Assumptions

Assumption 1 The dependent variable should be measured on an interval or ratio scale.	**Fulfilled** - A seven point scale was used for measuring both brand attitude and brand loyalty.
Assumption 2 The two independent variables should each consist of two or more categorical, independent groups.	**Fulfilled** - Both CSR type and corporate reputation consisted of two categorical, independent groups.
Assumption 3 One should have independence of observations.	**Fulfilled** - There was no relationship between the observations in or between the groups.
Assumption 4 The dependent variable should be approximately normally distributed.	**Fulfilled** - The sample size was bigger than 30 for each group, meaning that a normal distribution can be assumed.
Assumption 5 There needs to be homogeneity of variances for each combination of the categories of the two independent variables.	**Fulfilled** - Levene's test showed that homogeneity of variances could be assumed.

For the dependent variable brand attitude, we chose to create an index. Our questionnaire included three brand attitude questions, and the internal consistency of these three items was measured with Cronbach's Alpha. Given a Cronbach's Alpha of 0.82, the multi-item measure for brand attitude was accepted and an index created (Malhotra, 2010). For the dependent variable brand loyalty no index was created since we based this measure on Reichheld's (2003) established measure of brand loyalty. The manipulation controls were analyzed through the use of t-tests. These allowed us to conclude that the experiment had worked as intended.

3.4 Data Quality

According to Bryman and Bell (2007), it is important to evaluate quantitative research in terms of reliability and validity. Reliability refers to "the extent to which a scale produces consistent results if repeated measurements are made" (Malhotra, 2010). A reliable study thus has results that are repeatable (Bryman & Bell, 2007). Validity, on the other hand, "refers to the issue of whether or not an indicator that is devised to gauge a concept really measures that concept" (ibid.).

3.4.1 Reliability

When it comes to reliability in an experimental design, the predominant approach is to use several questions that intend to measure the same thing and then estimate the reliability with Cronbach's alpha (Söderlund, 2010). As mentioned in *Section 3.3.2.1* we used three questions from previous research to measure brand attitude. We thus used well-established scales in order to measure this marketing construct. A reliability analysis showed that the internal consistency between the three brand attitude questions was high (Cronbach's alpha = 0,82), thus ensuring a high reliability for this construct.

The question for measuring brand loyalty was also taken from previous research. According to Reichheld (2003), recommendations are one of the best indicators of loyalty because, in making a recommendation to a friend or a colleague, the person puts his own reputation at risk. Reichheld's measure of brand loyalty is renowned for representing a reliable yet simple measure, and it is commonly used not only in academic research but also in practice.

In order to ascertain that our experimental treatments are reliable we included two manipulation control questions in our questionnaire. The purpose of each of these two items was to capture one of the two CSR types that were included in the experiment. T-tests show that the experiment worked as intended, since there were significant differences between the two manipulation control items both within and across groups (see *Section 4.1*).

3.4.2 Validity

When assessing whether an experimental design is valid, it is typical to evaluate two types of validity. These two types of validity are discussed below.

Internal validity: In the case of experiments, internal validity refers to whether the experimental treatments actually caused the effects on the dependent variables (Malhotra, 2010). We were very careful to make the treatments as similar as possible in order to reduce the risk of other factors affecting the results. For example, we considered providing the respondents with a short description of the respective company, but company-specific characteristics such as country-of-origin and firm size might affect participants' attitudes towards the respective company. Thus, such factors were excluded to ensure that no other independent variables than the ones we were interested in affected the dependent variable. In addition, providing a description of the companies might affect the respondents' perception of the reputation of the respective companies, thus making it difficult for us to draw conclusions of the mediating effect of corporate reputation.

We also conducted a manipulation control to verify the internal validity of our experiment. Independent samples t-test show that people responded differently on the philanthropic manipulation control depending on if they received a philanthropic or strategic treatment. People who received a philanthropic treatment scored significantly higher ($t = 24.8$, $p = 0.000$) on the philanthropic manipulation control than people who received the strategic manipulation control. The opposite is true for those who received a strategic treatment ($t = -3,6$, $p = 0,000$).

External validity: External validity is concerned with "whether the cause-and effect relationships found in the experiment can be generalized" (Malhotra, 2010). In this study we are not interested in generalizing our results across a wide range of situations, but rather to investigate what the effects of different types of CSR are for companies in the Swedish food industry. In addition to this, our results will provide an indication on whether it is interesting to further investigate the effects of different types of CSR. However, it is important to keep in mind that our "groups" for good and bad reputation only contain two companies each. Therefore, company-specific factors might influence the results and consequently the generalizability of our findings.

4. Analysis & Results

In this part of the thesis we will present the results of our experiment. The first section describes the analysis of our manipulation controls, showing that our experimental design worked as intended. We then analyze the brand attitude and brand loyalty effects of the two different types of CSR, thus testing Hypothesis 1 and Hypothesis 2 respectively. Using a two-way ANOVA analysis we are also able to look at the so called interaction effects, which are outlined in section three of this part. Through an analysis of the interaction effects we are able to tell whether corporate reputation mediates the branding effects of strategic and philanthropic CSR. The final part of this section provides a summary of our four hypotheses.

4.1 Manipulation Controls

To evaluate whether the experiment worked as intended, we included two manipulation control (MC) items in the questionnaire. The purpose of each of these two items was to capture one of the two CSR types that were included in the experiment. If the respondents understood the content of the treatment they received, they would give a high score on the MC item representing that treatment and a low score on the other MC. Thus, if a respondent received a philanthropic CSR treatment, the respondent would ideally give a high score on the philanthropic MC and a low(er) score on the strategic MC.

Paired samples t-test showed that the experiment worked as intended, since people who received a philanthropic treatment scored significantly higher ($t = 5{,}8$, $p = 0.000$) on the philanthropic MC than on the strategic MC (see *Table 3*). People who received a strategic treatment, on the other hand, score significantly higher ($t = -26.6$, $p = 0.000$) on the strategic MC than on the philanthropic MC.

Table 3: Paired Samples T-Test of Manipulation Controls

	Philanthropic MC		**p-val.**	**Strategic MC**		**p-val.**
	Mean	**SD**		**Mean**	**SD**	
Philanthropic Treatment	5.27	1.44	0.000	4.81	1.79	0.000
Strategic Treatment	2.20	1.80		5.26	1.35	

Both manipulation controls were measured on a 7-point scale. n = 689

The validity of the experiment is also supported by a cross-analysis between the philanthropic and strategic treatments. Independent samples t-test show that people responded differently on the philanthropic MC depending on if they received a philanthropic or strategic treatment. People who received a philanthropic treatment scored significantly higher ($t = 24.8$, $p = 0.000$) on the philanthropic MC than people who received the strategic MC. The opposite is true for those who received a strategic treatment ($t = -3,6$, $p = 0,000$).

Since each group consists of a large number of randomly assigned participants, it is reasonable to argue that the previously held attitudes towards a specific company were equal between the two groups that received either a philanthropic or a strategic treatment for that company. Therefore, the above results show that the participants were affected by the treatment they received. This further supports our conclusion that the treatments had the intended effects.

4.2 Brand Attitude and Brand Loyalty Effects of the Two CSR Types

Hypothesis 1 states that strategic CSR leads to a more positive level of brand attitude than philanthropic CSR. To test this hypothesis we needed a good measure of brand attitude. Our questionnaire included three brand attitude questions, and a reliability analysis showed that these three questions constituted a good basis for creating an index (Cronbach's Alpha = 0.82).

A two-way ANOVA was conducted to measure the main effect of CSR type as well as the interaction effect between CSR type and corporate reputation. In a two-way ANOVA analysis, a main effect is the effect of one single treatment variable averaged across other treatment variables (Dodge, 2006). Thus, analysis of the main effect of CSR type can be used to investigate whether strategic CSR has more positive effects on brand attitude than philanthropic CSR. As shown in *Table 4*, there is a significant difference in brand attitude depending on the type of CSR the company engages in ($p = 0.000$). The mean value for strategic CSR is 5.38, while the mean value for philanthropic CSR is 5.09. Thus, strategic CSR has a significantly more positive effect on brand attitude than philanthropic CSR, a finding that supports Hypothesis 1. Hypothesis 1 was also found to have empirical support using an independent-samples t-test ($t = -3.0$, $p = 0.003$).

Table 4: Brand Attitude - Descriptives and Two-way ANOVA for CSR Type and Reputation

Descriptive Statistics

CSR Type	Reputation	Mean Value	SD
Philanthropic CSR	Good reputation	5.59	1.32
	Bad reputation	4.51	.1.45
	Total	5.09	1.48
Strategic CSR	Good reputation	5.80	1.12
	Bad reputation	4.97	1.46
	Total	5.38	1.37
Total	Good reputation	5.70	1.22
	Bad reputation	4.77	1.47
	Total	5.25	1.43

Dependent variable: Brand attitude. n = 908.

Two-way ANOVA

	F	p-value	Partial Eta^2
CSR Type	14.02	0.000	0.015
Reputation	113.88	0.000	0.112
Interaction Effect	1.89	0.170	0.002

According to Hypothesis 2, strategic CSR will lead to a more positive level of brand loyalty than philanthropic CSR. A two-way ANOVA shows that the main effect of CSR type on brand loyalty is significant (p = 0.000), thus providing evidence of a difference in brand loyalty between the persons exposed to the philanthropic and the strategic CSR treatments (see *Table 5*). As shown in *Table 5*, strategic CSR leads to a more positive level of brand loyalty compared to philanthropic CSR. This finding was also supported by an independent-samples t-test (t = -3.8, p = 0.000). Consequently, there was empirical support for Hypothesis 2.

Table 5: Brand Loyalty - Descriptives and Two-way ANOVA for CSR Type and Reputation

Descriptive Statistics

CSR Type	Reputation	Mean Value	SD
Philanthropic CSR	Good reputation	5.52	1.53
	Bad reputation	4.00	1.84
	Total	4.81	1.84
Strategic CSR	Good reputation	5.77	1.34
	Bad reputation	4.79	1.72
	Total	5.27	1.62
Total	Good reputation	5.64	1.44
	Bad reputation	4.44	1.81
	Total	5.06	1.74

Dependent variable: Brand loyalty. n= 844.

Two-way ANOVA

	F	p-value	Partial Eta^2
CSR Type	21.64	0.000	0.025
Reputation	126.14	0.000	0.131
Interaction Effect	5.81	0.016	0.007

4.3 Interaction Effects between CSR Type and Reputation

The two-way ANOVA analyses provided in *Table 4* and *Table 5* also displays the so called interaction effect. An investigation of the interaction effects was used to test Hypothesis 3 and Hypothesis 4, which state that strategic CSR leads to a more positive level of brand attitude (brand loyalty in the case of Hypothesis 4) than philanthropic CSR for companies with a bad corporate reputation, while strategic and philanthropic CSR results in the same level of brand attitude (brand loyalty) for companies with a good corporate reputation. According to Malhotra (2010), “an interaction effect occurs when the effect on an independent variable on a dependent variable is different for different categories or levels of another independent variable”.

Before presenting the statistical analysis of the interaction effects it might be useful to graphically look at the results. *Figure 1* and *Figure 2* graphically displays the results of our two-way ANOVAs, and the fact that the lines in *Figure 1* (brand attitude as dependent variable) are almost parallel suggests that no significant interaction effect exists. The lines in *Figure 2* (brand loyalty as dependent variable) are not parallel, which indicates that a significant interaction effect could exist.

Figure 1: Observed Brand Attitude Means

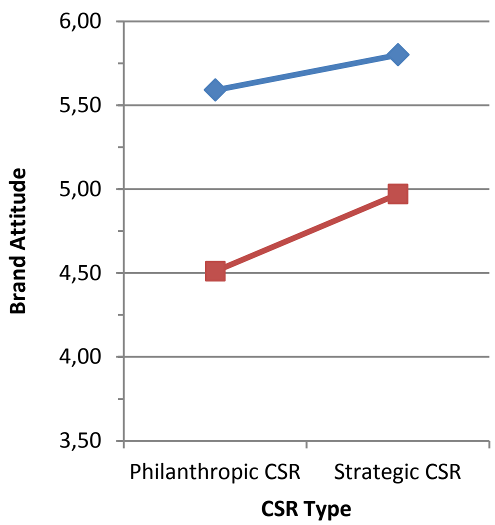
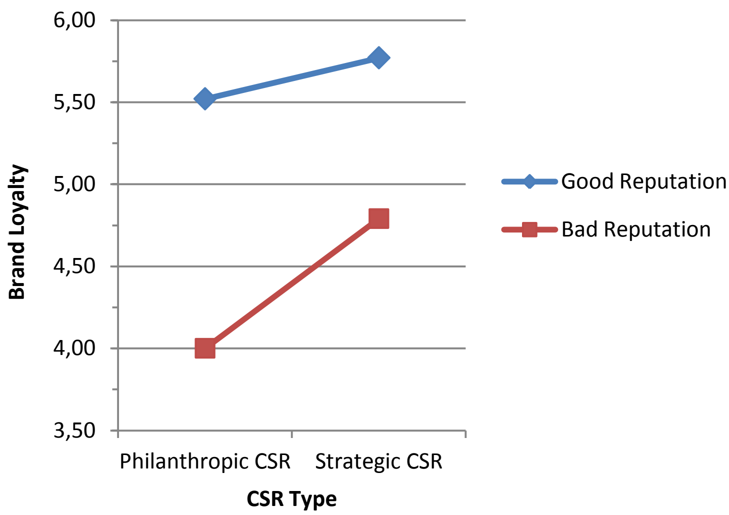


Figure 2: Observed Brand Loyalty Means



However, whether or not an interaction effect exists cannot be determined solely by looking at graphs. Therefore we need to return to the statistical two-way ANOVA analyses shown in *Table 4* (brand attitude) and *Table 5* (brand loyalty). Since the ANOVA analysis in *Table 4* shows an insignificant interaction effect, the brand attitude effect of a certain CSR type is not dependent on a given level of corporate reputation. Thus, corporate reputation does not mediate the brand attitude effects of different types of CSR. In fact, the insignificant interaction effect implies that strategic CSR leads to a more positive level of brand attitude regardless of the level of corporate reputation of the company. Consequently, there was empirical support for Hypothesis 3a since the results show that strategic CSR leads to a more positive level of brand attitude than philanthropic CSR for companies with a bad corporate reputation. On the other hand there was no empirical support for Hypothesis 3b, because strategic CSR leads to a more positive level of brand attitude also for companies with a good reputation.

The analysis of the interaction effect with brand loyalty as the dependent variable is shown in *Table 5*. In this case there is a significant interaction effect, which indicates that the level of brand loyalty resulting from the philanthropic and strategic CSR treatments differ depending on whether companies have a relatively bad or good corporate reputation. To understand the nature of the interaction effect, an analysis of the simple main effects is required.

Simple main effects show "the effects of one independent variable at a specific level of a second independent variable" (Mitchell & Jolley, 2010). As shown in *Table 6*, strategic CSR leads to a significantly more positive level of brand loyalty than philanthropic CSR for companies with bad corporate reputation (p = 0.000). However, this is not true for companies with good reputations, for which there is no significant difference in the level of brand loyalty resulting from the two CSR types. These findings provide support for both Hypothesis 4a and Hypothesis 4b. Strategic CSR leads to a more positive level of brand loyalty than philanthropic CSR for companies with a bad corporate reputation, while the two CSR types result in the same level of brand attitude for companies with a good corporate reputation.

Table 6: Brand Loyalty - Simple Main Effects Analysis

	Good Reputation		**p-val.**	**Bad Reputation**		**p-val.**
	Mean	**SD**		**Mean**	**SD**	
Philanthropic CSR	5.52	0.11	0.108	4.00	0.12	0.000
Strategic CSR	5.77	0.11		4.79	0.11	

Dependent variable: Brand loyalty. n = 844

4.4 Summary of Hypotheses

Table 7 provides a summary of our hypotheses. As shown in the table, five of the six hypotheses were supported whereas one was rejected.

Table 7: Summary of Hypotheses

H1: Strategic CSR leads to a more positive level of brand attitude than philanthropic CSR.	**EMPIRICALLY SUPPORTED**
H2: Strategic CSR leads to a more positive level of brand loyalty than philanthropic CSR.	**EMPIRICALLY SUPPORTED**
H3a: For companies with a bad corporate reputation, strategic CSR leads to a more positive level of brand attitude than philanthropic CSR.	**EMPIRICALLY SUPPORTED**
H3b: For companies with a good corporate reputation, philanthropic CSR and strategic CSR result in the same level of brand attitude.	**NOT EMPIRICALLY SUPPORTED**
H4a: For companies with a bad corporate reputation, strategic CSR leads to a more positive level of brand loyalty than philanthropic CSR.	**EMPIRICALLY SUPPORTED**
H4b: For companies with a good corporate reputation, philanthropic CSR and strategic CSR result in the same level of brand loyalty.	**EMPIRICALLY SUPPORTED**

5. Discussion

In this part of the thesis we will discuss the findings of our experiment. The part starts with a discussion on the relative effectiveness of philanthropic and strategic CSR from a brand equity perspective, including the mediating role of reputation in the relationship between the CSR types on the one hand and brand attitude and brand loyalty on the other. After that we provide a short conclusion in relation to our initial research questions and provide some managerial implications. Finally, we discuss some limitations of our study and provide a number of suggestions for future research regarding different types of CSR.

5.1 Strategic CSR Provides the Best Branding Effects

The main purpose of this thesis was to investigate whether different types of CSR activities differ in their branding effects. We also wanted to examine whether corporate reputation mediates the branding effects of different types of CSR, a discussion we will turn to later in this section.

We have analysed two types of CSR, namely philanthropic CSR and strategic CSR. Philanthropic CSR involves the donation of money to a societal cause, while strategic CSR refers to sustainability initiatives that support the core business activities of a firm. This division of CSR is derived from previous research, and our manipulation controls show that the two types are empirically distinct. The difference between philanthropic and strategic CSR is easy to understand as well as logical from a practice perspective, since sustainability-related initiatives of companies easily can be divided into one of the two types.

In our experimental design we looked at environmental initiatives related to transportation activities in the food industry. Our findings suggest that strategic CSR is more beneficial than philanthropic CSR from a branding perspective, since strategic CSR was found to lead to a relatively higher level of both brand attitude and brand loyalty. These results show that different types of CSR actually differ in their branding effects.

Recent research in relation to CSR confirms that CSR has a positive effect on the financial performance of companies. Still, some researchers have found that CSR initiatives actually can have a negative effect on firm performance. Our findings suggest that it is important to look at different types of CSR activities, since there are significant differences between CSR types when it comes to their effects on important performance parameters. We showed that companies can expect significantly more positive levels on two key branding metrics, brand attitude and brand loyalty, if they engage in strategic rather than philanthropic CSR initiatives. It is therefore useful for companies that engage in corporate responsibility to carry out CSR activities that are directly related to their business operations.

The main reason for the difference in branding effects might be that people perceive strategic CSR to be more genuine than philanthropic CSR. Strategic CSR is linked to the actual business activities of a company, thus indicating a willingness to improve the operations from a sustainability perspective. This is particularly pronounced with regard to environmental activities, since strategic CSR activities show that the company is willing to commit itself to improving its own business. It involves investments in core business activities and requires changing parts of a company's operations. Philanthropic CSR, in contrast, merely involves the redistribution of resources from the company to some other stakeholder. Since philanthropic CSR initiatives do not require a company to change anything in its existing operations, it might not as strongly (as strategic CSR) indicate that the company is committed to improving its environmental performance. There is also a long-term element to strategic CSR that from a company perspective is not as immediately evident in the case of philanthropic CSR. Although donations could be made to research organizations or NGOs that work with long-term sustainability issues, there is nothing to indicate that the company will change its own business even in the long run. Furthermore, a company can cease donating money whenever it wishes. The operational changes required by strategic CSR initiatives, on the other hand, indicate that a company is willing to change the path it is taking and to go towards a more sustainable future.

Another reason why philanthropic CSR is not as effective as strategic CSR from a branding perspective is that the former might be more susceptible to perceptions of greenwashing. During recent years CSR has more or less become a hygiene factor for companies (PwC, 2011), something they have to do in order to stay in line with the competition and to maintain a good image in the eye of the public. However, not all companies engaging in CSR are doing it because of a genuine interest to improve, and the many corporate scandals of the last years (Gioia, 2002; Enriques, 2007) suggest that many companies in fact state to do things that they in reality are not doing. These companies declare to be involved in sustainability initiatives merely to reap the financial benefits of a strong sustainability image, thereby engaging in greenwashing. However, different stakeholder groups, such as consumers, NGOs and the media, are aware that these companies exist, and have become skilled at holding corporations responsible for their actions (Porter & Kramer, 2006).

The significant media coverage of greenwashing practices and corporations that do not fulfill their sustainability promises have probably made people more skeptical towards the sustainability practices of companies. Thus it is more important than ever for companies to engage in CSR initiatives that are perceived as genuine by the general public. The larger business commitments required by strategic CSR in comparison to philanthropic CSR might therefore be another reason why CSR initiatives linked to the core business of a company lead to more positive levels of brand attitude and brand loyalty than CSR initiatives that merely involves the donation of money. From a greenwashing perspective, charitable donations can more easily be perceived as a way for companies to improve their reputations without undertaking any changes to their actual business.

From a societal perspective, however, philanthropic CSR need not necessarily be less favorable than strategic CSR, at least not in the short run. After all, a redistribution of resources to institutions or organizations that can use them in a more effective way is desirable as it may enhance e.g. technological development or the dissemination of environmental knowledge within society. In the long run, however, strategic CSR is likely to be more important than philanthropic CSR for a sustainable societal and environmental development. Companies are increasingly viewed as a major cause of environmental problems and they are widely believed to be prospering at the expense of the broader society, something that has led to diminished trust in business and a legitimacy crisis (Kramer, 2011). To achieve a sustainable development for society, it is therefore important that companies acknowledge their environmental impact and take action to reduce it. In the long run, companies should preferably even reach a point of zero-impact. Strategic CSR is an important vehicle to get there.

5.1.1 The Role of Reputation

The other part of our purpose was concerned with whether corporate reputation mediates the branding effects of different types of CSR. The results we found in relation to this question were interesting. With brand attitude as the dependent variable, corporate reputation did not influence the effects of the two different types of CSR. A two-way ANOVA analysis showed that there was no significant interaction effect between reputation and CSR type, implying that the brand attitude effect of a certain CSR type is not dependent on a given level of corporate reputation. Thus, it seems best for food industry companies to engage in strategic rather than philanthropic CSR if they would like to improve their brand attitude as much as possible, no matter whether the company in question already enjoys a relatively good or bad reputation.

The role of corporate reputation changes, however, when brand loyalty is the desired outcome of CSR activities. In this case we found that there is a significant interaction effect between CSR type and corporate reputation, which indicates that the level of brand loyalty resulting from the philanthropic and strategic CSR treatments differ depending on whether companies have a relatively bad or good corporate reputation. Further analysis of the simple main effects showed that strategic CSR leads to a more positive level of brand loyalty for companies with bad reputations, whereas the two CSR types did not result in any brand loyalty differences for companies with good reputations. This implies that focusing CSR initiatives on core business activities is more important for companies with a bad reputation than for companies with a good reputation. It suggests that, at least in terms of brand loyalty, a company with a good reputation would fare equally well by engaging in either strategic or philanthropic CSR. Companies with a bad reputation, on the other hand, will receive higher levels of brand loyalty by engaging in strategic rather than philanthropic CSR activities.

Interestingly, the same tendency is actually found also with brand attitude as a dependent variable. However, in this case the interaction effect is insignificant on smaller significance levels. Nevertheless, a look on the mean values indicates that strategic CSR might be more effective than philanthropic CSR for companies with bad reputation. On a 20 percent significance level, the interaction effect would be significant in this case as well. This does not imply that we argue that the difference between the two CSR types holds true also in the case of brand attitude. It is not unlikely that the effects of the two CSR types differ between different customer-based marketing metrics. Still, the fact that there is a slight indication hinting towards a difference in the level of brand attitude between the two CSR types for companies with a good reputation suggests that this is an interesting area to investigate further, a topic we will return to in our suggestions for future research.

Now let us return to the interaction effect in the case of brand loyalty, i.e. the fact that strategic CSR is more effective than philanthropic CSR specifically for companies with a relatively bad corporate reputation. It seems likely that the reasons for this difference are the same as the ones we proposed as responsible for the general difference in attitude and loyalty levels that result between the two CSR types. In the case of a company with a bad reputation, a relative lack of trust would make people skeptical towards different initiatives undertaken by that company in order to improve its reputation (this is also explained in *Section 2.4*). This would hold true also for CSR initiatives, which makes companies with bad reputations particularly susceptible for perceptions and accusations of greenwashing. Therefore, from a sustainability perspective it is even more important for companies with a bad reputation to show a genuine commitment for improvement, since these companies face an uphill battle in comparison to companies with better corporate reputations. This logic probably explains why strategic CSR, which is concerned with improvements related to core business activities, is more effective than philanthropic CSR for companies with a bad reputation.

Companies with a bad reputation often find themselves in a vicious circle of bad publicity and negative media coverage. For a company in a situation like this it would be wise to engage in strategic rather than philanthropic CSR activities. Although the intentions of a philanthropic CSR initiative can be as good as those for a strategic, there is still a higher risk of perceptions of greenwashing when engaging in charity-related activities. Strategic CSR activities are therefore relatively more effective and less risky for a company with a bad reputation that wants to improve its situation.

Finally, it can be noted that the type of CSR that is practiced has a relatively low effect on brand attitude and brand loyalty. The eta squared values presented in *Table 4* and *Table 5* describe the effect size of CSR type on brand attitude and brand loyalty respectively. The values of 0.015 and 0.025 can be regarded as representing a clear but small effect size (Söderlund, 2010). Although the type of CSR practiced has a relatively small effect on the two branding variables, it is rather clear that there are a multitude of factors that affect consumers' perceptions and loyalty towards a brand. Basically everything a company does will have an impact on its brand, and CSR is merely one of the things that a company can engage in to improve its brand strength. Because of this it is not strange that the effect size for a particular factor is relatively small – it only demonstrates that brand equity is a complex phenomenon that is the outcome of many small pieces.

5.2 Conclusion

In this concluding part we sum up our findings in relation to our research questions and our purpose. Based on a literature review, we have found that CSR can be decomposed into philanthropic CSR and strategic CSR. Philanthropic CSR involves the donation of money to a societal cause, while strategic CSR refers to sustainability initiatives that support the core business activities of a firm. These two types of CSR were derived from previous academic research and they are distinct from both a theoretical and an empirical perspective.

Our analysis showed that the branding effects differ between the two CSR types. Strategic CSR activities led to a significantly more positive level of both brand attitude and brand loyalty than philanthropic CSR activities. This suggests that it is more favorable for companies to engage in CSR activities that are related to their core business. There is no clear evidence as to whether corporate reputation mediates the branding effects of the two different types of CSR. However, there is an indication that strategic CSR might be more effective for companies with a bad reputation while the two CSR types are equally effective for companies that enjoy a good reputation. The reason that this finding is uncertain is that the described indication only was found with brand loyalty as the dependent variable. For brand attitude, reputation could not be identified as a factor mediating the effects of the two CSR types.

In summary, we have found a way to divide CSR activities that is highly useful for both academic and practical applications. The two identified types of CSR, i.e. philanthropic and strategic CSR, were found to differ in their branding effects. Furthermore, reputation might play an intermediating role between the two CSR types and their brand effects, something that is left for future research to investigate further.

5.3 Managerial Implications

The findings of our study regarding environmental CSR activities provide new insights that can help guide the actions and decision-making of managers within food companies present on the Swedish consumer market. The findings of the relative effectiveness of different types of CSR can also serve as an indication for managers within other consumer goods industries, particularly because CSR-related issues are of high importance to the average Swedish consumer (PwC, 2011). However, more research is needed in order to ascertain that our findings hold true also in industries other than the food industry.

Companies should try to work with strategic rather than philanthropic CSR, since activities related to the former provides a relatively higher level of both brand attitude and brand loyalty. Strategic CSR activities are related to the core business activities of a company, and thereby such activities require actual changes to business operations. Philanthropic CSR involves the redistribution of resources from the company to some other stakeholder, typically through the donation of money or voluntarism. The reason why strategic CSR has proven to have better branding effects than philanthropic CSR is believed to be a result of it being perceived as more genuine and representative of a deeper commitment to sustainability-related causes.

However, it is important for companies to note that corporate reputation can mediate the branding effects of the two CSR types. Our findings suggest that the level of brand loyalty resulting from the philanthropic and strategic CSR treatments differ depending on whether companies have a relatively bad or good corporate reputation. More specifically, companies that suffer from a bad corporate reputation will enjoy a more positive level of brand loyalty from strategic rather than philanthropic CSR activities. Companies with a bad reputation might experience a lack of trust among consumers, making it especially important to carry out initiatives that are perceived as genuine and trustworthy. Furthermore, companies with a bad reputation are particularly susceptible to perceptions of greenwashing. Therefore it is particularly important for companies with a bad reputation to engage in CSR activities that are strategic in nature.

For companies that enjoy a good reputation, on the other hand, it does not seem to matter as much which type of CSR activities they carry out when it comes to affecting the level of brand loyalty. For these companies strategic CSR leads to a slightly higher level of brand loyalty than philanthropic CSR, but this difference in loyalty is not significant.

To conclude, it can be said that strategic CSR generally is more effective than philanthropic CSR when it comes to producing favorable customer-based brand equity. However, reputation might mediate the branding effects of the two CSR types, and for companies with a good reputation the two types of CSR lead to a similar level of brand loyalty (when it comes to brand attitude, strategic CSR produces a more positive level regardless of corporate reputation). It should be noted, however, that the type of CSR that is being practiced has a relatively low impact on brand equity and therefore only represents one of a multitude of variables that companies can work with in order to improve the brand attitude and brand loyalty of their customers.

5.4 Limitations & Suggestions for Future Research

This study offers new insights regarding the branding effects of corporate social responsibility. Specifically, we have shown that to fully understand the effects of corporate social responsibility activities it is important to separate different types of CSR from each other. It must still be noted that our study has a few limitations, and that much new knowledge could be gained through further research within this particular area of CSR.

First of all it should be noted that it might be necessary to reevaluate the wording of the strategic manipulation control in future studies that want to compare strategic and philanthropic CSR. The experimental design worked as intended in that people who received a philanthropic treatment actually perceived it as a case of philanthropy, while people who received the strategic treatment perceived the case to be strategic in nature. This could be verified with the help of our manipulation control (MC) variables. However, one slight drawback was that people who received the philanthropic treatment also perceived it to be concerned with “business development”, which was the wording we chose to use for our strategic MC variable. Although the scores on the strategic MC were rather high for the philanthropic treatment, the scores on the philanthropic MC were significantly higher. With regard to the strategic treatment there was a much bigger difference between the scores on the two MC variables, since people did not at all perceive the strategic treatment to be concerned with philanthropy. The smaller difference for the philanthropic treatment is likely due to the wording of the strategic manipulation control, which was slightly more vague than that for the philanthropic MC. Donating money to an organization that works with fuel technology research and transportation efficiency could perhaps be seen as a way for a food company to develop its own business, even though this initiative in fact is not directly related to the core business operations of a food company. The people taking part in our experiment could have perceived the donations as an indirect way of improving the company's operations in the long run, thus providing a higher score on the strategic MC (as compared to the score given on the philanthropic MC by the people who received a strategic treatment). Although this could have affected the score of philanthropic CSR in a positive way (in relative terms), strategic CSR turned out to provide a significantly more positive level of brand equity than philanthropic CSR.

In this thesis we have assumed that CSR has a positive relationship with financial performance and brand equity. Because of this we have only looked at the relative effects of the two different types of CSR. Although most new research indicates that CSR in fact is positively correlated with financial performance, the different branding outcomes that we have found between philanthropic and strategic CSR makes it interesting to also investigate the absolute branding effects of these two CSR types. Not knowing the absolute effects of the two types of CSR is a limitation of our study and an area that is highly recommended for future research.

Our delimitations and experimental design also makes it clear that our findings might be limited to a specific situation. We have only looked at environmental CSR initiatives related to transportation activities. Furthermore, our unit of analysis consisted of four companies in the food industry that are marketing products to consumers in Sweden. Although our findings could be used as an indication for other industries as well, future research needs to verify that our findings for environmental CSR activities are valid in particular industries. Different countries and cultural contexts could also be areas to investigate further and, in addition to this, future research could address social aspects of corporate responsibility.

In practice, many companies are engaged in both philanthropic and strategic CSR activities. Future research could study whether different combinations of the two CSR types produce different branding effects. In this thesis we have looked at the two CSR types separately, but the effects of combining them in particular ways could differ from the individual effects. One way to analyze this is to take a case-study approach and compare companies with different combinations of the two CSR types.

It would also be interesting to analyze whether it is fruitful to further divide the two CSR types we have looked at. Both philanthropic and strategic CSR are quite general in nature, and previous research has suggested different ways in which these two CSR types could be broken down further. Philanthropic CSR activities, for example, could be regarded as either strategic or non-strategic. That is, philanthropic initiatives could have a relation to the core business of a company and thus have a strategic element to them (Burke & Logsdon, 1996; Porter & Kramer, 2006). An example could make this point clearer. If Coca Cola were to donate money to help children in Africa, Coca Cola would engage itself in non-strategic philanthropic CSR. However, if Coca Cola involved itself in charitable causes committed to cleaning litter from natural areas, this could be regarded as a strategic way of approaching philanthropic CSR. The reason that this type of initiative would be relatively more strategic in this case is the fact that Coca Cola cans and bottles might be a major source of littering, and sponsoring litter-cleaning initiatives would show that Coca Cola is engaged in philanthropic CSR activities that alleviate the negative harm that the company is causing.

Strategic CSR could also be broken down further. As proposed by Halme and Laurila (2009), both CSR integration and CSR innovation could be regarded as strategic types of CSR. As mentioned in *Section 2.2.1*, CSR innovation emphasizes the development of new business models that solve social and environmental problems while CSR integration emphasizes the conduction of existing business operations in a more sustainable way. It could be interesting to analyze if the branding or financial effects differ between these two types of strategic CSR.

Finally, the reactions that an experiment evokes among participants are often short-term in nature, i.e. they are instant reactions and here-and-now (Söderlund, 2010). Thus, we cannot be sure that the brand effects that we have found persist over time or that they are not modified after the experiment. There are reasons to believe that the brand effects might wear off with time, and thus it would be interesting for future research to investigate how the effects changes with time.

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Appendix I: Pre-Study Questionnaire

How would you rate the reputation of the following companies?	Bad reputation 1	2	3	4	5	6	Good reputation 7
Arla	☐	☐	☐	☐	☐	☐	☐
Barilla	☐	☐	☐	☐	☐	☐	☐
Becel	☐	☐	☐	☐	☐	☐	☐
Carlsberg	☐	☐	☐	☐	☐	☐	☐
Chiquita	☐	☐	☐	☐	☐	☐	☐
Coca Cola	☐	☐	☐	☐	☐	☐	☐
Dole	☐	☐	☐	☐	☐	☐	☐
Felix	☐	☐	☐	☐	☐	☐	☐
Findus	☐	☐	☐	☐	☐	☐	☐
Heinz	☐	☐	☐	☐	☐	☐	☐
Kellogg's	☐	☐	☐	☐	☐	☐	☐
Kopparbergs	☐	☐	☐	☐	☐	☐	☐
Kronfågel	☐	☐	☐	☐	☐	☐	☐
Marabou	☐	☐	☐	☐	☐	☐	☐
Nestlé	☐	☐	☐	☐	☐	☐	☐
Scan	☐	☐	☐	☐	☐	☐	☐
Tropicana	☐	☐	☐	☐	☐	☐	☐
Zeta	☐	☐	☐	☐	☐	☐	☐

Appendix II: Main Study Questionnaires

Experimental Treatment for Philanthropic CSR

Please read the following text and answer the questions below.

Transports are one of the activities that have the greatest environmental impact within the food industry. Goods are shipped from cultivations, fields, and farms to factories before they are delivered to our supermarkets. One of the causes of the environmental impact of transports is that many ingredients are sourced from distant places and thus require long transports. In addition, there are often many stages in a company's supply chain, creating a need for additional transport activities.

The food company X strives to reduce the environmental impact caused by its transportation activities. During the past year, X has therefore chosen to donate money to an organization that works to promote the use of environmentally friendly modes of transport, such as sea instead of air transportation and rail instead of road transportation. Moreover, X has donated money to research into environmentally friendly fuels. Overall, X has donated ten million SEK for these purposes.

1. Had you heard of X before reading the text above?	☐ **Yes**		☐ **No**				
2. What is your perception of X?	**Bad**						**Good**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
3. What are your feelings towards X?	**Do not like**						**Like**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
4. How do you perceive the quality of X's products?	**Bad quality**						**Good quality**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
5. How likely is it that you would recommend X to a friend or colleague?	**Not at all likely**						**Very likely**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
6. Please indicate to what extent you agree with the following statements.	**Do not agree at all**						**Completely agree**
	1	**2**	**3**	**4**	**5**	**6**	**7**
X donates money to good causes	☐	☐	☐	☐	☐	☐	☐
X is working with improving its business	☐	☐	☐	☐	☐	☐	☐
7. I am	☐ **Man**		☐ **Woman**				
8. My age	_________ **years**						

Please note that the example in this survey is fictitious and intended for research purposes only.

Experimental Treatment for Strategic CSR

Please read the following text and answer the questions below.

Transports are one of the activities that have the greatest environmental impact within the food industry. Goods are shipped from cultivations, fields, and farms to factories before they are delivered to our supermarkets. One of the causes of the environmental impact of transports is that many ingredients are sourced from distant places and thus require long transports. In addition, there are often many stages in a company's supply chain, creating a need for additional transport activities.

The food company X strives to reduce the environmental impact caused by its transportation activities. During the past year, X has therefore chosen to invest in environmentally friendly modes of transport, and thus increased the use of sea instead of air transportation and rail instead of road transportation. Moreover, X has decided that all road transports should be carried out in vehicles powered by environmentally friendly fuels. Overall, X has invested ten million SEK for these purposes.

1. Had you heard of X before reading the text above?	☐ **Yes**		☐ **No**				
2. What is your perception of X?	**Bad**						**Good**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
3. What are your feelings towards X?	**Do not like**						**Like**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
4. How do you perceive the quality of X's products?	**Bad quality**						**Good quality**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
5. How likely is it that you would recommend X to a friend or colleague?	**Not at all likely**						**Very likely**
	1 ☐	**2** ☐	**3** ☐	**4** ☐	**5** ☐	**6** ☐	**7** ☐
6. Please indicate to what extent you agree with the following statements.	**Do not agree at all**						**Completely agree**
	1	**2**	**3**	**4**	**5**	**6**	**7**
X donates money to good causes	☐	☐	☐	☐	☐	☐	☐
X is working with improving its business	☐	☐	☐	☐	☐	☐	☐
7. I am	☐ **Man**		☐ **Woman**				
8. My age	_________ **years**						

Please note that the example in this survey is fictitious and intended for research purposes only.