

CORPORATE SOCIAL RESPONSIBILITY AND BRAND EQUITY: INSIGHTS  
TO GLOBAL, LUXURY, AND CO-CREATION BRAND  
BUILDING STRATEGIES

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Given the growing number of socially conscious and ethical consumers, brands have been taking a strategic approach to corporate social responsibility (CSR) by integrating socially responsible activities into the brand's core value proposition in order to remain relevant in the marketplace and drive brand equity. Extant research on CSR has investigated its effect on various consumer behavior outcomes. However, from a brand-building perspective, there is still a lack of understanding on how to effectively leverage CSR, and not enough directions on how to overcome its challenges in order to build brand equity. Therefore, through three essays, the objective of this dissertation is to provide a deep understanding of the effect that CSR has on brand equity while revealing brand-building strategies that can be implemented to effectively leverage CSR, specifically within the (1) global, (2) luxury, and (3) co-creation contexts.

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## INTRODUCTION

The marketplace has experienced a growing emphasis on the importance of socially responsible behavior to the advancement of society as a whole. As a result, brands across all industries and markets have been taking a strategic approach to Corporate Social Responsibility (CSR) by integrating socially responsible activities into the brand's core value proposition in order to drive brand equity and build strong brands. Extant research on CSR has investigated its effect on various consumer behavior outcomes. While several studies have demonstrated that consumers in general have favorable attitudes towards brands that engage in CSR activities and are more likely to purchase products from these brands, other studies have indicated that the communication of a CSR program can lead to negative consequences when, for instance, there is a lack of perception of brand-cause fit and authenticity. Therefore, from a brand-building perspective much remains to be learned, especially regarding the effect of CSR on brand equity. Therefore, this dissertation explores, through three essays, how brands can effectively leverage its CSR program to build brand equity, specifically within the (1) global, (2) luxury, and (3) co-creation contexts.

With evidence from an experiment conducted in three different countries (Australia, United States, and Spain) and based on an actual brand's CSR program, Essay 1—titled “The Immediate Effect of Corporate Social Responsibility on Consumer-Based Brand Equity”—offers research implications for academics, and practical considerations for brand managers, interested in how to rapidly generate changes in consumers' perceptions by leveraging CSR activities for brand building in global settings. Specifically, this essay explores the immediate effect of a brand communication of CSR practices on consumer-based brand equity by examining the immediate change in brand awareness, brand loyalty, and brand quality.

Furthermore, it examines the role of brand-cause fit and the influence that differences in cultural, economic, and political environments have on this effect. The findings of this study indicate that when the aim is to quickly build brand equity, the goal of communicating CSR activities must be to increase the level of attachment that consumers have to the brand since loyalty is the main driver of the immediate change in overall brand equity.

Essays 2 and 3 build on Essay 1 by looking at specific leveraging strategies that can be used to boost the positive effect of communication of a CSR activity on brand equity. In particular, Essay 2—titled “Overcoming the Conflicting Values of Luxury Branding and CSR by Leveraging Celebrity Endorsements”—investigates the effect of CSR on brand equity in the context of luxury brands. In order to establish a stronger relationship with consumers and answer the call to be more socially responsible, luxury brands have extended the intrinsic quality and rarity of their products to convey humane and environmental values. Nonetheless, research has shown that communicating the CSR actions of a luxury brand causes a decline in evaluations due to the lack of fit between the associations related to luxury brands and the motivational values of CSR activities. Thus, given the dilemma faced by luxury brands, this study investigates how brands can use a secondary source of value—a celebrity endorsement—that is associated with both luxury and CSR attributes to bridge the opposite motivational values associated to luxury and CSR, while contributing to the perception of fit and thus positively influencing brand equity.

Lastly, Essay 3, “Corporate Social Responsibility for Brand Building: The Impact of Brand Co-Creation on CSR Authenticity” explores the relationship between co-creation and CSR authenticity. Consumers demonstrate a negative reaction towards a brand when they question the CSR program’s sincerity or true intention. As a result, the success and acceptance of CSR campaigns depends on the extent to which consumers perceive the CSR program to be authentic

and not opportunistic. Co-creative brands—as opposed to non-co-creative brands—are perceived as more authentic and sincere, and are associated with relatively positive behavioral intentions. Therefore, this essay offers insights into the positive influence that co-creation has on the perception of authenticity of CSR programs, which consequently brings a positive impact on brand value.

In conclusion, taken together, these three essays offer research implications for academics and practical considerations for brand managers interested on how to strategically leverage CSR for brand building in the global, luxury, and co-creation contexts.

## ESSAY 1

# THE IMMEDIATE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON CONSUMER-BASED BRAND EQUITY\*

### Introduction

The growing emphasis on the importance of socially responsible behavior to the advancement of society as a whole has led brands to experience an increase in stakeholders demanding an active participation in corporate social responsibility (CSR) practices (Thorne et al., 2017). As a result, brands have been taking a strategic approach to CSR by integrating socially responsible activities into the brand's core value proposition in order to drive brand equity and build strong brands (Guzmán and Becker-Olsen, 2010). Naidoo and Abratt (2018) even go to the extent of proposing that a brand with social intentions may develop social brand equity distinct from its commercial brand equity. Since the power of a brand lies in what the customers have learned, felt, seen, and heard about it (Keller, 1993), brands are increasingly communicating their social initiatives to consumers. For instance, the beer brand Stella Artois launched a commercial during the 2017 Super Bowl to inform consumers about its partnership with Water.org, an organization whose goal is to bring clean water to millions of people in need around the world (Kline, 2018). Ultimately, the announcement of a brand CSR program is important to reach desirable outcomes, as past research has shown that CSR signals positively affect brand performance (Cowan and Guzmán, 2018; Lai et al., 2010; Price and Sun, 2017). This study thus examines the immediate effect that a CSR communication has on the dimensions of brand equity (i.e., awareness, perceived quality, and loyalty) to provide a deep understanding

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\* This paper is presented in its entirety Muniz, F., Guzmán, F., Paswan, A. K., and Crawford, H. J. (2019). The immediate effect of corporate social responsibility on consumer-based brand equity. *Journal of Product and Brand Management*, 28(7), 864-879. Permission to use for internal use granted in copyright agreement from Emerald Publishing

of what drives overall brand equity.

Extant research on corporate social responsibility has investigated the effect of CSR on various consumer behavior outcomes. Studies have demonstrated that consumers, in general, have favorable attitudes towards companies and brands that engage in CSR activities (Bae and Cameron, 2006), and are more likely to purchase products from these companies (Perera and Chaminda, 2013; Sen and Bhattacharya, 2001). Moreover, studies have demonstrated the positive effect of CSR on brand awareness (Du et al., 2007), perceived brand quality (Brenes et al., 2014; Swaen and Chumpitaz, 2008; Brown and Dacin, 1997), and brand loyalty (Pratihari and Uzma, 2018; Salmones et al., 2005; Van den Brink et al., 2006; Marin et al., 2009). All of these studies examine the long term effect of CSR. Yet from a brand-building perspective, the implications of the immediate change in awareness, perceived quality, and loyalty due to a brand communication of CSR activities remain less clear, especially regarding the different effect that each one causes on brand equity.

The first objective of this study is to answer Beckmann's (2007) call for research that investigates consumer responses to CSR communications by exploring the immediate effect of CSR on the change in brand awareness, perceived quality, and loyalty to better understand how each dimension affects the overall change in brand equity. Given that the perceived level of fit between the brand and the CSR activity has been shown to be critical to yield positive consumer response (Nan and Heo, 2007; Guzmán and Davis, 2017), the second objective of this study is to investigate the role of brand-cause fit in the immediate overall change in brand equity. Finally, since the trend for brands to be more social responsible is global, many firms emphasize building strong global brands rather than building multiple (strong) local brands (Kumar, 2005; Torres et al., 2012). Thus, the third objective of this study is to investigate the immediate effect of CSR on

the change in overall brand equity across countries to explore the implications of differences in political, economic, and cultural environments. To accomplish these objectives, we conducted an experiment in three different countries—Australia, United States, and Spain—grounded on an actual brand CSR program.

## Background

### Strategic Approach to Corporate Social Responsibility

Corporate social responsibility (CSR) has been broadly defined as a firm's participation and investment of its resources for the advancement of society as a whole (Frederick, 1994). Hence, CSR refers to the social, environmental, ethical, and philanthropic obligations of firms towards their stakeholders. In the last 30 years, the market has experienced an increase in stakeholder's demand for corporations and brands to participate actively in CSR activities (Thorne et al., 2017). As a result, brands have been taking a strategic approach to CSR to create a win-win-win situation for society, businesses and customers (Gupta and Pirsch, 2006; Laughlin and Ashan, 1994). The strategic approach to CSR involves the integration of social responsibility into the brand's core value proposition (Beckmann, 2007; Guzmán et al., 2008; Guzmán and Becker-Olsen, 2010; Porter and Kramer, 2006). Therefore, the goal of strategic CSR is to identify ways in which companies can align their business purpose with consumer expectations and increase brand equity while simultaneously meeting social demands (Guzmán and Becker-Olsen, 2010; Guzmán and Davis, 2017).

### Brand Equity

According to Aaker (1991), brand equity is “a set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers” (p. 15). Brand equity creates value for both the

firm and the customer (Aaker, 1991), and it has been viewed from a variety of perspectives: a (1) customer-based, (2) company-based and (3) financially-based perspective (Keller and Lehmann, 2006). In this study, we focus on the value of a brand from the consumer perspective. According to Keller (1993), the power of a brand lies on what the customers have learned, felt, seen, and heard about it through time, in other words, it lies on customers' minds. Brand equity is a multidimensional concept (Aaker, 1991, 1996) and following Yoo et al. (2000) we recognize brand awareness, perceived quality, and brand loyalty, as standard dimensions of brand equity.

Brand awareness refers to the presence that a brand has in consumers' minds (Foroudi et al., 2018). According to Keller (1993), brand awareness encompasses two main components: recall and recognition. Brand recall refers to consumers' ability to retrieve the brand when given the product category, whereas brand recognition involves consumers' ability to confirm prior exposure to the brand when given the brand as a cue. Brand awareness contributes to the creation and reinforcement of brand associations in consumers' minds (Aaker, 1991). The associations are stronger when they are based on many experiences or exposures to communications, rather than a few (Yoo et al., 2000). The level of awareness is a fundamental element while evaluating a brand since consumers are more likely to choose a brand that they are more aware than less aware of (Foroudi et al., 2018; Yasin et al., 2007).

Perceived quality refers to intangible perceptions, judgments, thoughts, and beliefs about a product's overall excellence or superiority (Foroudi et al., 2018; Ramaseshan and Tsao, 2007; Zeithaml, 1988). The impressions about brand quality are then formed from consumers' personal product experience, unique needs, and consumption situations (Yoo et al., 2000). Furthermore, warranties, prices, and brand information may be used as tools to attribute quality to the brand (Foroudi et al., 2018). The higher the perceived quality, the greater the possibilities for positive



associations the brand has since perceived quality leads to a positive attitude towards the brand (Fatima et al., 2013; Foroudi et al., 2018).

Brand loyalty can be defined as “a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1997, p. 392).

Therefore, loyalty refers to the level of attachment to a brand experienced by consumers.

According to Shang et al. (2006), the level of loyalty can be considered high when consumers interact actively with the brand. Brand loyalty leads to favorable outcomes since it leads to repurchase intentions, decreases brand switching, and develops brand strengths (Foroudi et al., 2018; Matzler et al., 2008).

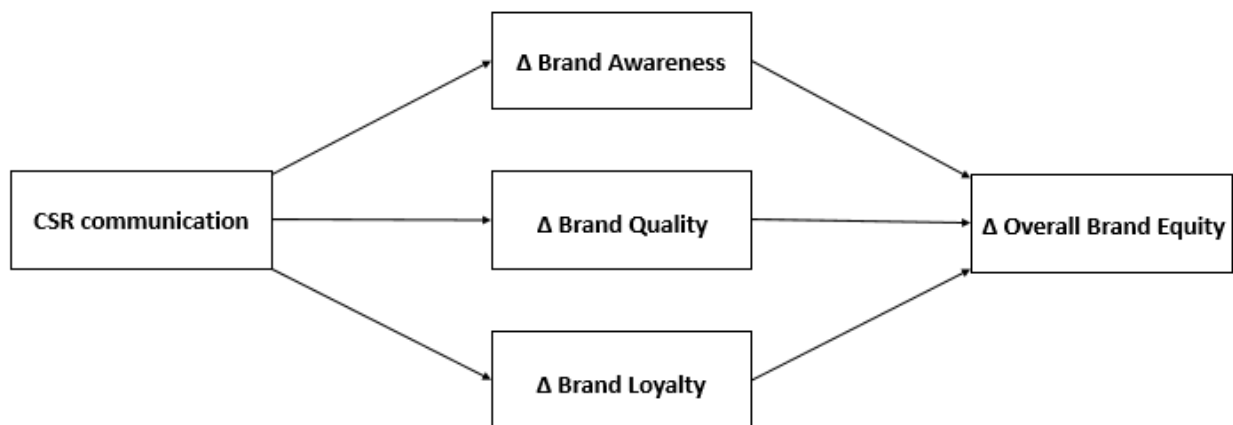
### Theoretical Framework

#### CSR and Brand Equity: The Role of Awareness, Perceived Quality, and Loyalty

According to Torelli et al. (2012), when consumers evaluate CSR information, they do so in the context of the prior information that they have about the brand. Information integration theory suggests that existing attitudes or beliefs are combined with external information to form an aggregate impression, which in turn is used to update previous evaluations (Anderson, 1971, 1982; Clavadetscher and Anderson, 1991). Therefore, we draw on this multi-attribute judgment model and on the branding literature to explore the immediate effect of CSR communication on various dimensions of brand equity to better understand how each dimension is affecting the overall change of brand equity. We propose that when consumers are exposed to CSR information about a brand, their previous level of brand awareness, perceptions of brand quality, brand loyalty, and overall brand equity will be impacted. Consumers will form impressions about the brand that are based on both their previous brand knowledge and on the new information that

they are receiving. For instance, when a consumer is exposed to an ad for the brand Volvo informing them about its initiatives to reduce carbon dioxide emissions, his/her previous knowledge, judgments, and attachment about and with the brand will be immediately impacted positively or negatively. This immediate change can affect the value that consumers give to the brand. Therefore, properly understanding the immediate change in brand equity due to CSR communication requires understanding the effect of the change in awareness, perceived quality, and loyalty. The proposed conceptual framework is shown in Figure 1.1.

**Figure 1.1: Conceptual Framework**



The outcomes of a brand CSR initiative depend on the level of brand and CSR awareness (Du et al., 2007). Hence, awareness about the brand and its actions in terms of CSR may influence consumers' impressions about a brand and ultimately its value (Brady, 2003) and performance (Cowan and Guzmán, 2018). Information integration theory anticipates that attitudes will become more extreme as recipients are exposed to more messages (Anderson, 1981; Eagly and Chaiken, 1993; Lafferty and Goldsmith, 2005). Therefore, brands need to communicate their CSR initiatives to consumers to form or reinforce awareness. However, excessive communication about a brand's CSR initiative can have a negative influence on the value that consumers give to the brand due to repetition effects. Previous research in repetition

effect demonstrates that repetition initially increases learning, but later leads to boredom and irritation, implying an inverted-U shape relationship between repetition and brand attitudes (Cacioppo and Petty, 1979; Calder and Sternthal, 1980; Kirmani, 1997). The explanation for repetition effects is based on Berlyne's (1970) two-factor theory (Campbell and Keller, 2003). In the first phase of the process, repetition helps with habituation of the message reducing negative responses to the novel stimulus, thus increasing the effectiveness of the message and leading to positive attitudes (Campbell and Keller, 2003). During the second phase, continued repetition leads to tedium, thus decreasing the effectiveness of the message and leading to negative attitudes (Anand and Sternthal, 1990; Blair and Rabuck, 1998; Calder and Sternthal, 1980; Campbell and Keller, 2003). Therefore, we propose that while communication of a brand CSR initiative is important to create knowledge about the brand and the cause, and to achieve the desirable outcome, continued exposure to this information can have a negative effect on brand equity.

*H1: The immediate change in brand awareness due to exposure to brand CSR communication has an inverted U-shape relationship with change in overall brand equity.*

Perceived quality refers to consumers' beliefs about a brand's overall excellence or superiority (Foroudi et al., 2018; Ramaseshan and Tsao, 2007; Zeithaml, 1988). Previous studies have demonstrated the positive impact of CSR on perceptions of brand quality (e.g., Brenes et al., 2014; Brown and Dacin, 1997; Guzmán and Davis, 2017; Swaen and Chumpitaz, 2008). When a firm informs consumers about its engagement in CSR activities, it enhances consumers' perception about the quality of the brand (Tingchi Liu et al., 2014). According to Servaes and Tamayo (2013), consumers realize that only firms that care about product quality are willing to invest in CSR activities since profit-oriented firms consider these investments "costly."

Moreover, CSR investments may create a reputation that the firm is reliable and honest, and such characteristics are typically associated with firms that produce higher quality products (Branco and Rodrigues, 2006). Consequently, CSR activities can serve as a mechanism to signal product quality and may lead consumers to form inferences about the brand by drawing a connection between the brand CSR activity and the brand quality (Marin et al., 2009). Therefore, we argue that consumers' previous levels of perceived brand quality can be affected by the exposure to CSR information about a brand. Accordingly, the change in perceived brand quality will positively influence the change in overall brand equity.

*H2: The immediate change in perceived brand quality due to exposure to brand CSR communication has a positive linear relationship with change in overall brand equity.*

Brand loyalty relates to the level of attachment a consumer has to a brand, and it develops brand strength (Foroudi et al., 2018). CSR initiatives may be valuable in strengthening trust and consumers' attachment to the brand (Aaker, 1996; Maignan et al., 1999). Previous findings indicate that CSR influences loyalty (Pratihari and Uzma, 2018; Van den Brink et al., 2006; Salmones et al., 2005). Marin et al. (2009) demonstrate that CSR activities from a brand can lead to stronger loyalty because consumers develop a more positive company evaluation and because they identify more strongly with the brand. Therefore, we can argue that consumers' previous level of brand loyalty may be affected by the exposure to CSR information about a brand and that the change in brand loyalty positively influences the change in overall brand equity. We thus hypothesize:

*H3: The immediate change in brand loyalty due to exposure to brand CSR communication has a positive linear relationship with change in overall brand equity.*

#### The Role of Brand-Cause Fit

CSR broadly refers to a firm's participation and investment of its resources for the

advancement of society as a whole (Frederick, 1994). Hence, the practice of CSR may be associated with a variety of strategies such as supporting existing social causes and/or sourcing from suppliers that fulfill internationally recognized human rights as well as environmental standards. The critical component of all these CSR strategies is the perceived level of fit between the brand and the CSR cause (Nan and Heo, 2007). Perceived fit may be based on functional and/or image related similarities (Gwinner, 1997). According to Guzmán and Davis (2017), brand function-cause fit refers to the relatedness of the functional needs supported by the cause with the function of a brand's product or service—e.g., FedEx supporting the distribution of supplies in a disaster relief effort. On the other hand, brand value-cause fit refers to the perceived relatedness of the values of the cause with the values of the brand—e.g., Ray-Ban supporting glaucoma research. Furthermore, Kuo and Rice (2015) demonstrated that the effect of fit might also be based on perceptual attributes such as color—e.g., Coca-Cola supporting the AIDS relief effort of the Product Red campaign. Past research has shown that high levels of brand-cause fit can increase consumer attitudes towards a brand extension (e.g., Lafferty et al., 2004, Van Rekom et al., 2014), boost overall evaluations of a sponsoring brand (Ellen et al., 2006), and enhance firm credibility (Rifon et al., 2004). These studies suggest that good fit leads to a simple heuristic cognitive process, thus, contributing to the fluency of the information. Perceptual fluency refers to the ease with which people perceive, encode, and process stimulus information (Jacoby et al., 1989; Nordhielm, 2002). Therefore, we argue that when exposed to CSR information about a brand the level of brand-cause fit will have an effect on how consumers perceive and evaluate the brand, thus, influencing the immediate change in overall brand equity. Since in high brand-cause fit situations the level of fluency is high, the effect of the change in overall brand equity will be greater than in low brand-cause fit situations where the level of

fluency is low.

*H4: Brand-cause fit moderates the relationship between the immediate change in awareness, quality, and loyalty, and the immediate change in overall brand equity such that exposure to high brand-cause fit has a greater effect on change in brand equity than exposure to low brand-cause fit.*

#### Political, Economic, and Cultural Context Influence of CSR on Brand Equity

Brands around the globe are experiencing consumers' pressure to be more socially responsible. According to a Nielsen's 2014 Global Survey on Corporate Social Responsibility, "55 percent of global online consumers across 60 countries are willing to pay more for products and services from companies that are committed to positive social and environmental impact" (Rayapura, 2014). Since the trend for brands to be more socially responsible has been experienced across the globe, many brands are focusing more on building strong global brands than on building multiple (strong) local brands (Kumar, 2005; Torres et al., 2012). Thus, in general, we can expect CSR to have a positive influence on the change in brand equity for consumers around the globe (Torres et al., 2012). Nevertheless, national differences in political, economic, and cultural environments may lead to different societal expectations towards brands that engage in CSR activities (Campbell, 2007; Husted and Allen, 2006; Kim et al., 2013), thus influencing the strength of the effect a brand CSR communication has on the change in overall brand equity.

When firms voluntarily engage in CSR activities, consumers may perceive such actions as more altruistic. According to Tschopp (2005), in most countries CSR reports indicating a firm's performance on factors such as pollution, health and safety, human rights, child labor, and other social and environmental issues are mainly voluntary. In the United States, there are concerns from conservatives that over-regulation can have a negative impact on financial markets (Tschopp, 2005). Similarly, in Australia there are a few laws regulating CSR reports, thus, it

remains largely voluntary (Golob and Bartlett, 2007). On the other hand, the geopolitical environment in Europe may be more favorable to focusing on the regulation of social and environmental concerns (Tschopp, 2005). In Spain, The Sustainable Economy Law says that government-sponsored commercial companies and state-owned business enterprises are required to file annual corporate governance and sustainability reports in accordance with generally accepted standards (The Hauser Institute, 2018).

Furthermore, the Organization for Economic Co-operation and Development (OECD) Social and Welfare report provides statistics on public and private social expenditure for various countries. The report indicates the percentage of the GDP spent on social purposes. For instance, in 2015, the public social expenditure for the United States was 18.8% while the private social expenditure was 12.5%. Similarly, in Australia, the public social expenditure consisted of 18.5% while private reached 5.8%. On the other hand, in Spain, the public social expenditure was 24.7% while the private was 1.1% (OECD, 2019). Thus, these numbers indicate that for countries like Spain society may generally expect the government, instead of firms, to take care of social, economic, and environmental issues given that the investment of the public sector on social purposes is significantly higher compared to the private sector, as well as given the level of taxes they pay and of the overall European Welfare State. Compared to countries like the United States, the pressure that Spanish citizens have put on companies has been minimal (Mele, 2004).

Thus, given similarities in the political environment and public and private social expenditure, we argue that for Australia and the U.S. the immediate effect of a CSR communication in the change in overall brand equity will be similar. Specifically, we propose that the effect will be greater in countries such as the United States and Australia where

companies appear to be more engaged in social issues and public reports of CSR activities are mainly voluntary. On the other hand, in the case of countries like Spain, the immediate effect of CSR communication on the change in overall brand equity will be smaller compared to U.S. and Australia since Spaniards expect the government to take care of such concerns.

*H5: The immediate change in overall brand equity due to exposure to brand CSR communication is greater for countries where CSR activities are perceived as voluntary and are expected to be pursued by companies, than in countries where CSR activities are perceived as mandated and are expected to be taken care of by the government.*

### Research Method

An experiment was conducted to test the hypotheses. In this study, we examined the change in brand equity based on an actual CSR program run by the multinational car company, Volvo. The company has taken a strategic approach to CSR by integrating social responsibility to its vision, which is to become the world leader in sustainable transport (Hoque et al., 2014). In its efforts, Volvo created the “corporate citizenship scorecard” to make it easier to keep track of its CSR progress (volvogroup.com). Their corporate citizenship aims are based on a variety of social and environmental concerns such as health, diversity inclusion, reduction of harmful emissions, energy consumption management in car production, etc. First, a pretest was conducted to identify Volvo’s CSR activities with the highest and lowest perceived fit. Next, in the main study, we used the information on brand-cause fit found during the pretest to test the proposed hypotheses. The data were collected in three different countries—United States, Australia, and Spain—to increase the generalizability of our findings, and to investigate the role of political, economic, and cultural environment on the impact of CSR on the change in overall brand equity.



## Pretest

A pretest was employed to select high brand-cause fit and low brand-cause fit. Based on Volvo's corporate citizenship scorecard, thirteen CSR activities were initially chosen. Four hundred forty-nine undergraduate students enrolled in an American ( $n = 147$ ), Australian ( $n = 153$ ), and Spanish ( $n = 149$ ) university participated in the study in exchange for course credit. Participants were first asked to think about what the Volvo brand stands for. They indicated their level of familiarity with the brand ("I am familiar with the Volvo brand"; 1 = strongly disagree, 7 = strongly agree) and the perceived fit between a CSR concept and the brand Volvo ("Please indicate how much you think each of the following concepts relate to the Volvo brand..."; 1 = a bad fit, 7 = a good fit; 1 = does not make sense, 7 = makes sense). A native speaker translated the survey from English to Spanish and then back-translated it for accuracy using Craig and Douglas's (2000) recommended procedures.

All participants indicated an acceptable level of familiarity with the brand (Table 1.1). Nevertheless, participants in Spain ( $M = 6.22$ ) were somewhat more familiar with Volvo compared to participants in the U.S. ( $M = 5.25$ ) and Australia ( $M = 5.28$ ), which is not surprising given the European origin of the brand. In all countries, "fuel efficiency" received the highest average fit scores with the brand Volvo (Spain,  $M = 5.22$ ; USA,  $M = 5.33$ ; AUS = 4.65). On the other hand, "diversity" ( $M = 2.71$ ), "occupational injuries" ( $M = 3.13$ ), and "health" ( $M = 3.39$ ) received the lowest average fit score in Spain, United States, and Australia, respectively. Furthermore, a t-test was conducted to show that both high and low fit scores differ from scale midpoint (value = 4). Results indicated that both high and low fit values for all three countries were significantly different from the scale midpoint value of 4 (AUS: high-fit,  $M = 4.65$ ,  $t(152) = 5$ ,  $p < 0.05$ ; Low-Fit,  $M = 3.39$ ,  $t(152) = -4.8$ ,  $p < 0.05$ . USA: High-Fit,  $M = 5.33$ ,  $t(146) =$

11.5,  $p < 0.05$ ; Low-Fit,  $M = 3.13$ ,  $t(146) = -6.7$ ,  $p < 0.05$ . SPN: High-Fit,  $M = 5.22$ ,  $t(148) = 9.8$ ,  $p < 0.05$ ).

**Table 1.1: Initial Survey to Identify High and Low Fit CSR Activities: Results**

Volvo CSR Activity	SPAIN		USA		AUSTRALIA	
	Mean-Value	StDev	Mean-Value	StDev	Mean-Value	StDev
Fuel Efficiency	<b>5.22</b>	1.68	<b>5.33</b>	1.43	<b>4.65</b>	1.76
Internal environmental management	5.04	1.54	4.63	1.43	4.39	1.49
Alternative Fuels	4.86	1.82	4.37	1.65	4.32	1.68
External environmental management	4.72	1.57	4.33	1.38	4.12	1.38
Carbon dioxide emissions from c.p.	4.58	1.75	4.12	1.69	4.60	1.63
Energy consumption in c.p.	4.55	1.80	4.48	1.41	4.50	1.52
Work/life balance	4.32	1.69	4.38	1.56	4.41	1.43
Harmful Emissions	4.27	1.99	3.70	1.90	4.43	1.72
Solvent emissions from c.p.	4.04	1.73	3.90	1.55	4.21	1.60
Gender balance	3.80	2.00	4.24	1.54	3.99	1.56
Health	3.70	2.02	3.68	1.75	<b>3.39</b>	1.59
Occupational Injuries	2.91	1.80	<b>3.13</b>	1.73	3.45	1.69
Diversity	<b>2.71</b>	1.66	3.87	1.69	3.83	1.53
Volvo's Familiarity	6.22	1.42	5.25	1.67	5.28	1.80

*Note:* The numbers in bold indicate the highest and lowest scores for each country.

## Main Study

In this study, we examine the immediate effects of the changes in brand awareness, brand quality, and brand loyalty, due to the exposure to a CSR ad, on the change in overall brand equity. In addition, we examine the influence of brand-cause fit on the overall change in brand equity. Finally, we compare the strength of the immediate effect in three different countries—

Australia, Spain, and the United States—to reveal the influence of cultural, economic and political differences on the change in overall brand equity due to a brand CSR communication.

### Participants and Procedure

Three hundred sixteen undergraduate business students (146 female) at three large universities in the United States (n = 87, 35 female), Australia (n = 129, 62 female), and Spain (n = 100, 49 female) participated in the main study for class credit. In the case of Spain, a native speaker translated the survey from English to Spanish and then back-translated it for accuracy using Craig and Douglas's (2000) recommended procedures. Participants were randomly assigned to one of two conditions: high brand-cause fit condition or low brand-cause fit condition. Each participant was first asked to think about the brand Volvo and then complete a questionnaire measuring brand consciousness and the level of preexisting brand awareness, brand quality, brand loyalty, and overall brand equity. Following this first section, participants were presented with a full-color magazine advertisement for the brand Volvo. To ensure realism, the advertisement used images and brand logos from current ads for the brand and wording from Volvo's website to describe the firm's commitment to CSR. The message inserted below the image in each ad reflects the high or low condition for brand-cause fit in each country (see Appendix). Participants were instructed to take a moment to observe the ad and then complete a questionnaire measuring their attitude towards the ad and the brand, their current level of brand awareness, brand quality, brand loyalty, and brand equity, and their perception of fit between the brand Volvo and the CSR cause they were exposed to.

### Measures

Measures are provided in Table 1.2 and 1.3. Items were adapted from previously published research. Brand awareness, brand quality, brand loyalty, and overall brand equity were

measured using measurement items that ranged from strongly disagree (1) to strongly agree (7) developed by Yoo et al. (2000). Brand consciousness, attitude towards the ad, and attitude towards the brand (control variables) were measured with items adapted from Nan and Heo (2007). Moreover, to check if brand-cause fit was successfully manipulated, participants answered two questions related to the fit between the CSR cause and the brand Volvo (“How much you think the concept of [*CSR cause depending on the condition and country*] and Volvo are related...” 1 = a bad fit, 7 = a good fit; 1 = does not make sense, 7 = makes sense). Furthermore, Table 1.3 presents the inter-item correlation among the scale items. We note that, in general, inter-item correlations within constructs were higher than correlations across constructs, which indicates that the measurement scales have acceptable levels of internal consistency as well as discriminant and convergent validity (Churchill, 1979, 1995). In addition, we checked for common method variance using the Harman's single factor test (Harman, 1976). The results indicated that the first factor accounted for only 32% of the total variance. Therefore, common method bias was not present since no single factor explained the majority of the variance (Podsakoff and Organ, 1986).

## Analyses and Results

### *Manipulation Check*

A t-test was performed to confirm the success of the manipulation. The results show that there was a significant effect of brand-cause fit manipulation,  $t(314) = -6.944$ ,  $p < .001$ . Participants assigned to the high brand-cause fit ( $M = 5.08$ ,  $SD = 1.22$ ) perceived the match between the CSR concept and the brand as having a significantly higher level of fit than those in the low brand-cause fit condition ( $M = 3.90$ ,  $SD = 1.73$ ). These findings suggest that brand-cause fit was successfully manipulated.

**Table 1.2: Factor Structure, Reliability Assessment and Descriptive Statistics**

<b>Factor label</b>	<b>Items</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Brand Quality* (BQ)	Volvo is of high quality	0.81					
	The likely quality of Volvo is extremely high	0.85					
	The likelihood that Volvo is reliable is very high	0.82					
Brand Loyalty* (BL)	I consider myself to be loyal to Volvo		0.87				
	A Volvo would be my first choice.		0.86				
	I will not buy other brands if a Volvo is within my budget		0.84				
Brand Awareness* (BA)	I can recognize a Volvo among other competitor brands			0.83			
	I am aware of Volvo			0.84			
	I can quickly recall the symbol or logo of Volvo			0.86			
Brand consciousness* (BrCo)	I pay attention to the brand names of the products I buy				0.80		
	Sometimes I'm willing to pay more money for a product because of its brand name				0.82		
	I believe the brands I buy are a reflection of who I am				0.75		

*(table continues)*

Factor label	Items	1	2	3	4	5	6
Attitude towards ad (AdAtt) Regarding the ad, my impressions are...	Dislike it - Like it					0.90	
	Unfavorable - Favorable					0.89	
	Negative - Positive					0.85	
Attitude towards brand (BrAtt) Regarding the brand, my impressions are...	Dislike it - Like it						0.88
	Unfavorable - Favorable						0.88
	Negative						0.85
% of variance explained (total = 79.42)		13.13	13.25	12.75	10.97	14.63	14.69
Cronbach's Alpha		0.86	0.86	0.84	0.71	0.92	0.93
Scale mean		4.84	2.18	5.46	4.80	4.80	5.12
Scale SD		1.10	1.17	1.37	1.02	1.27	1.19
<b>Overall Brand Equity (BE)</b>							
It makes sense to buy a Volvo instead of any other brand, even if they are the same.							0.93
Even if another brand has same features as a Volvo, I would prefer to buy a Volvo.							0.88
If there is another brand as good as a Volvo, I would rather buy a Volvo							0.94
If another brand is not different from a Volvo in any way, it seems smarter to purchase a Volvo							0.92
% of variance explained							84.24
Cronbach's Alpha							0.94
Scale mean							2.86
Scale SD							1.35

Note: The measurement scale ranged from strongly disagree (1) to strongly agree (7)

Table 1.3: Inter Item Correlation

	BrCo1	BrCo2	BrCo3	AdAtt1	AdAtt2	AdAtt3	BrAtt1	BrAtt2	BrAtt3	BQ1	BQ2	BQ3	BL1	BL2	BL3	BA1	BA2	BA3	OBE1	OBE2	OBE3	OBE4
BrCo1	1.00	0.76	0.75	0.10	0.18	0.12	0.03	0.10	0.10	0.22	0.19	0.16	0.19	0.14	0.07	0.56	0.52	0.46	0.13	0.11	0.07	0.06
BrCo2	<b>0.57</b>	1.00	0.70	0.20	0.27	0.23	0.09	0.19	0.19	0.28	0.26	0.15	0.06	0.07	-0.05	0.38	0.38	0.24	0.08	0.04	0.01	-0.01
BrCo3	<b>0.44</b>	<b>0.41</b>	1.00	0.06	0.04	-0.08	-0.14	-0.01	-0.05	0.04	0.12	0.04	0.27	0.26	0.05	0.58	0.27	0.41	0.26	0.30	0.10	0.21
AdAtt1	0.06	<b>0.13</b>	0.03	1.00	1.53	1.39	0.76	0.75	0.72	0.44	0.47	0.51	0.09	0.26	0.00	0.33	0.32	0.33	0.19	0.21	0.27	0.22
AdAtt2	<b>0.12</b>	<b>0.17</b>	0.02	<b>0.83</b>	1.00	1.55	0.83	0.94	0.92	0.51	0.52	0.58	0.11	0.32	0.02	0.34	0.27	0.29	0.17	0.22	0.29	0.15
AdAtt3	0.08	<b>0.15</b>	-0.04	<b>0.75</b>	<b>0.82</b>	1.00	0.82	0.88	0.91	0.50	0.52	0.56	-0.01	0.21	0.02	0.33	0.36	0.26	0.12	0.19	0.19	0.14
BrAtt1	0.02	0.06	-0.07	<b>0.44</b>	<b>0.47</b>	<b>0.46</b>	1.00	1.39	1.28	0.60	0.51	0.54	0.28	0.52	0.39	0.24	0.33	0.32	0.46	0.57	0.52	0.44
BrAtt2	0.07	<b>0.13</b>	-0.01	<b>0.45</b>	<b>0.55</b>	<b>0.51</b>	<b>0.86</b>	1.00	1.29	0.67	0.49	0.60	0.29	0.53	0.39	0.30	0.32	0.33	0.49	0.58	0.55	0.46
BrAtt3	0.07	<b>0.13</b>	-0.02	<b>0.43</b>	<b>0.54</b>	<b>0.53</b>	<b>0.78</b>	<b>0.83</b>	1.00	0.59	0.48	0.55	0.25	0.46	0.35	0.37	0.30	0.37	0.44	0.43	0.50	0.40
BQ1	<b>0.16</b>	<b>0.21</b>	0.02	<b>0.28</b>	<b>0.32</b>	<b>0.30</b>	<b>0.39</b>	<b>0.46</b>	<b>0.39</b>	1.00	1.04	0.99	0.37	0.57	0.39	0.41	0.50	0.48	0.52	0.67	0.62	0.60
BQ2	<b>.133*</b>	<b>0.18</b>	0.07	<b>0.28</b>	<b>0.30</b>	<b>0.31</b>	<b>0.32</b>	<b>0.32</b>	<b>0.31</b>	<b>0.71</b>	1.00	1.08	0.43	0.54	0.47	0.46	0.54	0.41	0.49	0.65	0.59	0.55
BQ3	0.10	0.10	0.02	<b>0.29</b>	<b>0.33</b>	<b>0.31</b>	<b>0.32</b>	<b>0.38</b>	<b>0.34</b>	<b>0.64</b>	<b>0.67</b>	1.00	0.39	0.54	0.42	0.52	0.59	0.40	0.46	0.58	0.57	0.58
BL1	<b>0.13</b>	0.04	<b>0.14</b>	0.05	0.06	-0.01	<b>0.17</b>	<b>0.19</b>	<b>0.16</b>	<b>0.25</b>	<b>0.28</b>	<b>0.24</b>	1.00	1.20	1.06	0.42	0.22	0.31	1.19	1.08	1.19	1.11
BL2	0.09	0.04	<b>0.13</b>	<b>0.14</b>	<b>0.17</b>	<b>0.11</b>	<b>0.29</b>	<b>0.32</b>	<b>0.27</b>	<b>0.35</b>	<b>0.32</b>	<b>0.30</b>	<b>0.70</b>	1.00	1.24	0.47	0.30	0.45	1.37	1.43	1.45	1.39
BL3	0.04	-0.03	0.02	0.00	0.01	0.01	<b>0.22</b>	<b>0.24</b>	<b>0.21</b>	<b>0.24</b>	<b>0.28</b>	<b>0.24</b>	<b>0.63</b>	<b>0.67</b>	1.00	0.44	0.25	0.33	1.31	1.22	1.37	1.39
BA1	<b>0.30</b>	<b>0.20</b>	<b>0.24</b>	<b>0.15</b>	<b>0.16</b>	<b>0.15</b>	<b>0.12</b>	<b>0.15</b>	<b>0.19</b>	<b>0.22</b>	<b>0.24</b>	<b>0.25</b>	<b>0.21</b>	<b>0.22</b>	<b>0.21</b>	1.00	1.50	1.67	0.49	0.61	0.47	0.50
BA2	<b>0.30</b>	<b>0.22</b>	<b>0.12</b>	<b>0.16</b>	<b>0.13</b>	<b>0.18</b>	<b>0.17</b>	<b>0.17</b>	<b>0.16</b>	<b>0.29</b>	<b>0.30</b>	<b>0.31</b>	<b>0.12</b>	<b>0.15</b>	<b>0.13</b>	<b>0.64</b>	1.00	1.57	0.27	0.31	0.25	0.27
BA3	<b>0.24</b>	<b>0.13</b>	<b>0.16</b>	<b>0.15</b>	<b>0.13</b>	<b>0.11</b>	<b>0.15</b>	<b>0.16</b>	<b>0.18</b>	<b>0.24</b>	<b>0.20</b>	<b>0.19</b>	<b>0.15</b>	<b>0.20</b>	<b>0.15</b>	<b>0.63</b>	<b>0.64</b>	1.00	0.38	0.48	0.37	0.50
OBE1	0.08	0.04	<b>0.12</b>	0.10	0.09	0.06	<b>0.24</b>	<b>0.27</b>	<b>0.24</b>	<b>0.30</b>	<b>0.27</b>	<b>0.24</b>	<b>0.65</b>	<b>0.68</b>	<b>0.66</b>	<b>0.21</b>	<b>0.13</b>	<b>0.16</b>	1.00	1.64	1.78	1.85
OBE2	0.07	0.02	<b>0.14</b>	0.11	0.11	0.09	<b>0.29</b>	<b>0.31</b>	<b>0.23</b>	<b>0.38</b>	<b>0.35</b>	<b>0.30</b>	<b>0.58</b>	<b>0.70</b>	<b>0.61</b>	<b>0.26</b>	<b>0.14</b>	<b>0.20</b>	<b>0.75</b>	1.00	1.64	1.61
OBE3	0.04	0.01	0.05	<b>0.14</b>	<b>0.15</b>	0.09	<b>0.28</b>	<b>0.31</b>	<b>0.28</b>	<b>0.37</b>	<b>0.34</b>	<b>0.31</b>	<b>0.67</b>	<b>0.75</b>	<b>0.71</b>	<b>0.21</b>	<b>0.12</b>	<b>0.16</b>	<b>0.85</b>	<b>0.77</b>	1.00	1.76
OBE4	0.03	0.00	0.09	0.11	0.07	0.07	<b>0.22</b>	<b>0.25</b>	<b>0.21</b>	<b>0.33</b>	<b>0.30</b>	<b>0.29</b>	<b>0.59</b>	<b>0.68</b>	<b>0.68</b>	<b>0.21</b>	<b>0.12</b>	<b>0.20</b>	<b>0.83</b>	<b>0.72</b>	<b>0.82</b>	1.00
Mean	5.65	5.50	4.23	4.70	4.73	4.97	4.78	4.75	4.88	5.09	4.64	4.80	1.88	2.31	2.34	5.20	5.74	5.45	2.85	3.08	2.60	2.93
SD	1.16	1.16	1.49	1.34	1.37	1.38	1.30	1.24	1.25	1.19	1.24	1.30	1.24	1.37	1.36	1.59	1.47	1.66	1.47	1.49	1.42	1.51

Note: Figures in bold are significant at p-values <0.05. Lower diagonal contain correlation and upper diagonal covariance estimates.

### *Hypotheses Testing*

Prior to testing our proposed hypotheses, we conducted a paired t-test to determine whether the CSR ad was changing the preexisting levels of brand equity, brand awareness, perceived brand quality, and brand loyalty. The preliminary results indicate that being exposed to an ad about a CSR activity of a brand is affecting the preexisting levels of brand awareness, brand quality, brand loyalty, and brand equity (Table 1.4). Specifically, exposure to a CSR ad increases brand awareness in all settings, but is only significant for Australia. On the other hand, brand quality decreases in all settings, but is only significant for Spain. Moreover, in the case of brand loyalty, there is a significant increase for all three countries. Finally, overall brand equity significantly increases for United States and Australia whereas for Spain it increases but not significantly.

Regression analysis was used to test the hypotheses (H1 through H5). We operationalized brand awareness, brand quality, brand loyalty, and brand equity as the difference between participants' pre and post CSR ad exposure scores. The difference scores were used to account for the immediate effect of CSR. Even though previous research has noticed some limitations with the use of difference scores, such as low reliability, low discriminant validity, spurious correlation, or restricted variance (Peter et al., 1993), the specific conditions of the current research warrant the use of difference scores to most accurately test our proposed hypotheses. Moreover, studies have demonstrated that the advantages overcome the limitations, both conceptually (Kenny and Cook, 1999; Kenny et al., 2006) and statistically (Peter et al., 1993) to produce thorough insights (Homburg et al., 2009).

The regression analysis was run with change in overall brand equity ( $\Delta$ BE) as the dependent variable. In the hierarchical regression, the first step included the controls (brand



attitude, ad attitude, and brand consciousness). The second step included the independent variables, change in brand awareness ( $\Delta BA$ ), brand quality ( $\Delta BQ$ ), brand loyalty ( $\Delta BL$ ), brand-cause fit and political and economic context (0= Australia and USA; 1= Spain). Based on recommendations for detecting quadratic relationships (Cohen et al., 2003),  $\Delta BA$  was added to the second step whereas  $\Delta BA^2$  was included in the third step. The final step included the interaction effect of brand-cause fit with  $\Delta BA$ ,  $\Delta BQ$ ,  $\Delta BL$ ,  $\Delta BA^2$ , and context. Table 1.5 presents the results of these analyses for the final model. The negative signs for  $\Delta BA^2$  indicate a marginally significant relationship of inverted U-shape form, which is in line with H1. Moreover, the non-significance of  $\Delta BQ$  indicates that H2 is not supported.  $\Delta BL$  has a positive linear relationship with  $\Delta BE$ , supporting H3. Furthermore, fit as well as its moderation effect were not significant, which indicates that the level of brand-cause fit does not have an impact on  $\Delta BE$  (H4). On the other hand, political and economic context was significant, which provides initial support for H5. Furthermore, the regression results per country offer additional support for H5. Specifically, for both USA and Australia,  $\Delta BL$  was significant. Moreover,  $\Delta BA^2$  was also significant for Australia. On the other hand, in the case of Spain, none of the relationships were significant, which indicates that the immediate effect of  $\Delta BE$  due to exposure to a CSR ad is greater for the USA and Australia than Spain (H5).

**Table 1.4: The Effect of a CSR Ad on Brand Equity and Its Dimensions (Paired Samples t-Test)**

	All three countries			USA			Australia			Spain		
	Pre CSR ad	Post CSR ad	p-value	Pre CSR ad	Post CSR ad	p-value	Pre CSR ad	Post CSR ad	p-value	Pre CSR ad	Post CSR ad	p-value
Brand Awareness	5.32	5.46	0.00	5.74	5.83	0.27	5.08	5.33	0.01	5.25	5.32	0.31
Brand Quality	4.93	4.84	0.04	5.01	4.95	0.44	4.74	4.72	0.65	5.10	4.92	0.01
Brand Loyalty	1.93	2.18	0.00	1.83	2.18	0.00	1.88	2.10	0.00	2.07	2.27	0.01
Overall Brand Equity	4.06	4.16	0.00	2.62	2.95	0.00	2.40	2.64	0.00	3.05	3.08	0.61

**Table 1.5: Regression Results**

	Overall			USA			Australia			Spain		
	Std $\beta$	t-stats	Sig.	Std $\beta$	t-stats	Sig.	Std $\beta$	t-stats	Sig.	Std $\beta$	t-stats	Sig.
Attitude towards ad	-0.02	-0.34	0.73	-0.11	-0.69	0.49	0.16	1.36	0.18	-0.08	-0.67	0.51
Attitude towards brand	-0.12	-1.76	0.08	-0.06	-0.39	0.70	-0.21	-1.69	0.09	-0.11	-0.95	0.35
Brand consciousness	0.03	0.60	0.55	0.04	0.41	0.69	0.01	0.13	0.90	0.06	0.58	0.56
$\Delta$ BA	0.00	-0.01	0.99	-0.07	-0.43	0.67	0.02	0.12	0.90	-0.16	-1.04	0.30
$\Delta$ BQ	0.08	1.03	0.30	-0.20	-1.24	0.22	0.20	1.59	0.11	0.18	1.15	0.26
$\Delta$ BL	0.30	4.25	0.00	0.40	2.77	0.01	0.27	2.39	0.02	0.22	1.61	0.11
Brand-cause fit	0.07	1.01	0.31	0.09	0.71	0.48	0.06	0.55	0.59	-0.08	-0.64	0.53

*(table continues)*

	Overall			USA			Australia			Spain		
	Std $\beta$	t-stats	Sig.	Std $\beta$	t-stats	Sig.	Std $\beta$	t-stats	Sig.	Std $\beta$	t-stats	Sig.
Context	0.19	2.46	0.02									
$\Delta$ BA <sup>2</sup>	-0.16	-2.36	0.02	-0.20	-1.58	0.12	-0.22	-1.95	0.05	-0.22	-1.64	0.10
$\Delta$ BA* Fit	-0.07	-1.02	0.31	-0.22	-1.44	0.15	-0.01	-0.09	0.93	-0.02	-0.17	0.87
$\Delta$ BQ* Fit	0.03	0.37	0.72	0.14	1.02	0.31	0.00	-0.01	0.99	0.04	0.25	0.81
$\Delta$ BL * Fit	-0.11	-1.45	0.15	0.06	0.39	0.70	-0.21	-1.69	0.09	-0.15	-0.94	0.35
$\Delta$ BA <sup>2</sup> * Fit	0.10	1.56	0.12	0.09	0.68	0.50	0.13	1.12	0.27	0.25	1.75	0.08
Context*Fit	-0.09	-1.08	0.28									
DV: $\Delta$ Overall Brand Equity												
	R	R Sq	Sig. F Change	R	R Sq	Sig. F Change	R	R Sq	Sig. F Change	R	R Sq	Sig. F Change
Model 1 (AdAtt, BrAtt, BrCon)	0.16	0.03	0.04	0.20	0.04	0.32	0.11	0.01	0.65	0.21	0.04	0.22
Model 2 (Model 1, $\Delta$ BA, $\Delta$ BQ, $\Delta$ BL, fit, context)	0.35	0.12	0.00	0.42	0.18	0.02	0.30	0.09	0.04	0.30	0.09	0.32
Model 3 (Model 2, $\Delta$ BA <sup>2</sup> )	0.36	0.13	0.08	0.44	0.19	0.22	0.33	0.11	0.16	0.31	0.10	0.39
Model 4 (Model 3, Fit( $\Delta$ BQ, $\Delta$ BA, $\Delta$ BL, $\Delta$ BA <sup>2</sup> , context))	0.39	0.15	0.15	0.48	0.23	0.45	0.38	0.14	0.29	0.38	0.15	0.30

## Discussion

Consumers and society have placed an increasing emphasis on the importance of corporations and brands to engage in social responsible practices (Thorne et al., 2017). In response, firms are investing significant resources in developing a strategic approach to CSR that allows the integration of social responsibility into the brand's core value proposition (Guzmán and Becker-Olsen, 2010), to generate a win-win-win situation for society, businesses and customers (Gupta and Pirsch, 2006; Laughlin and Ashan, 1994). Yet firms continue to lack a clear understanding of the implications of a CSR strategy on the change in brand value from the consumers' perspective. Our research offers insights into these implications, revealing that an emphasis on CSR activities leads to an immediate positive change in brand equity. We also demonstrate that this effect holds regardless of the level of brand-cause fit. Moreover, the effect is greater for countries where CSR activities are perceived by consumers to be voluntary than in countries where CSR activities are perceived by consumers to be controlled by the government. In general, this research makes several contributions to the marketing literature.

### Theoretical Implications

This study analyzes the immediate effect of CSR on brand equity. Extant research on CSR has focused on the long term effect that such activity can have on brand awareness, perceived brand quality, and brand loyalty (e.g., Brenes et al., 2014; Du et al., 2007; Marin et al., 2009). On the other hand, by looking at the immediate effect, our findings demonstrate how each one of these dimensions contribute or not to the change in the value that consumers give to the brand, deepening our understanding of how brand equity can be quickly strengthened through the communication of CSR initiatives.

This study demonstrates that for brand equity to be positively changed immediately by

CSR messages, consumers need to be aware of the brand and its CSR activity. This result supports previous studies that demonstrate the importance of a company's communication for developing successful CSR programs (Du et al., 2007; Guzmán et al., 2008; Hsu, 2012; Maignan and Ferrell, 2004). More importantly, the inverted U-shape relationship between the change in brand awareness and the change in brand equity demonstrates that at some point an increase in awareness actually leads to a decrease in brand equity. Thus, excessive communication of the CSR strategy is more likely to lead to boredom (Campbell and Keller, 2003) and generate skepticism (Friestad and Wright, 1994), negatively affecting the value that consumers give to the brand. This potentially implies that too much information in the long run could be detrimental.

Although the majority of previous studies have demonstrated that CSR can increase the perceived level of brand quality (e.g., Brenes et al., 2014; Brown and Dacin, 1997; Swaen and Chumpitaz, 2008) our results reveal this effect is the opposite in an immediate context. Specifically, our findings demonstrate that after been exposed to a CSR message immediate perceived brand quality decreases. Although this may be due to the type of brand used in the study, it could also be due to the fact that the consumer's perception is being shifted from the performance/quality attributes of the brand to other secondary attributes highlighted by the CSR communication. There are studies that have shown that the communication of CSR actions can cause a decline in the evaluations depending on the type of the brand, for instance, luxury vs. non-luxury brands (Torelli et al., 2012), product category (Luchs et al., 2010), and the nature of the company itself (Luo and Battacharya, 2006; Aaker et al., 2010; Newman et al., 2014). Interestingly, our findings indicate that even though the CSR ad immediately decreases the perceived level of quality, it does not immediately change the overall value that consumers give to the brand.

The findings also indicate that the exposure to a CSR message has an immediate positive effect on brand loyalty that leads to an immediate positive change in overall brand equity. This result provides support for previous research that suggests the influence of CSR on brand loyalty (Pratihari and Uzma, 2018; Van den Brink et al., 2006; Marin et al., 2009; Salmones et al., 2005). More importantly, our results indicate that the weight of the immediate change in brand loyalty on the immediate change in brand equity is the strongest among the other dimensions analyzed in the model. Thus, the findings contribute to the brand building and CSR literature by demonstrating that the immediate change in brand loyalty is the key dimension driving the immediate incremental change in the value that consumers associate to the brand. In other words, the value that consumers associate to a brand increases after being exposed to a CSR message mainly due to the increase in the level of consumers' perceived sense of attachment to the brand (i.e., brand loyalty).

Furthermore, while past literature has discussed and demonstrated the importance of fit (Nan and Heo, 2007; Guzmán and Davis, 2017), our research contributes to the CSR literature by demonstrating that, in terms of immediate change in overall brand equity, the level of brand-cause fit does not have an influence. The level of fit can contribute to the fluency of the message and information processing as demonstrated by previous research (e.g., Lee and Aaker, 2004). However, our findings indicate that there is no significant difference between high and low brand-cause fit in the immediate change of brand equity. Hence, the results indicate that in terms of the immediate effect on brand value the communication of CSR actions is what matters the most even when that activity may be perceived as low fit.

Finally, our results can be generalized across countries, contributing to the global CSR literature. We demonstrate that the immediate effect of a brand CSR communication on the

change in the value that consumers give to a brand exists in different countries. However, the effect is higher in countries where the consumers expect firms to contribute and such actions are perceived to be voluntary due to fewer reported regulations. The immediate effect on brand equity is less strong in countries where companies are not expected to contribute as much given that the expectation is for the government to promote a welfare state and companies are required to contribute due to laws and regulations.

### Managerial Implications

As firms increasingly seek ways to respond to the growing emphasis on socially responsible behaviors, brand managers face several difficult decisions while aiming to leverage CSR initiatives to build brand equity. Our research offers directions by providing a deeper understanding of how CSR strategies contribute to the immediate change in the value that consumers give to a brand. Foremost, the analysis of the immediate effect of CSR on the dimensions of brand equity reveals that the positive change in the value that consumers give to a brand is mainly due to the change in brand loyalty. Moreover, although communicating a company's CSR initiatives may be required to strengthen brand-cause recognition and recall, an excessive amount of communication can lead to negative evaluations of the brand in the long run. Furthermore, the immediate level of perceived quality of the brand can diminish after being exposed to a message about the CSR activity of a brand probably due to the message shifting the consumer attention from the performance/quality attributes of the brand to other secondary brand associations. However, this reduced perception of brand quality is offset by the immediate positive effect on brand loyalty and awareness that the CSR message has, not affecting the immediate overall perceived level of brand equity, which indicates that taking a strategic approach to CSR activities and communications is still valuable. Therefore, when the aim is to

rapidly increase brand equity, the messages to promote CSR activities must specifically focus on generating awareness and increasing the level of engagement and loyalty. The findings of this study would suggest that it would be a mistake to focus on communicating how engaging in the CSR activity increases the quality or performance of the brand in the short term. Long term, however, it is well established that the level of perceived quality of a brand is an important contributor to a brand's equity (Baalbaki and Guzmán, 2016; Keller, 1993; Yoo et al., 2000), so although for achieving immediate positive effects on brand equity the CSR communication should not focus on this aspect, the brand's long term strategy must still focus on delivering the brand promise with a high quality product or service.

Furthermore, managers should take note that although the level of brand-cause fit contributes to the fluency of information processing (Lee and Aaker, 2004), this research demonstrates that it does not have a major influence on how consumers give value to a brand in the short term. The study's findings indicate that in both instances—low brand-cause fit and high brand-cause fit—the effect of the CSR message on the immediate change in brand equity is positive but not significantly different. This finding is in line with past research that has identified that low-fit or non-strategic CSR activities can be successful in the short run by incentivizing short term purchase intent, but that over time brands that execute CSR programs that are not institutionalized or aligned with the core values of a firm will be perceived as opportunistic (Guzmán and Becker-Olsen 2010; Guzmán and Davis, 2017; Pirsch et al., 2007). In other words, although fit does not have either a positive or negative immediate effect on the outcomes of a CSR messaging effort, the managerial recommendation would be to develop strategic CSR programs to ensure that the effort is not perceived in the long run as opportunistic and to fully leverage the long term effect on brand equity.



Finally, this study provides directions for managers of global brands. Our findings demonstrate that while the communication of CSR activities positively influences immediate changes in brand equity in any context, the strength of the effect depends on the economic, political, and cultural environment of the country in which the CSR program is being developed. Therefore, when aiming to rapidly increase brand equity by leveraging on a company's CSR activity, brands must take into consideration if the targeted market views CSR efforts as voluntary or mandated and what are the expectations in terms of provision of a welfare state in that country. Given that strategies will have a stronger immediate effect in countries where firms are expected to contribute and the CSR actions are perceived to be voluntary, managers promoting global CSR programs should adjust their expectations and possibly also adjust the program itself. Overall, brand managers in any context should carefully assess the amount of messaging they put out about the CSR program. As this study shows, excessive messaging could potentially reduce and even negatively impact the effect of the CSR program. Once again, the managerial recommendation derived from this study's findings would be to strongly communicate the CSR effort to achieve an immediate positive effect on brand equity, but focusing on tactically communicating a strategic CSR program to ensure long term success.

#### Limitations and Further Research

Limitations of this study point to directions for further research. While the use of the brand Volvo allowed us to examine the immediate change in brand equity based on an actual CSR program run by the brand, the type of product and brand could have had an effect on the study's results. Thus, replicating the study using different product categories should be done to identify if any differences in results would emerge. Furthermore, the concept of corporate social responsibility encompasses a variety of practices including, but not limited to, social,

environmental, ethical, and philanthropic activities. Although, our study includes four different types of CSR practices, namely reduction of CO2 emissions, employee safety protection, consumers' health, and promotion of diversity and inclusion, future research could investigate the effect of other types of CSR activities to explore if they have different immediate and long term effects on brand equity. Moreover, even though data were collected in three different countries, namely Australia, USA, and Spain, they are all developed countries. Therefore, to increase the generalizability of the results, especially for global brands, future research could include data from developing countries and emerging economies. In addition, it is important to point out that the conclusions about the immediate effect of CSR communication on the change in brand equity for countries where CSR activities are perceived as voluntary and are expected to be pursued by companies, versus countries where CSR activities are perceived as mandated and are expected to be taken care by the government, were made at the group (i.e., country) level. Future research should investigate this effect at the individual level by directly measuring consumers' perceptions of CSR being voluntary versus mandated.

Furthermore, the use of Yoo et al. (2000) brand equity scale could be questioned given the recent criticism it has received and the emergence of new brand equity scales (Baalbaki and Guzmán 2016; Chatzipanagiotou et al., 2018; Christodoulides et al., 2015; Kristal et al., 2016; Nyadzayo et al., 2016; Saura et al., 2017; Wang et al., 2017). However, the data collection for this study was conducted before the newer scales were available. Future research should consider these scales when assessing brand equity. Moreover, although the focus of this study was to analyze the immediate effect of CSR on the components of brand equity, brand loyalty is ultimately a long term measure, and thus measuring the immediate effect on this particular variable does not capture the whole effect of the CSR effort.

Finally, previous research has suggested that consumer beliefs about the synergy between the resources a company allocates to its ethical attributes and its functional ones may influence their reactions to a company's CSR communication (Gupta and Sen, 2013). Specifically, positive resource synergy beliefs lead consumers to view CSR programs as activities that actually contribute to a company's ability to make better products or services. On the other hand, negative resource synergy beliefs lead consumers to view a firm's CSR initiatives and its core business competencies as conflicting activities (Gupta and Sen, 2013). Although this study finds that the immediate effect of a CSR message on the perceived quality of a brand is negative, future research should investigate the influence that resource synergy beliefs may have on the immediate effect of CSR communication on consumer-based brand equity, which could greatly contribute to this study's findings and our current knowledge of CSR and brand equity.

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## Appendix: Messages

### Participants in the United States

#### *High Brand-Cause Fit*

Think for a moment. An ingenious car that takes a step towards its compromise with society. The all new Volvo S 80 is equipped with a flexi-fuel motor that offers 25% higher gas mileage and a reduction of 15% of CO2 emissions. A technology that responds to the economic and environmental demands of today's society. Just one of many features the Volvo S 80 prides itself with. Now it's up to you to make the next move!

#### *Low Brand-Cause Fit*

Think for a moment. An ingenious car that takes a step towards its compromise with society. The all new Volvo S 80 is built in plants that conform to the highest safety standards to prevent occupational injuries. Volvo values both its innovative technologies and quality as the safety standards that it follows to guarantee a safe work environment for its employees. This is one of many values the Volvo S 80 prides itself with. Now it's up to you to make the next move!

### Participants in Australia

#### *High Brand-Cause Fit*

Think for a moment. An ingenious car that takes a step towards its compromise with society. The all new Volvo S 80 is equipped with a flexi-fuel motor that offers 25% higher gas mileage and a reduction of 15% of CO2 emissions. A technology that responds to the economic

and environmental demands of today's society. Just one of many features the Volvo S 80 prides itself with. Now it's up to you to make the next move!

*Low Brand-Cause Fit*

Think for a moment. An ingenious car that takes a step towards its compromise with society. The all new Volvo S 80 is equipped with an air purifying air conditioning system that filters air pollutants to protect your health. Volvo values both its innovative technologies and quality as its compromise with promoting a healthy living. This is one of many values the Volvo S 80 prides itself with. Now it's up to you to make the next move!

Participants in Spain

*High Brand-Cause Fit*

Piense un momento. Un ingenioso automóvil que toma un paso hacia su compromiso con la sociedad. El totalmente nuevo Volvo S 80 está equipado con un motor Flex-fuel que ofrece rendimientos superiores en un 25% y una disminución de emisiones de CO2 del 15%. Una tecnología que responde a las demandas económicas y ambientales de la sociedad. Ésta es sólo una de las muchas prestaciones del Volvo S 80. ¡Ahora le toca a usted tomar el siguiente paso!

*Low Brand-Cause Fit*

Piense un momento. Un ingenioso automóvil que toma un paso hacia su compromiso con la sociedad. El totalmente nuevo Volvo S 80 es construido en plantas en las que se respeta y promueve la diversidad de razas. Volvo valora tanto sus innovadoras tecnologías y la calidad como su compromiso con la diversidad. Éste es un valor clave que, junto a las prestaciones que usted ya conoce, ofrece el Volvo S 80. ¡Ahora le toca a usted tomar el siguiente paso!

## ESSAY 2

# OVERCOMING THE CONFLICTING VALUES OF LUXURY BRANDING AND CSR BY LEVERAGING CELEBRITY ENDORSEMENTS

### Introduction

Corporate social responsibility (CSR) - defined as a company's participation and investment of its resources for the development of society as a whole (Frederick, 1994) - is a key component of brand building programs across the globe (Cowan and Guzmán, 2018; Lim et al., 2018). The number of socially conscious and ethical consumers continues to rise as people have placed an increasing emphasis on caring for society as a whole (Thorne et al., 2017). In the United States, 86% of consumers expect companies to act on social and environmental issues (MacCarthy, 2017). In addition, more than merely buying from responsible brands, "81% of millennials expect their favorite companies to make public declarations of their corporate citizenship" (Nielsen, 2015). Therefore, in response to consumers' requests, brands across all industries and markets are investing in as well as communicating their CSR initiatives to consumers (Torelli et al., 2012) in order to drive brand equity and build strong brands (Guzmán and Becker-Olsen, 2010). Specifically, in line with this idea, luxury brands have extended the intrinsic quality and rarity of their products to convey humane and environmental values in order to establish a stronger relationship with consumers. As a result, a number of responsible initiatives are emerging in the luxury sector (Kim and Ko, 2012; Torelli et al., 2012; Achabou and Dekhili, 2013). For instance, Gucci has partnered with Beyoncé and UNICEF to bring clean, safe water to the children of Burundi (Ferguson, 2018) whereas Prada has recently announced it will stop using fur in its collections (Bramley, 2019).

Nonetheless, previous studies have shown that communicating the CSR actions of a

luxury brand causes a decline in consumers' evaluations due to the lack of compatibility between the values associated to luxury and the values related to social responsibility (e.g., Torelli et al., 2012; Achabou and Dekhili, 2013; Kapferer and Michaut-Denizeau, 2014). For instance, according to the findings of Achabou and Dekhili (2013), incorporating recycled materials in luxury clothing affects consumer preferences negatively since recycling did not appear to be associated with "prestige" as is the case for luxury goods, creating then, a perception of incompatibility between recycling and luxury products. According to Amatulli et al. (2018, p. 278), "the result of this contradiction between business reality and some scientific findings about the role of CSR in luxury is that today's luxury companies seem to lack an understanding of how to develop and communicate CSR strategies that can appeal to luxury". Therefore, this study investigates the responsible luxury paradox to bring light on how to increase the perception of fit between luxury and CSR in order to effectively promote CSR initiatives of luxury brands.

The few studies that have investigated how to develop and promote responsible luxury have indicated that a luxury brand that adopts an inconspicuous (vs. conspicuous) branding strategy (Janssen et al., 2017), has an enduring and scarce (vs. ephemeral) product (e.g. jewelry instead of clothes) (Janssen et al., 2014), or associates itself with a charity at the point of sale (Hagtvedt and Patrick, 2016), is more likely to trigger favorable consumer attitudes. Yet from a brand-building perspective, none of the previous work has examined how luxury brands can overcome the challenges of communicating their CSR initiatives. This paper posits that by leveraging with an entity associated to both luxury and CSR—in this case, a celebrity endorser—the meaning transfer will aid the luxury brand to improve the perception of fit, driving brand attitude and, consequently, brand equity. Celebrity endorsers have been used for brand communication purposes for a long time. They have shown to influence brand perceptions and

capture attention (Arsena et al., 2014; Ilicic et al., 2013). Some celebrities are more invested than ever in social and environmental causes (Winston, 2016). For instance, Leonardo DiCaprio has started an organization and participated in protest to combat climate change, whereas Emma Watson fights for gender equality while also appearing in fashion magazines and consuming luxury brands (Winston, 2016).

The objective of this research is, in response to Torelli et al.'s (2012) and Jenssen et al.'s (2017) call, to investigate a luxury brand strategy focused on developing and promoting its CSR initiatives while avoiding its negative consequences. Specifically, this paper investigates the effect of using celebrity endorsers that can transfer both luxury and a social cause's values to the brand to increase the perception of brand-cause fit and positively influence brand equity. To accomplish this objective, we draw on the transfer-meaning model, and propose and test a path model using two studies conducted with real brands.

## Theoretical Framework and Hypotheses

### Responsible Luxury

The term “luxury” has been used to describe the highest category of prestigious brands (Li et al., 2012; Torelli et al., 2012) and is defined as, “images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations” (Heine, 2012, p. 62). Due to high prices, luxury brands carry the idea of elitism symbolizing wealth and status to buyers (Vigneron and Johnson, 1999; Goldsmith and Clark, 2012; Roux et al., 2017). Moreover, according to Roux et al. (2017), luxury brands convey two personal values: hedonism and perfectionism. As a result, luxury is often associated with personal pleasure, superficiality, excess, and ostentation—concepts that focus on consumers' self-enhancement values (Achabou and Dekhili, 2013; Torelli et al., 2012;

Cristini et al., 2017; De Barnier et al., 2012; Amatulli et al., 2018; Janssen et al., 2014).

Therefore, the luxury industry is not used to be linked to social responsible initiatives concerning environment impacts or human rights even though those trends have a strong presence in the mainstream consumer products sector (Winston, 2016).

However, in highly competitive marketplaces, brand managers must link their brands to other entities (e.g., social and environmental causes) as a way to improve brand equity (Keller, 2003). Consequently, with social responsible consumers on the rise, luxury brands have been particularly pressured to address social issues (Davies et al., 2012; Janssen et al., 2014; Kapferer and Michaut-Denizeau, 2014; Amatulli et al., 2018). As a result, luxury brands have begun to systematically include CSR as a key component to its brand building strategies to increase brand equity by appealing to a new customer demographic that demands more responsible luxury brands (Cervellon and Shammass, 2013; Winston, 2016; Amatulli et al., 2018).

CSR, defined as a company's participation and investment of its resources for the development of society as a whole (Frederick, 1994), evokes values associated to self-transcendence including altruism, sobriety, moderation, and ethics (Torelli et al., 2012; Achabou and Dekhili, 2013; Gladwin et al., 1995; Amatulli et al., 2018). According to Lim et al. (2018, p. 11), "global companies try to build a socially responsible image by implementing CSR initiatives and then disseminating information about those initiatives to the media". However, previous research has shown that communication of CSR initiatives from luxury brands may lead to a decrease in consumers' evaluation due to the lack of perception of fit between the oppositional concepts associated to luxury and to social responsibility (Torelli et al., 2012; Achabou and Dekhili, 2013; Davies et al., 2012; Griskevicius et al., 2010). Therefore, in order to overcome this challenge and communicate their CSR initiatives in an effective way, luxury brands must



find a way to solve this perceptual contradiction.

### Celebrity Endorsements and Perception of Brand-Cause Fit

The use of celebrities for promoting a brand's product is a common tool applied in advertising strategy for creating and enhancing brand image and equity (Shimp, 2000; Choi and Rifon, 2012). Due to their referent power, celebrities are able to capture consumers' attention and help brands differentiate themselves while influencing brand perceptions and consumers' purchase decisions (Kim et al., 2018; Ilicic et al., 2013; Arseno et al., 2014). According to McCracken's (1989) meaning transfer model, when a luxury brand associates itself with a celebrity through endorsement the preexisting impressions linked to the celebrity will be transferred to the brand through a three-step meaning transfer process. Consequently, in the luxury world, leveraging celebrity endorsers is a popular strategy since celebrities symbolize wealth, success, and status to consumers—values associated to luxury (Kessous and Valette-Florence, 2019; Doran, 2012). For instance, in the luxury watch industry, Rolex uses celebrities wearing their watches to imply a sense of status (Kessous and Valette-Florence 2019).

However, many celebrities are increasingly involved in social and environmental causes (Winston, 2016), which are related to values such as altruism and benevolence. Therefore, based on the meaning transfer model (McCracken, 1989), a celebrity could carry meanings associated to both self-enhancement (luxury) and self-transcendence (social responsibility). Then, in the second stage of the meaning transfer process the meanings associated to the celebrity would transfer to the brand through the ad. In the final stage, consumers would adopt the new meaning into their lives through a relationship with the brand (McCracken, 1989; Miller and Allen, 2012). Therefore, a luxury brand that uses a celebrity associated to both luxury and social causes to communicate its CSR initiative would be linking itself to not only self-enhancement but also

self-transcendence values. Consequently, consumers when evaluating the ad from this brand would perceive the luxury brand and cause to have a greater fit due to the celebrity presence than in an ad without the celebrity. However, if the celebrity is not perceived to be associated to social causes, his/her presence could actually lead to a lower perception of fit between the luxury brand and the social cause than in an ad without a celebrity, since she/he would only be bringing more meanings associated to self-enhancement values.

*Hypothesis 1: A responsible luxury ad with a celebrity endorser who is associated to social causes will lead to greater perception of fit between the brand and the cause than a responsible luxury ad without the celebrity.*

*Hypothesis 2: A responsible luxury ad with a celebrity endorser who is not associated to social causes will lead to lower perception of fit between the brand and the cause than a responsible luxury ad without a celebrity.*

#### Brand-Cause Fit and Attitude towards the Brand

Perception of fit between the brand and the CSR cause is an essential component for an effective CSR brand-building program (Guzmán and Becker-Olsen, 2010; Nan and Heo, 2007). A good fit leads to a simple heuristic cognitive process, thus, contributing to the fluency of the information. In other words, to how easy people perceive, encode, and process stimulus information (Jacoby et al., 1989; Nordhielm, 2002). Previous research has indicated that perceived fit between luxury and CSR may lead to positive evaluations about a brand (Amatulli et al., 2018; Kapferer, 2010; Janssen et al., 2014), influencing the credibility of the brand (Becker-Olsen et al., 2006; Perez and del Bosque, 2011). Therefore, it can be argued that the perceived level of fit between the brand and the cause will influence consumers' attitudes towards the brand as well.

*Hypothesis 3: Brand-cause fit is positively related to attitude towards the brand*

## Attitude towards the Brand and Brand Equity

Brand equity—defined as “a set of brand assets and liabilities linked to a brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers” (Aaker, 1991, p. 15)—creates value for both the brand and the customer. As a multidimensional concept (Aaker, 1991, 1996), brand equity has been studied from three main perspectives: (1) customer-based, (2) company-based, and (3) financially-based (Keller and Lehmann, 2006). This research focuses on brand equity from the consumer perspective following Baalbaki and Guzmán’s (2016) consumer-perceived consumer-based brand equity scale, recognizing brand quality, preference, sustainability, and social influence as standard dimensions of brand equity.

According to Baalbaki and Guzmán (2016), brand quality is about consumers’ perceptions of a brand’s consistency, acceptable standards, performance, reliability, functionality and being well made. On the other hand, preference is described as consumers’ loyalty and commitment to the brand. The sustainability dimension covers consumers’ perceptions of the brand’s sustainable business practices that focuses, for instance, on preserving the environment. Finally, the social influence dimension concerns to how consumers perceive to gain value by using the brand in order to build their identity and achieve social approval by feeling accepted (Baalbaki and Guzmán, 2016). Therefore, higher levels of quality, preference, social influence, and sustainability leads to an increase in brand equity.

Brand attitude relates to an individual’s feelings and thoughts about a brand, which can be positive or negative (Park et al., 2010). According to the information integration theory (Anderson, 1971, 1982; Clavadetscher and Anderson, 1991), each time a consumer is exposed to information about a brand any previous existing attitudes or beliefs will be combined with the

new information to form an aggregate impression, which is then used to update previous evaluations about the brand. Moreover, extant research on brand attitude has shown that attitude towards the brand is an important predictor of behavior including brand consideration, intention to purchase, and brand choice (Fazio and Petty, 2008; Priester et al., 2004; Park et al., 2010). Therefore, this study posits that consumers' attitudes about a brand formed after being exposed to an ad about its CSR initiative will have an influence on the value they give to the brand (i.e., brand equity); specifically, it will influence their perceptions of quality, preference, sustainability, and social influence.

*Hypothesis 4: Attitude towards the brand is positively related to brand quality.*

*Hypothesis 5: Attitude towards the brand is positively related to brand preference.*

*Hypothesis 6: Attitude towards the brand is positively related to sustainability.*

*Hypothesis 7: Attitude towards the brand is positively related to social influence.*

#### Mediating Effects of Consumer Attitudes

Furthermore, given that attitude towards the brand has been identified as a mediator of consumer choice (Guzmán and Davis, 2017; Shimp, 1981) and that perceived fit between luxury and CSR may lead to positive evaluations about a brand (Amatulli et al., 2018; Kapferer, 2010; Janssen et al., 2014), it is proposed that attitude towards the brand will mediate the relationship between brand-cause fit and brand equity dimensions (i.e. quality, preference, sustainability, and social influence). The proposed conceptual framework is shown in Figure 2.1.

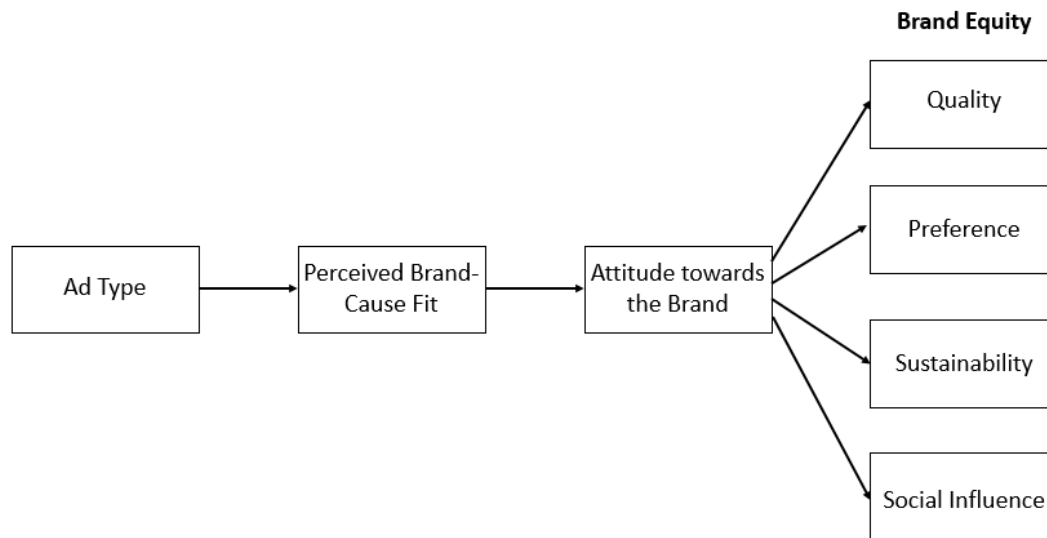
*Hypothesis 8: The effect of brand-cause fit on brand quality is mediated by attitude towards the brand.*

*Hypothesis 9: The effect of brand-cause fit on brand preference is mediated by attitude towards the brand.*

*Hypothesis 10: The effect of brand-cause fit on sustainability is mediated by attitude towards the brand.*

*Hypothesis 11: The effect of brand-cause fit on social influence is mediated by attitude towards the brand.*

**Figure 2.1: Conceptual Framework**



## Research Method

### Pretest

A pretest was employed to identify well-known luxury brands and celebrities. Participants (N = 92) were asked to name (1) five celebrities they believe care about social causes, (2) five celebrities they believe do not care about social causes, and (3) five luxury brands. Using the information found during the pretest, three different ads were created about the luxury brand Louis Vuitton and its partnership with a non-profit organization (see Appendix). Two of these ads included a celebrity - Angelina Jolie (perceived to care about social causes, high-fit) or Kim Kardashian (perceived to not care about social causes, low-fit) - whereas the other ad was only about the brand, Louis Vuitton, and the non-profit organization. To ensure realism, the non-profit organization selected was UNICEF, which is an organization that Louis Vuitton currently supports. Moreover, the advertisements used images and brand logos from

current ads for the brand and wording from Louis Vuitton's website to describe the brand's commitment to help children in need.

### Main Study

One hundred fifty-four undergraduate business students (61% female, 90.9% between 18 to 25 years old) participated in the main study. Participants were randomly assigned to one of three conditions: (1) responsible luxury and low-fit celebrity; (2) responsible luxury and no celebrity; (3) responsible luxury and high-fit celebrity. Each participant was first asked to think about the brand Louis Vuitton and list three words that come to mind. Participants in the celebrity conditions were also instructed to list three words that came to mind while thinking about the celebrity (Kim Kardashian or Angelina Jolie). Following this first section, participants were presented with either (1) an ad about Louis Vuitton and its partnership with UNICEF and Kim Kardashian to help children (low-fit); (2) an ad about Louis Vuitton and its partnership with UNICEF to help children (no celebrity); or (3) an ad about Louis Vuitton and its partnership with UNICEF and Angelina Jolie to help children (high-fit). Participants were instructed to take a moment to observe the ad and then complete a questionnaire measuring attitude towards the brand, perception of fit between the partnership of Louis Vuitton and UNICEF, and brand equity (i.e., quality, preference, sustainability, and social influence). Finally, participants answered how familiar they were with the brand, UNICEF, and the celebrity (those in the celebrity condition) using seven point semantic differential scales that ranged from "not at all familiar" to "extremely familiar".

### Measures

Measures are provided in Table 2.1. Items were adapted from previously published research. Brand quality, preference, sustainability, and social influence (i.e. the brand equity

measures) were measured using measurement items that ranged from strongly disagree (1) to strongly agree (7) developed by Baalbaki and Guzmán (2016). Attitude towards and perception of fit were measured using seven point semantic differential scales adapted from Nan and Heo (2007) and Simmons and Becker-Olsen's (2006), respectively.

## Results

### Measurement Model

A summary of the validity analysis and internal consistency is provided in Table 2.1. The majority of the items have loadings  $> 0.7$ , confirming that the indicator reliability is achieved (Hair et al., 2011; Henseler et al., 2009). Moreover, Cronbach's alpha and composite reliability were used to assess construct reliability. The results indicate that all constructs have Cronbach's alpha and composite reliability  $> 0.7$ , exhibiting construct reliability (Henseler et al., 2009). As seen in Table 1, all the constructs have an average variance extracted (AVE) above 0.5 ensuring convergent validity (Hair and Anderson, 2010; Henseler et al., 2009). Finally, discriminant validity was assessed using Fornell-Larcker and the Hetrotrait-Monotrait ratio (HTMT) criteria. Fornell-Larcker criterion requires that the square root of AVE (Table 2.2 in bold) for each latent variable should be greater than the correlation with any other latent variable (Fornell and Larcker, 1981), which was achieved. Regarding the HTMT criteria, all values are below the threshold of 0.9 (Henseler et al., 2015).

**Table 2.1: Validity and Reliability Test for Structural Equation Model**

<b>Dimensions</b>	<b>Items</b>	<b>Factor loading</b>	<b>Composite reliability</b>	<b>Cronbach's alpha</b>	<b>AVE</b>
Brand-Cause Fit	not a good fit - a good fit	0.923	0.942	0.940	0.844
How much you think the partnership between (Brand X) and UNICEF is...	not compatible – compatible	0.997			
	does not make sense - makes sense	0.829			
Brand Attitude	Dislike it - Like it	0.931	0.938	0.938	0.836
How would you rate the (Brand X)?	Unfavorable – Favorable	0.936			
		Poor – Excellent	0.874		
Quality	The performance of (Brand X) is very high	0.821	0.897	0.897	0.686
	The functionality of (Brand X) is very high	0.801			
	(Brand X) has an acceptable standard of quality	0.819			
	(Brand X) is well made	0.871			
Preference	(Brand X) would be my first choice	0.992	0.903	0.903	0.760
	I consider myself to be loyal to (Brand X)	0.871			
	I am committed to buying (Brand X)	0.734			
Sustainability	(Brand X) is an environmentally safe brand	0.770	0.864	0.869	0.685
	(Brand X) is an environmentally responsible brand	0.692			
	(Brand X) is a healthy brand	0.991			

*(table continues)*



Dimensions	Items	Factor loading	Composite reliability	Cronbach's alpha	AVE
Social Influence	(Brand X) improves the way I am perceived by others	0.793	0.848	0.848	0.650
	(Brand X) would make a good impression on other people	0.818			
	(Brand X) helps me feel accepted	0.807			

**Table 2.2: Discriminant Validity**

	Ad Type	Brand Attitude	Fit	Preference	Quality	Social Influence	Sustainability
Ad Type	<b>1</b>						
Brand Attitude	0.273	<b>0.914</b>					
Fit	0.326	0.319	<b>0.919</b>				
Preference	0.168	0.607	0.196	<b>0.872</b>			
Quality	0.251	0.799	0.290	0.510	<b>0.829</b>		
Social Influence	0.284	0.651	0.158	0.585	0.566	<b>0.806</b>	
Sustainability	0.137	0.460	0.177	0.507	0.380	0.503	<b>0.827</b>

## Hypotheses Testing

First, we conducted a one-way ANOVA to determine whether there was a significant difference in the brand, organization, and celebrity familiarity level as well as in the perception of fit between the three conditions. All participants indicated an acceptable level of familiarity with the brand, organization, and celebrity. Regarding the perception of fit (Table 2.3), the results indicate there is a statistically significant difference between groups ( $F(2, 151) = 9.383, p < 0.001$ ). A Tukey post hoc test reveals that the perception of fit between the brand, Louis Vuitton, and the organization, UNICEF, is statistically significantly higher for those exposed to the ad with the celebrity, Angelina Jolie ( $M = 4.86$ ), compared to those who saw the ad without a celebrity ( $M = 3.77$ ) or with Kim Kardashian as the celebrity ( $M = 3.45$ ). Therefore, H1 is supported. However, there is no statistically significant difference between the perception of fit for those who saw the ad without the celebrity or with the celebrity perceived to not care about social causes (i.e. Kim Kardashian), which provides no support for H2.

**Table 2.3: One-way ANOVA - Ad Type and Perception of Fit: Main Study**

Ad type	Mean	SD	Tukey's HSD Comparisons	
			LV, KK, UNICEF	LV, UNICEF
Louis V., Kim K., and UNICEF	3.46	1.86		
Louis V. and UNICEF	3.77	1.59	0.63	
Louis V., Angelina J., and UNICEF	4.86	1.70	0.00	0.00

Note:  $F(2, 151) = 9.383, p < 0.001$

To examine the causal relationships and estimate the conceptual model, we relied on partial least squares structural equation modeling (PLS-SEM) (Hair et al., 2012). The use of PLS-SEM was considered appropriated due to the early stage of theoretical development of what this study measures and since it considers all of the data in a one-step process that

simultaneously estimates direct and indirect effects, which is helpful while drawing conclusions about a mediation effect.

The result of the structural model test is displayed in Table 2.4. The result indicates that H3 is supported ( $\beta = 0.319$ ;  $p < 0.001$ ). In other words, the perception of brand-cause fit has a positive relationship with consumers' attitudes towards the brand. Moreover, H4 ( $\beta = 0.787$ ;  $p < 0.001$ ), H5 ( $\beta = 0.606$ ;  $p < 0.001$ ), H6 ( $\beta = 0.450$ ;  $p < 0.001$ ), and H7 ( $\beta = 0.450$ ;  $p < 0.001$ ) were also supported, which indicates that attitude towards the brand is positively related to quality, preference, sustainability, and social influence.

**Table 2.4: Path Coefficients and Indirect Effects: Main Study**

Path	Coefficient	t Statistics	p-value
AdType_LV -> Brand-Cause Fit	0.326	4.242	0.000
Brand Attitude -> Preference	0.606	10.096	0.000
Brand Attitude-> Quality	0.787	14.646	0.000
Brand Attitude -> Social Influence	0.670	10.640	0.000
Brand Attitude -> Sustainability	0.450	5.116	0.000
Brand-Cause Fit-> Brand Attitude	0.319	3.600	0.000
Brand-Cause Fit -> Preference	0.000	0.001	1.000
Brand-Cause Fit-> Quality	0.037	0.504	0.614
Brand-Cause Fit-> Social Influence	-0.056	0.745	0.456
Brand-Cause Fit-> Sustainability	0.032	0.411	0.681
<b>Indirect Effect</b>			
Brand-Cause Fit -> Preference	0.193	3.226	0.001
Brand-Cause Fit-> Quality	0.251	3.175	0.002
Brand-Cause Fit-> Social Influence	0.214	3.414	0.001
Brand-Cause Fit-> Sustainability	0.144	3.108	0.002

Moreover, the indirect effects results supported the mediating effects of brand attitude on the relationship between brand-cause fit and quality ( $\beta = 0.251$ ;  $p = 0.002$ ), preference ( $\beta =$

0.193;  $p = 0.001$ ), sustainability ( $\beta = 1.444$ ;  $p = 0.002$ ), and social influence ( $\beta = 0.214$ ;  $p = 0.001$ ). The relationships were a full mediation since the direct effect of brand-cause fit on quality, preference, sustainability, and social influence were not significant (Hair et al., 2016). These results provide support for H8, H9, H10, and H11.

### Replication Study

To increase the generalizability of our results, we conducted a replication study using another brand and other celebrities. According to Uncles and Kwok (2013), replication is key to scientific research, and its integration to the original research design establishes the validity of the findings. Based on the information found during the pretest, Rolex was selected as the luxury brand, and Leonardo DiCaprio was selected as the celebrity who is perceived to care about social causes, whereas Justin Bieber was selected as the celebrity who is perceived to not care about social causes.

One hundred forty-seven M-Turk workers (50.3% female, 39.5 % between 18 to 33 years old, and 60.5% 34 years old or older) participated in the study. Participants went through the same procedure as the ones in the previous study, except those in the celebrity conditions were also asked to rate the celebrity's image before seeing the ad and in the end of the survey were asked to rate their ideal self-image. The objective was to capture participants' perception of congruence between the celebrity's image and their ideal self for a post-hoc analysis. The celebrity endorser's image scale was identical to the ideal-self scale and consisted of a 7-point, 15-item, bipolar scale on attributes adopted from previous self-concept research (Graeff, 1996; Malhotra, 1981; Sirgy, 1982, 1985). The image dimensions included rugged–delicate, excitable–calm, uncomfortable–comfortable, dominating–submissive, thrifty–indulgent, pleasant–unpleasant, contemporary–noncontemporary, organized–unorganized, rational–emotional,

youthful– mature, formal–informal, orthodox–liberal, complex–simple, colorless–colorful, and modest–vain.

The results of a one-way ANOVA indicated a significant difference in the perception of fit between groups ( $F(2, 144) = 43.911, p < 0.001$ ) (Table 2.5). A Tukey post hoc test revealed that the perception of fit between the brand, Rolex, and the organization, UNICEF, was significantly higher for those exposed to the ad with the celebrity, Leonardo DiCaprio ( $M = 5.38$ ), compared to those who saw the ad without a celebrity ( $M = 4.05$ ) or for those who saw it with Justin Bieber as the celebrity ( $M = 2.29$ ). Therefore, H1 is supported. Moreover, the perception of fit was significantly lower for those who saw the ad with Justin Bieber compared to those who did not see a celebrity or saw the ad with Leonardo DiCaprio as the endorser, thus supporting H2. Furthermore, the result of the structural model test provides similar support for H3 through H11 (Table 2.6) as in the main study, except for H10, which is a partial mediation instead of full mediation, since the direct effect of brand-cause fit to sustainability was significant.

**Table 2.5: ANOVA - Ad Type and Perception of Fit: Replication Study**

Ad	Mean	SD	Tukey's HSD Comparisons	
			Rx, JB, UNICEF	RX, UNICEF
Rolex, Justin Bieber, and UNICEF	2.29	1.69		
Rolex and UNICEF	4.05	1.83	0.00	
Rolex, Leo DiCaprio, and UNICEF	5.38	1.41	0.00	0.00

Note:  $F(2, 144) = 43.911, p < 0.001$

**Table 2.6: Path Coefficients and Indirect Effects: Replication Study**

Path	Coefficient	t Statistics	p-value
AdType_Rx -> Brand-Cause Fit	0.620	11.318	0.000
Brand Attitude -> Preference	0.395	5.135	0.000
Brand Attitude-> Quality	0.552	7.075	0.000

*(table continues)*

Path	Coefficient	t Statistics	p-value
Brand Attitude -> Social Influence	0.452	4.484	0.000
Brand Attitude -> Sustainability	0.458	5.661	0.000
Brand-Cause Fit-> Brand Attitude	0.422	6.041	0.000
Brand-Cause Fit -> Preference	0.168	1.863	0.062
Brand-Cause Fit-> Quality	0.020	0.255	0.799
Brand-Cause Fit-> Social Influence	0.134	1.347	0.178
Brand-Cause Fit-> Sustainability	0.243	2.935	0.003
Indirect Effect			
Brand-Cause Fit -> Preference	0.166	3.979	0.000
Brand-Cause Fit-> Quality	0.233	4.172	0.000
Brand-Cause Fit-> Social Influence	0.190	3.063	0.002
Brand-Cause Fit-> Sustainability	0.193	3.699	0.000

### Post-Hoc Analysis

As cultural symbols, celebrities are able to influence consumers due to their ability to activate consumers' ideal self since many consumers borrow symbolic meanings from celebrities they admire to form aspects of their identity (Escalas and Bettman, 2003; Boon and Lomore, 2001). However, the effectiveness of the celebrity endorsement depends on consumers perceiving the celebrity endorser's image to be congruent with their own ideal self-image (Choi and Rifon, 2012). When there is a high degree of congruence between a celebrity's image and a consumer's ideal self-image, consumers will tend to conform to the attitudes and behaviors endorsed by a celebrity and will more likely to have favorable responses towards the celebrity and the ad (Choi and Rifon, 2012). Therefore, although our results suggest that a celebrity endorser perceived to care about social causes can positively contribute to the perception of brand-cause fit for a responsible luxury brand ad, congruence between the celebrity's image and consumer's ideal self-image can also influence the perception of brand-cause fit. Specifically, we conducted a post-hoc analysis to explore if a high (vs. low) degree of congruence between a

celebrity’s image and a consumer’s ideal self-image can contribute to a higher perception of brand-cause fit and, thus, further demonstrate the impact that a celebrity endorsement can have in a CSR communication of a luxury brand.

The post-hoc analysis started by first calculating the index ideal congruity following the absolute difference formula (Ericksen, 1997; Graeff, 1996; Sirgy, 1985), which consists of the sum of the distances perceived by a participant between his/her ideal image and the celebrity’s image - Leonardo DiCaprio or Justin Bieber - in the ad, across all 15 attributes measured. The ideal congruity score ranged from 7 to 66 with a mean of 27.55. The smaller the ideal congruity score, the higher the perception of congruence between the individual and celebrity’s image. Then, two groups were created: high ideal congruity (ideal congruity scores < 27.55) and low ideal congruity (ideal congruity scores > 27.55). Finally, we ran a one-way ANOVA to determine whether there is a significant difference between high versus low ideal congruity in the perception of brand-cause fit. The results indicate a significant difference between ideal congruity on perception of brand-cause fit ( $F(1, 97) = 44.222, p < 0.001$ ) (Table 2.7), such that those who perceive their ideal self-image to be congruent with the celebrity have a higher brand-cause fit perception ( $M = 4.84$ ) compared to those who have low ideal congruity ( $M = 2.37$ ).

**Table 2.7: ANOVA: Ideal Congruity and Brand-Cause Fit**

<b>Ideal Congruity</b>	<b>Mean</b>	<b>SD</b>
High ideal congruity	4.84	1.75
Low ideal congruity	2.37	1.93

Note:  $F(1, 97) = 44.222, p < 0.001$

## Discussion

Society has placed an increasing emphasis on the importance of brands across all industries to engage in social responsible practices (Torelli et al., 2012). In response, luxury

brands are investing a significant amount of resources developing social responsible campaigns in order to drive brand equity and meet the demands of social responsible consumers (Cervellon and Shammas, 2013; Winston, 2016; Amatulli et al., 2018). Yet luxury brands continue to lack a clear understanding of how to effectively communicate their CSR initiatives to consumers given the contradictory values that luxury and CSR emanate. This research offers insights on how to overcome the challenge of increasing consumers' perceptions of luxury brand-cause fit using a celebrity endorsement. Overall, this research makes several contributions to the marketing literature.

### Theoretical Implications

Previous research in luxury and CSR has demonstrated that consumers may react negatively to the communication of CSR initiatives of luxury brands due to the perception of incompatibility between luxury and CSR values (e.g. Achabouu and Dekhili, 2013; Torelli et al., 2012). However, contrary to these past studies, this research identifies a communication strategy that helps overcome the conflicting motivational values of luxury and social responsibility by making them be perceived as congruent; thus, contributing to the emerging evidence that a responsible luxury strategy can lead to positive outcomes for the brand (e.g. Amatulli et al., 2018; Janssen et al., 2014). Specifically, this study demonstrates that a communication strategy of a luxury brand's CSR initiative that leverages a celebrity endorser perceived to care about social causes leads to a higher perception of brand-cause fit, since the celebrity transfers his/her meanings associated to both the luxury and CSR values (i.e. self-enhancement and self-transcendence values) by making the luxury brand and the CSR initiative seem more compatible. This research also contributes to the endorsement literature by demonstrating the influence that celebrities can have on how consumers perceive an ad from a luxury brand promoting a social



cause. Moreover, the findings indicate that the congruence between the consumers' perception of ideal self and the celebrity (i.e., how proximal consumers' identity is to the celebrity's identity) may also influence the perception of brand-cause fit. Finally, the findings contribute to the brand building literature by demonstrating that responsible luxury may positively drive brand equity. Specifically, this study shows that when a communication of a luxury brand CSR initiative is perceived by consumers to be congruent, they will have a more positive attitude towards the brand, which will consequently affect the dimensions of brand equity—i.e. quality, preference, sustainability, and social influence.

### Managerial Implications

As luxury brands continue to seek ways to respond to the growing emphasis on socially responsible behaviors, luxury managers face several difficult decisions when communicating a brand's CSR initiative to consumers due to the possible threat of lack of value compatibility between luxury and CSR. This paper offers directions by providing a strategy on how luxury brands can communicate their CSR activities in a way that improves the perceived level of brand-cause fit, consequently driving brand equity. Specifically, this research demonstrates that by leveraging on celebrity endorsers associated to luxury and social responsible values, consumers perceive a higher compatibility in responsible luxury branding, which in turn will positively influence consumers' attitudes towards the brand and eventually brand equity. However, brand managers must carefully select the celebrity since using a celebrity who is not seen as caring for social causes may have the same impact as not having a celebrity at all. In addition, in some instances depending on the brand, having a celebrity not perceived to care about social causes can actually lead to a more negative effect on the perception of brand-cause fit than not having the celebrity at all. In other words, this would be money not well spent.

Furthermore, brand managers must consider that the congruence between the celebrity's image and consumer's ideal self-image can also influence the perception of brand-cause fit. Therefore, selecting a well-known celebrity relatable to the majority of consumers may have a stronger impact.

### Limitations and Further Research

Limitations of this study point to directions for further research. While the use of the brands Louis Vuitton and Rolex along with the celebrities Angelina Jolie, Kim Kardashian, Leonardo DiCaprio, and Justin Bieber allowed to investigate the effect of celebrity endorsement on the perception of brand-cause fit in the communication of a luxury brand's CSR initiative, the type of luxury product and brand—in this case, more related to fashion—could have had an effect on the study's results. Therefore, replicating the study using luxury brands from different product categories, for instance, a luxury car brand where celebrity endorsements are not as common as in fashion, could possibly lead to different results. Furthermore, although this research did not find a difference in the perception of brand-cause fit between different levels of luxury consumption (i.e., high vs low), future research could investigate if differences in consumers' motivations for purchasing luxury brands (e.g., conspicuous, materialism, social status, etc.) have an impact on how consumers perceive a responsible luxury brand communication.

Finally, the concept of corporate social responsibility encompasses a variety of practices (e.g., social, environmental, ethical, and philanthropic activities). Our study analyzes a real partnership between the brand Louis Vuitton and UNICEF, which is more of a philanthropic activity. Future research could investigate the effect of other types of CSR activities to explore if they have different effects on the perception of brand-cause fit and brand equity. Despite its

limitations, this study makes a unique contribution by demonstrating a marketing strategy that allows for overcoming the conflicting values of luxury branding and CSR by leveraging celebrity endorsements.

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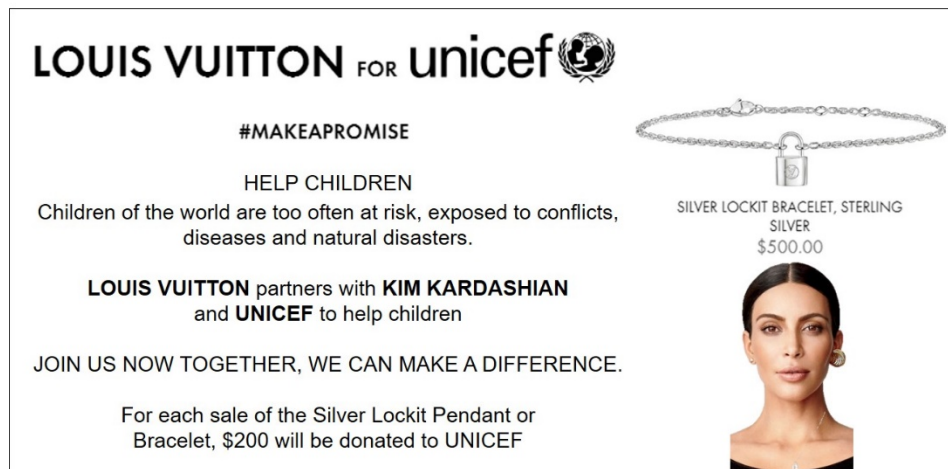
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## Appendix

Low-fit condition: Louis Vuitton, UNICEF, and Kim Kardashian



**LOUIS VUITTON** FOR **unicef** 


**#MAKEAPROMISE**

**HELP CHILDREN**  
Children of the world are too often at risk, exposed to conflicts, diseases and natural disasters.


**LOUIS VUITTON** partners with **KIM KARDASHIAN** and **UNICEF** to help children

JOIN US NOW TOGETHER, WE CAN MAKE A DIFFERENCE.

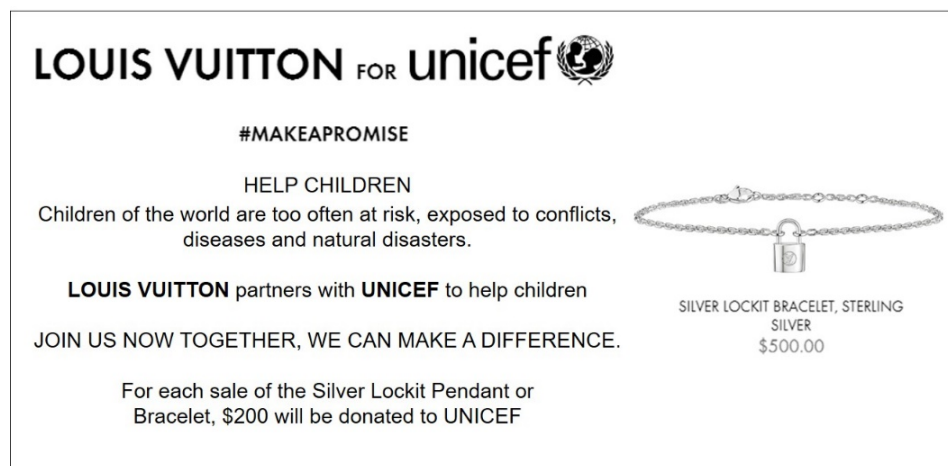
For each sale of the Silver Lockit Pendant or Bracelet, \$200 will be donated to UNICEF




SILVER LOCKIT BRACELET, STERLING SILVER  
\$500.00



Neutral condition: Louis Vuitton and UNICEF



**LOUIS VUITTON** FOR **unicef** 


**#MAKEAPROMISE**

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JOIN US NOW TOGETHER, WE CAN MAKE A DIFFERENCE.

For each sale of the Silver Lockit Pendant or Bracelet, \$200 will be donated to UNICEF



SILVER LOCKIT BRACELET, STERLING SILVER  
\$500.00



High-fit condition: Louis Vuitton, UNICEF, and Angelina Jolie

**LOUIS VUITTON** FOR **unicef** 

**#MAKEAPROMISE**

**HELP CHILDREN**

Children of the world are too often at risk, exposed to conflicts, diseases and natural disasters.

**LOUIS VUITTON** partners with **ANGELINA JOLIE** and **UNICEF** to help children

JOIN US NOW TOGETHER, WE CAN MAKE A DIFFERENCE.

For each sale of the Silver Lockit Pendant or Bracelet, \$200 will be donated to UNICEF



SILVER LOCKIT BRACELET, STERLING SILVER  
\$500.00



## ESSAY 3

# CORPORATE SOCIAL RESPONSIBILITY FOR BRAND BUILDING: THE IMPACT OF BRAND CO-CREATION ON CSR AUTHENTICITY

### Introduction

The number of socially conscious and ethical consumers continues to rise (Thorne et al., 2017) leading to more and more consumers looking for brands that engage in social responsible practices. In fact, 86% of American consumers expect brands to act on social and environmental issues (MacCarthy, 2017), while 73% of millennials would pay extra for brands that align to their values and 70% of Generation Z consumers are willing to actively engage with brands they feel make a difference (Accenture, 2019). As a result, brands have been taking a strategic approach to corporate social responsibility (CSR) and integrating CSR activities into the brands' core value proposition in the effort to answer consumers' call and build brand equity (Guzmán and Becker-Olsen, 2010). However, merely engaging in CSR may not be enough to bring a positive impact on the value consumers give to the brand. Consumers are looking for transparency and honesty. According to a 2017 study by Cone Communications, when it comes to CSR initiatives, nine-in-ten (91%) Americans are okay if a company is not perfect as long as it is honest about its efforts. When consumers question a company's sincerity in its CSR commitment, they may evaluate a company's CSR practices negatively impacting their overall attitude towards the brand (Rim et al., 2016; Vlachos et al., 2009; Becker-Olsen et al., 2006). Therefore, it is crucial to understand how brands can increase the perception of authenticity of its CSR programs in order for them to have a positive effect on brand equity.

Extant research on CSR authenticity has mainly focused on factors directly related to the CSR program that affect how it is perceived, such as fit with the organization's values, impact,

social connectedness, and perceived public-serving motives (e.g., Alhouthi et al., 2016; van Rim et al., 2016; Mazutis and Slawinski, 2015; Van Rekom et al., 2014; La Ferle et al., 2013; McShane and Cunningham, 2012; Ellen et al., 2006). However, given the fact that prior brand reputation and image can play an important role on the perception and effectiveness of the CSR activities (Rim et al., 2016; Bae and Cameron, 2006), there is still a lack of knowledge on how brand building strategies used to strengthen the identity and reputation of a brand can also impact the perception of CSR authenticity. One way to strengthen the identity of a brand is by engaging with consumers through co-creation (Kennedy and Guzmán, 2016)—defined as the process where two or more parties collaboratively interact to create value (Merz et al., 2018; Vargo and Lusch, 2004, 2016; Grönroos, 2012; Prahalad and Ramaswamy, 2004). Well-known brands such as Lego, HP, and BMW have successfully embraced co-creation (Iglesias, 2018), given the fact that nowadays brands are defined collectively through an assemblage of heterogonous human and nonhuman actors (Price and Coulter, 2019) and consumers expect to highly engage with the brands they consume (Harmeling et al., 2017). In fact, one of the best-selling products in Lego's history—Mindstorms—was co-created with Lego customers (Iglesias et al., 2018). Brands co-create with consumers to make consumers feel more connected to the brand, increase its value, loyalty, awareness, differentiation, and experience (Kennedy and Guzmán, 2016). Survey data shows that 79% of consumers say that being involved in a brand's online community makes them feel more engaged with that brand, while 81% view brands that collaborate with consumers as more authentic and 86% say brands that co-create are more trustworthy (Wylie-Harris, 2018). In sum, co-creative brands—contrary to non-co-creative brands—are perceived as more authentic and sincere, and are associated with relatively positive behavioral intentions (Van Dijk et al., 2014).

While previous research has identified CSR as an important influence on consumers' interest in co-creating with a brand (Iglesias et al., 2018), no research has yet explored how co-creation impacts the way consumers perceive CSR activities of a brand. In other words, can the perceptions about a brand CSR program be positively affected by embracing brand co-creation? Examining brand building strategies used to strengthen the identity and value of a brand that can also have a positive influence on the perception of authenticity of the CSR program is a necessary step for brands furthering their strategic CSR practices. Therefore, the objectives of this research are to examine the impact of CSR authenticity on brand equity and investigate if brand co-creation can increase the perceived authenticity of CSR programs for brands, which consequently influences brand value.

### Theoretical Background and Hypotheses Development

#### The Effect of Perceived Corporate Social Responsibility Authenticity on Brand Equity

Frederick (1994) defines corporate social responsibility (CSR) as a firm's participation and investment of its resources for the advancement of society as a whole. CSR can then be referred to the social, ethical, environmental, and philanthropic responsibilities of firms towards their stakeholders. Since consumers' demand for brands to actively participate in CSR activities has increased (Thorne et al., 2017) more brands have been taking a strategic approach to CSR by integrating social responsibility into the brand's core value proposition in order to provide a win-win situation for society, businesses, and customers (Gupta and Pirsch, 2006; Porter and Kramer, 2006; Laughlin and Ashan, 1994). The main objective of strategic CSR is to recognize means in which a brand can align its purpose with consumers expectations leading to a positive effect in brand equity while at the same time meeting social demands (Guzmán and Davis, 2017; Guzmán and Becker-Olsen, 2010).

Brand equity creates value for both the firm and the customer (Aaker, 1991) and is considered to be one of the most important concepts in marketing academia and practice (Baalbaki and Guzmán, 2016; Davcik et al., 2015; Yang et al., 2015; Keller and Lehmann, 2006). It has been traditionally defined as “a set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers” (Aaker, 1991, p. 15), and it has been viewed from a variety of perspectives: a (1) customer-based, (2) company-based and (3) financially-based perspective (Keller and Lehmann, 2006). Since the power of a brand lies on customers’ minds (Keller, 1993), in this study, we focus on the value of a brand from the consumer perspective.

According to Keller (1993), consumers will value a brand based on what they have learned, felt, seen, and heard about it through time. Therefore, we can expect that when consumers learn about a brand’s CSR program that will immediately impact (positively or negatively) the value consumers give to the brand (Muniz et al., 2019). In fact, previous studies have shown that CSR can impact brand equity (e.g., Cowan and Guzmán, 2018; Guzmán and Davis, 2017; Hur et al., 2014; Hsu, 2012; Muniz et al., 2019) by influencing attitudes towards the brand (Bae and Cameron, 2006), purchase intentions (Perera and Chaminda, 2013; Sen and Bhattacharya, 2001), perceived brand quality (Brenes et al., 2014; Swaen and Chumpitaz, 2008; Brown and Dacin, 1997), and brand loyalty (Pratihari and Uzma, 2018; Marin et al., 2009; Van den Brink et al., 2006; Salmones et al., 2005). More recently, given the importance of CSR for brand equity, scholars have even gone to the extent of including social responsibility constructs, such as brand sustainability, into the conceptualization of brand equity (e.g., Baalbaki and Guzman, 2016), which demonstrates the major role that CSR plays on brand building strategies.

However, simply engaging in CSR activities may not be enough to cause a positive

impact on the value consumers give to the brand. The success and acceptance of CSR campaigns depends on the extent to which consumers perceive the CSR program to be authentic (Alhouthi et al., 2016; Skarmeas and Leonidou, 2013; McShane et al., 2012; Kim and Lee, 2009; Mohr et al., 1998) and not opportunistic (Pirsch et al., 2007). Authenticity is “an evaluation, judgment, or assessment of how real or genuine something is” (Beckman et al., 2009, p. 199). Brand authenticity is the extent to which consumers perceive brands to be faithful and true towards themselves and their consumers (Harrison et al., 2019; Fritz et al., 2017; Morhart et al., 2014; Napoli et al., 2014; Spiggle et al., 2012; Beverland and Farrelly, 2010). Consequently, CSR authenticity refers to how genuine and sincere consumers perceive the CSR program to be.

Studies have shown that consumers may react differently to a brand CSR program depending on what they judge as the brand’s motivation to engage in such initiative (Rim et al., 2016). Suspicion about a brand’s sincerity (Vaidyanathan and Aggarwal, 2005) or true intention (Bae and Cameron, 2006) regarding the CSR initiative negatively affects consumers’ attitudes towards a brand. On the other hand, when consumers perceive the motivation for CSR to be genuine and sincere they show more trust towards the brand (Iglesias et al., 2018) and are more willing to make positive recommendations about the brand (Vlachos et al., 2009). In addition, consumers’ loyalty to the brand is expected to increase if they perceive a brand’s CSR program to be authentic since they tend to attach to brands that show signs of being helpful to society as a whole (Eisingerich et al., 2011; Walsh and Beatty, 2007). Therefore, it is expected that consumers will give more value to brands that engage in CSR initiatives when they perceive such actions to be authentic. Accordingly, we hypothesize that:

*H1: Authentic CSR will have a positive effect on brand equity.*

## The Effect of Co-Creation on Brand Equity

According to Chatzipanagiotou et al. (2016), the process of creating brand equity starts with brand building strategies aimed to define the identity and position of the brand in the mind of consumers. Engaging with consumers through co-creation is one specific brand building strategy used to strengthen the identity of the brand (Veloutsou and Black, 2019; Kennedy and Guzmán, 2016). Co-creation is defined as the process where more than one party collaboratively interact and share information to create value together (Merz et al., 2018; Vargo and Lusch, 2004, 2016; Grönroos, 2011; Prahalad and Ramaswamy, 2004) Value co-creation happens in a dynamic space where participants can interact (Kennedy and Guzmán, 2016; Grönroos and Voima, 2013; Iglesias et al., 2013; Ind et al., 2013, 2019; Vallaster and von Wallpach, 2013). Advances in technology, especially in telecommunications, facilitate the contact among people and brands around the world. Thus, consumers have even more possibilities to directly interact with brands (Iglesias et al., 2018; Ramaswamy and Ozcan, 2016; Ind et al., 2013, 2017). Consequently, brands are increasingly engaging in brand co-creation and conversing with consumers to create and strengthen their brand identities (Kennedy and Guzmán, 2016), which is a necessary strategy in order to increase brand equity and consumer engagement (Harmeling et al., 2017) while remaining relevant in the current competitive marketplace (Iglesias et al., 2018).

Several studies show the positive effect that co-creation efforts can bring to a brand given the positive influence that co-creation can have on consumers. For those consumers involved in the process, research indicate that activities related to co-creation lead customers to feel that they are appreciated and respected (Ramaswamy and Gouillart, 2010). The idea of being listened to and have a voice in the future direction of the brand lead consumers to experience an intrinsic sense of reward (Ind et al., 2013, 2019) even leading to an increase in consumers level of self-

esteem (Ramaswamy and Gouillart, 2010). Consequently, these consumers tend to develop positive emotions and feelings towards the brand, and thus be more loyal towards it (Ind et al., 2013, 2017), trust it more (Tajvidi et al., 2018), and are more willing to communicate positive word of mouth (Hoyer et al., 2010; Bilgram et al., 2011). Ultimately, consumers generate a stronger attachment to brands that represent their own values and beliefs (Shepherd et al., 2015).

Furthermore, for consumers who do not directly participate in the co-creation process, but have observed and/or are aware that the brand engages in such practice, the effect is also positive since they tend to perceive these co-creative brands as being more customer-oriented (Fuchs and Schreier, 2011) and more open to listening to their needs and incorporate their suggestions (Van Dijk et al., 2014). Therefore co-creation, as a brand building strategy, may have a positive impact on the value that consumers give to a brand. Accordingly, we hypothesize that:

*H2: Brand co-creation will have a positive effect on brand equity.*

#### The Effect of Co-Creation on Perceive Corporate Social Responsibility Authenticity

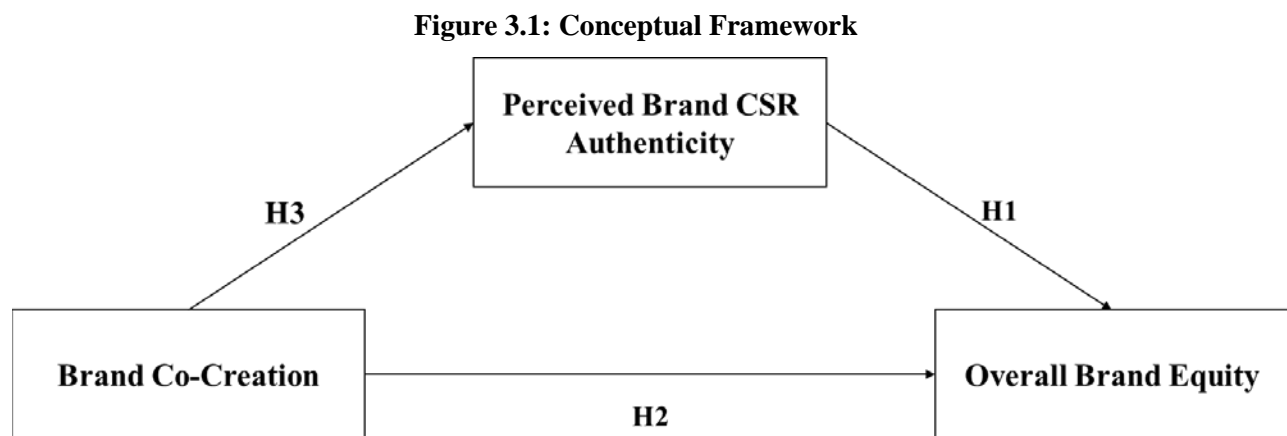
Brand co-creation has also been shown to affect how consumers perceive the personality of a brand (Van Dijk et al., 2014). Brand personality, defined as “the set of human characteristics associated with a brand” (Aaker, 1997, p. 347), has been found to influence brand-customer relationships (Aaker et al., 2004) as well as consumers’ attitudes towards a brand. According to Van Dijk et al. (2014), brands that are perceived to be open to co-creation are seen as having a sincere brand personality compared to brands that are not perceived to be open to co-creation. A sincere brand personality is related to traits such as down-to-earth, honest, and sincerity (Aaker, 1997). Research suggests that sincere brands encourage stronger relationships and trustworthiness (Sung and Kim, 2010; Aaker et al., 2004). Therefore, since personality traits have the power to affect how consumers perceive the brand and what it does, we expect co-



creation to also affect consumers' attitudes towards a brand's CSR program. In other words, brands that are viewed as more open to co-creation will also have their CSR programs be perceived as more sincere and authentic. In fact, Simpson et al. (2019) find that, under certain conditions, co-creation has a positive effect on how employees of a firm perceive its CSR programs. Furthermore, embracing co-creation is beneficial for brands, because it can lead to a variety of advantages, including cost efficiencies, risk reduction, speed-to-market, better insights, and competitive advantage (e.g., Iglesias et al., 2018; Kazadi et al., 2016; Ind et al., 2013, 2017; Hatch and Schultz, 2010; Prahalad and Ramaswamy, 2000). Accordingly, we hypothesize that:

*H3: Brand co-creation will have a positive effect on CSR authenticity.*

The proposed conceptual framework is presented in Figure 3.1.



#### Research Method

Two studies were conducted to test the hypotheses. Study 1 used a real brand and a representative sample of the U.S., while the second study was an experiment based on a fictitious brand. In order to pre-test the questionnaires used during the studies we had experts from the fields of business ethics and brand management reviewing the theoretical competence of the survey questions. Following this first phase, a small sample of the target population reviewed the survey and provided feedback on the ease of comprehension of the questionnaire.

## Study 1

### Research Design and Sample

An online survey was created to investigate the effect that brand co-creation has on CSR authenticity and brand equity as well as the influence of authentic CSR programs on brand equity. The data was collected in the United States by an external company, Qualtrics, which was responsible for recruiting participants and distributing the survey. The target population consisted of a representative sample of the U.S. population based on gender, age, and race, which produced 410 responses (see Table 3.1).

**Table 3.1: Sample Characteristics (N = 410)**

Characteristics		%
Age	18 - 24 years old	13
	25 - 34 years old	18
	35 - 44 years old	17
	45 -54 years old	18
	55 - 64 years old	16
	65+ years old	18
Race	Non-Hispanic White	61
	Non-Hispanic Black	13
	American Indian or Alaska Native	1
	Asian	5
	Hispanic	17
	Other	3
Gender	Male	50
	Female	50

The questionnaire was based on the technology brand, Samsung. The brand was selected after conducting a pre-test in which respondents (n = 64) listed both five brands that they believe

are open to co-creation and five brands they believe are not open to co-creation. Since the concept of brand co-creation may not be easily understood by all consumers, we followed the procedure used by Kennedy and Guzmán (2016), and included a small explanation of what brand co-creation means. Based on the results, we selected the brand Samsung since it appears to have both consumers who believe it is open to co-creation as well as consumers who do not believe it is open to co-creation.

Respondents were first asked to think about the brand Samsung and then complete the questionnaire which includes items measuring brand familiarity, brand usage, attitudes towards the brand, and brand co-creation (i.e., how much they perceive the brand to be open to engage in co-creation with consumers). Next, based on experimental approaches used in previous research on CSR initiatives (Plewa et al., 2015; Auger et al., 2003; Mohr et al., 2001), a scenario about the brand and one of its CSR initiatives was presented to respondents. To ensure realism, the scenario was created using wording from Samsung's website: "Samsung has partnered with the Manor Independent School District (ISD) in Austin, Texas for its mentoring program, which provides educational assistance for underprivileged students including enhancements to building infrastructure and assistance in teaching science and technology courses, and pairing Samsung employees to act as positive role models, increase attendance, and decrease behavioral issues". Respondents were instructed to take a moment to read the statement and then they answered items measuring the perceived level of authenticity of the CSR initiative and overall brand equity.

## Measures

Measures are provided in Table 3.2. Items were adapted from previously published research and measured using a seven-point Likert scale. Attitude towards the brand was

measured with items adapted from Nan and Heo (2007), while brand co-creation items were based on Nysveen and Pedersen (2014). Moreover, level of familiarity with the brand and brand usage were measured using a semantic differential scales ranging from “not at all” to “very much”. Finally, CSR authenticity and overall brand equity items were measured with items adapted from Beltramini (1982, 1988) and Yoo et al. (2000), respectively. An exploratory factor analysis revealed that all factor loadings were above 0.70, while alpha scores above 0.90. Moreover, inter-item correlations within constructs were higher than correlations across constructs. Hence, the measurement scales demonstrate to have acceptable levels of internal consistency as well as discriminant and convergent validity (Hair et al., 2010; Churchill, 1979, 1995).

**Table 3.2: Measures**

<b>Factor label</b>	<b>Items</b>	<b>1</b>	<b>2</b>	<b>3</b>
Brand Co-creation*	Customers can participate in decisions about how Samsung offers its products and services	0.84		
	Customers can find solutions to their problems together with Samsung	0.76		
	Customers can be actively involved when Samsung develops new solutions for them	0.84		
	Samsung encourages customers to create new solutions together	0.86		
	Samsung includes customers in their decisions	0.80		
CSR Authenticity	unbelievable – believable		0.83	
How much do you think the partnership between Samsung and the Manor ISD is...	untrustworthy – trustworthy		0.89	
	not convincing – convincing		0.91	
	inconclusive – conclusive		0.86	
	not authentic – authentic		0.90	
	unlikely – likely		0.89	

*(table continues)*

Factor label	Items	1	2	3
Overall Brand Equity*				
It makes sense to buy Samsung instead of any other brand, even if they are the same				0.78
Even if another brand has the same features as Samsung, I would prefer to buy Samsung				0.83
If there is another brand as good as Samsung, I prefer to buy Samsung.				0.86
If another brand is not different from Samsung in any way, it seems smarter to purchase Samsung				0.79
		1	2	3
Cronbach's Alpha		0.91	0.95	0.90
Scale mean		4.94	5.57	4.96
Scale SD		1.13	1.33	1.31

\*The measurement scale ranged from strongly disagree (1) to strongly agree (7)

## Analyses and Results

A series of regression analyses was used to test the hypotheses. First, we evaluated the relationship between brand co-creation and CSR authenticity, and then brand co-creation and overall brand equity (see Table 3.3). Next, we evaluated the relationship between CSR authenticity and brand equity (see Table 3.4). Finally, we analyzed the simultaneous relationship of brand co-creation and CSR authenticity on brand equity (Table 3.5). In all analyses, we followed the hierarchical process in which all the controls (brand familiarity, brand usage, and attitude towards the brand) were entered first followed by the independent variable (s).

Brand co-creation is positively related to CSR authenticity and overall brand equity (Table 3.2), in support of H2 and H3. Moreover, CSR authenticity also relates positively to overall brand equity, in support of H1 (see Table 3). Regarding the significance of the control variables, the results indicate that brand familiarity is not statistically significant in any of the regression analyses. On the other hand, brand attitude does have a positive influence in all of the relationships. Finally, regarding brand usage (i.e., how much respondents considered

themselves to be a brand user – “not at all” to “very much”), the results demonstrate a positive statistically significance in all the relationships except in the regression model of brand co-creation and CSR authenticity. In other words, being a brand user does not have an influence on how respondents perceived the authenticity of the CSR program.

**Table 3.3: Regression Results: Co-creation with CSR Authenticity and Overall Brand Equity**

	CSR Authenticity			Overall Brand Equity		
	std $\beta$	t	Sig	std $\beta$	T	sig
Brand Familiarity	-0.008	-0.165	0.87	-0.08	-1.99	0.05
Brand Usage	0.011	0.207	0.84	0.38	9.60	0.00
Brand Attitudes	0.395	8.153	0.00	0.24	6.23	0.00
Brand Co-Creation	0.187	3.930	0.00	0.39	10.39	0.00
R <sup>2</sup> total	0.241			0.530		
R <sup>2</sup> change control variables	0.029*			0.125*		
F value (ANOVA)	32.182*			114.399*		
Durbin-Watson	2.020			2.070		

\*p<.001

**Table 3.4: Regression Results: CSR Authenticity and Overall Brand Equity**

	Overall Brand Equity		
	std $\beta$	T	Sig
BrFam	-0.014	-0.334	0.74
BrUse	0.436	10.032	0.00
BrAtt	0.239	5.342	0.00
CSR Authenticity	0.195	4.646	0.00
R <sup>2</sup> total	0.435		
R <sup>2</sup> change control variables	0.030*		
F value (ANOVA)	78.063*		
Durbin-Watson	2.048		

\*p<.001

**Table 3.5: Regression Results: Co-Creation and CSR Authenticity with Overall Brand Equity**

	Overall Brand Equity		
	std $\beta$	T	Sig
BrFam	-0.076	-1.988	0.05
BrUse	0.383	9.677	0.00
BrAtt	0.189	4.643	0.00
Brand Co-Creation	0.366	9.704	0.00
CSR Authenticity	0.124	3.198	0.00
R <sup>2</sup> total	0.542		
R <sup>2</sup> change control variables	0.137*		
F value (ANOVA)	95.649*		
Durbin-Watson	2.082		

\*p<.001

Furthermore, the simultaneous relationship of brand co-creation and CSR authenticity with overall brand equity was also analyzed (see Table 3.5). Once again, the results indicate that both brand co-creation and CSR authenticity are positively related to overall brand equity, which fully verifies H2 and H3.

#### Post Hoc Analyses

The mediating effect of CSR authenticity was not specifically hypothesized in our conceptual model given the insufficient support from existing theory. However, in line with previous studies (Donada et al., 2019; Blome and Paulraj, 2013), additional post hoc analyses were conducted to test the potential mediating effect of CSR authenticity.

Following the approach proposed by Hayes (2013), we used PROCESS model 4 to test the mediation model. Brand familiarity, brand usage, and brand attitude were included as controls. The results are in Table 6. We used the bias corrected bootstrap confidence interval as the method for inference about the indirect effect in the mediation analysis (Hayes, 2013). A

95% bias-corrected bootstrap confidence interval is entirely above zero, i.e. 0.0064 to 0.0583 (see Table 3.6), which indicates mediation.

**Table 3.6: Mediation Analysis for CSR Authenticity**

	<b>Effect</b>	<b>95% bias-corrected bootstrap CI</b>
Total effect	0.4697	.3809 to .5568
Direct effect	0.4418	.3523 to .5313
Indirect (mediating) effect	0.0279	0.0064 to .0583

\*Bootstrap SE for the indirect effect is 0.0133

## Study 2

Even though brand familiarity, usage, and attitude were controlled during Study 1, in order to increase the validity of our results, we conducted a second study using a fictitious brand (Korbax) instead of the well-known brand, Samsung.

### Research Design

Participants (n = 125) recruited from a research pool at a U.S. southwestern university were randomly assigned to one of three conditions that described a fictitious technology brand as either open to consumer-brand co-creation (n = 40), not open to consumer-brand co-creation (n = 43), or neutral (n = 42) (see Appendix). Following that, all participants answered a control question to check if they had understood the co-creation manipulation—given the information you read about the brand, Korbax Tech, by whom do you think the design of the new SmartWatch was created? (1) By the company and its design employees, or (2) by a collaboration between the company and its customers. Next, they answered brand co-creation items and were then presented with a statement about the brand Korbax CSR initiative: “Korbax Tech announced a partnership with a non-profit organization that supports digital education



among less privileged students in rural areas of the world.” Finally, after reading the statement, participants answered items measuring the perceived level of authenticity and overall brand equity. All the items used to measure the constructs were the same as in Study 1.

## Results

First, we verified if participants had understood the manipulation by checking the manipulation control question and removing those who answered it incorrectly. Next, we conducted a one-way ANOVA to determine whether there was a significant difference in the perception of brand co-creation, CSR authenticity, and overall brand equity between the three conditions. The results indicate that there is a statistically significant difference between conditions for the perception of brand co-creation ( $F(2, 122) = 44.245, p < 0.001$ ), CSR authenticity ( $F(2, 122) = 19.877, p < 0.001$ ), and overall brand equity ( $F(2, 122) = 11.477, p < 0.001$ ). A Tukey post hoc test reveals that perception of brand co-creation was significantly higher for those in the open to co-creation condition ( $M = 5.96$ ) compared to those in the not open to co-creation condition ( $M = 4.16$ ), and control condition ( $M = 4.71$ ) (see Table 3.7). Similarly, the level of CSR authenticity and overall brand equity was significantly higher for those in the open to co-creation condition ( $M = 5.73$ , and  $M = 4.84$ , respectively) compared to those in the not open to co-creation condition ( $M = 4.59$ , and  $M = 3.59$ , respectively), and control condition ( $M = 5.00$ , and  $M = 4.17$ , respectively) (see Tables 3.8 and 3.9).

**Table 3.7: One-way ANOVA - Brand co-creation**

Condition	Mean	SD	Tukey's HSD Comparisons	
			Open to co-creation	Not open to co-creation
Open to co-creation	5.96	0.70		
Not open to co-creation	4.16	1.07	0.00	
Control	4.71	0.83	0.00	0.01

Note:  $F(2, 122) = 44.245, p < 0.001$

**Table 3.8: One-way ANOVA - CSR Authenticity**

Condition	Mean	SD	Tukey's HSD Comparisons	
			Open to co-creation	Not open to co-creation
Open to co-creation	5.73	0.80		
Not open to co-creation	4.59	0.89	0.00	
Control	5.00	0.80	0.00	0.07

Note:  $F(2, 122) = 19.877, p < 0.001$

**Table 3.9: One-way ANOVA -Overall Brand Equity**

Condition	Mean	SD	Tukey's HSD Comparisons	
			Open to co-creation	Not open to co-creation
Open to co-creation	4.84	0.98		
Not open to co-creation	3.59	1.19	0.00	
Control	4.17	1.36	0.03	0.07

Note:  $F(2, 122) = 11.477, p < 0.001$

Furthermore, we conducted regression analyses to evaluate the relationship between the conditions and CSR authenticity, and overall brand equity (see Table 3.10). Next, we evaluated the relationship between CSR authenticity and brand equity (see Table 3.11). Finally, we analyzed the simultaneous relationship of conditions and CSR authenticity on brand equity (Table 3.12). In all the analyses in which the conditions were included, the open to co-creation condition was the dummy variable used as the baseline category. The results indicate that the effect of the condition was significant indicating that those who were in the open to co-creation condition were more likely to perceive the CSR program as more authentic and to exhibit higher overall brand equity compared to those in the not open to co-creation condition, and control condition. Moreover, CSR authenticity also relates positively to overall brand equity. Overall, the results provide support for H1, H2, and H3.

**Table 3.10: Regression Results: Co-creation with CSR authenticity and Overall Brand Equity**

	CSR Authenticity			Overall Brand Equity		
	std $\beta$	t	sig	std $\beta$	t	sig
ControlDummy	-0.368	-4.009	0.00	-0.248	-2.555	0.01
NotOpenToCoCreation Dummy	-0.572	-6.236	0.00	-0.464	-4.79	0.00
R <sup>2</sup>	0.246			0.158		
F value (ANOVA)	19.877*			11.477*		
Durbin-Watson	2.089			2.132		

Note: Reference variable = Open to Co-creation; ControlDummy is a 0,1 dummy variable (1= control, 0=otherwise); NotOpenToCoCreationDummy is a 0,1 dummy variable (1= NotOpenToCoCreation, 0= otherwise; \*p<0.001

**Table 3.11: Regression Results: CSR Authenticity and Overall Brand Equity**

	Overall Brand Equity		
	std $\beta$	t	sig
CSR Authenticity	0.103	7.065	0.00
R <sup>2</sup>	0.289		
F value (ANOVA)	49.919*		
Durbin-Watson	2.169		

\*p<.001

**Table 3.12: Regression Results: Co-Creation and CSR Authenticity with Overall Brand Equity**

	Overall Brand Equity		
	std $\beta$	t	sig
CSR Authenticity	0.453	5.22	0.00
ControlDummy	-0.081	-0.867	0.39
NotOpenToCoCreationDummy	-0.205	-2.031	0.04
R <sup>2</sup>	0.313		
F value (ANOVA)	18.381*		
Durbin-Watson	2.211		

Note: Reference variable = Open to Co-creation; ControlDummy is a 0,1 dummy variable (1= control, 0=otherwise); NotOpenToCoCreationDummy is a 0,1 dummy variable (1= NotOpenToCoCreation, 0= otherwise; \*p<0.001

## Post Hoc Analysis

Similarly to Study 1, we conducted a post hoc analysis in order to test CSR authenticity as a mediator. The results of the mediation analysis using PROCESS model 4 (Hayes, 2013) are in Table 3.13. We used the bias corrected bootstrap confidence interval as the method for inference about the indirect effect in the mediation analysis (Hayes, 2013). A 95% bias-corrected bootstrap confidence interval is entirely below zero, i.e. -1.0947 to -0.3724 and -0.7702 to -0.2008 (see Table 3.13), which indicates mediation.

**Table 3.13: Mediation Analysis for CSR Authenticity**

		Effect	SE	95% bias-corrected bootstrap CI
Open to Co-creation vs Not Open to Co-creation	Total effect	-1.2503	0.261	-1.7670 to -0.7336
	Direct effect	-0.5524	0.2719	-1.0907 to -0.0140
	Indirect (mediating) effect	-0.6979	0.1875	-1.0947 to -0.3724
Open to Co-creation vs Control	Total effect	-0.6708	0.2625	-1.1905 to -0.1511
	Direct effect	-0.2196	0.2534	-0.7212 to 0.2820
	Indirect (mediating) effect	-0.4513	0.148	-0.7702 to -0.2008

## Discussion

The number of socially conscious and ethical consumers looking for brands that engage in authentic social responsible practices are rapidly increasing (Thorne et al., 2017; Rim et al., 2016; Vlachos et al., 2009; Becker-Olsen et al., 2006). In response, brands have been investing in a strategic approach to CSR that includes the integration of social responsibility into the brands' core value proposition in order to build brand equity (Guzmán and Becker-Olsen, 2010). Yet brands continue to lack a clear understanding of the impact of CSR authenticity for brand equity, and the implication that other brand building strategies such as brand co-creation can have on the perception of their CSR programs. This research reveals the positive effect of CSR

authenticity for brand equity, and offers insights into the positive influence that co-creation has on the perception of authenticity of CSR programs. Overall, this research makes several contributions to the marketing literature and practitioners.

### Theoretical Implications

The objective of a strategic approach to CSR is to integrate social responsibility activities into the brands' core value in order to drive brand equity. This study reveals that the positive effect of CSR programs on brand equity gets stronger as consumers perceive the CSR activities as more authentic. Consumers see organizations that align their CSR activities to values central to their function/operations or brand/values (Guzmán and Davis, 2017) to be operating on stronger ethical principles and a broader sense of accountability (Freeman and Burton, 2019). This finding supports previous studies that have indicated that suspicion about the motivation and sincerity of the CSR program can be detrimental for the organization (Bae and Cameron, 2006; Vaidyanathan and Aggarwal, 2005). Therefore, in order for the CSR to be effective for brand building it needs to be perceived by consumers as authentic. More importantly, our findings indicate that the perception of authenticity of a CSR program can be enhanced by other brand building strategies. Specifically, this study demonstrates that brand co-creation can have a positive effect on CSR authenticity. In other words, our findings demonstrate that when consumers believe that a brand is more open to engage in co-creation—i.e., consumers are allowed to participate in the creation of value—they will more likely perceive the brand CSR program as more authentic as well. Although this finding makes intuitive sense, given that consumers tend to favor brands who's values align with their own (Shepherd et al., 2015; Kidwell et al., 2013), it is also a significant contribution to both the CSR and co-creation literature. First, it demonstrates that the views about the CSR program can be affected not only

by factors directly related to the CSR program per se (e.g., fit, impact, type of program, etc.), but also by other brand building activities that the brand engages in. Moreover, it reveals the connection between co-creation and CSR. This supports previous studies that have identified prior brand reputation as an important factor for the success of CSR programs (Cowan and Guzmán, 2018; Rim et al., 2016; Bae and Cameron, 2006). Furthermore, previous studies have demonstrated the positive effect that co-creation can bring to a brand, such as loyalty, trust, and positive word-of-mouth (Tajvidi et al., 2018; Ind et al., 2013, 2017; Bilgram et al., 2011; Hoyer et al., 2010). This study adds to these previous findings by revealing how co-creation also impacts other areas of the brand, specifically the perception of its CSR program. Finally, the majority of the research in co-creation has investigated the impact of co-creation from the point of view of consumers who are active participants in the process. However, the majority of consumers act as observers of the co-creation process and do not directly participate in it (Kristal et al., 2016). Our findings indicate that even when consumers do not directly participate in the co-creation process, but believe that the brand engaging in such activity leads to a positive societal impact, the value consumers give to the brand as well as their perceptions of authenticity of the brand's CSR program are enhanced. Therefore, our findings contribute to the still scarce but important research on co-creation from the point of view of non-participants (e.g., Kristal et al., 2016, Van Dijk et al., 2014; Schreier et al., 2012).

### Managerial Implications

As brands continue to pursue ways to respond to the growing emphasis on socially responsible behaviors, there is still some mistrust of brands that embrace CSR activities (Jahdi and Acikdilli, 2009; Basu and Palazzo, 2008). As a result, brand managers face several difficult decisions while engaging in strategic CSR for brand building. Our research offers directions by

revealing the importance of authenticity for the effectiveness of the CSR program, and, more importantly, providing a strategy on how CSR authenticity can be enhanced. Specifically, this research demonstrates that when brand managers decide to embrace CSR they need to be aware that merely engaging in CSR activities is not enough for a positive effect on brand equity. In order for the CSR program to have a positive and stronger effect in the value consumers give to the brand it needs to be perceived as authentic. Therefore, brand managers must work on increasing the perception of authenticity of its CSR programs. Nevertheless, our findings indicate that the perception of authenticity can be enhanced by brand building activities such as co-creation. This finding supports Price and Coulter's (2019) view of brands being nowadays defined collectively through an assemblage of heterogenous human and nonhuman actors. In other words, brand managers may consider engaging in co-creation not only to increase consumers' loyalty and positive attitudes (Harmeling et al., 2017), but also to enhance the perception of its CSR program. Through co-creation consumers inject their personal ideals and values into the brand, allowing for a higher level of alignment with their self (Guzmán et al., 2017) and their values (Shepherd et al., 2015; Kidwell et al., 2013) leading to higher levels of perceived authenticity of the CSR program and, ultimately, brand value. Thus understanding the impact of brand building strategies used to strengthen the identity and value of a brand on the perception of authenticity of the CSR program is an essential step for brand managers furthering their strategic CSR practices.

#### Limitations and Future Research

Limitations of this study point to directions for further research. While the use of the real brand Samsung and the fictitious brand Korbax allowed us to investigate the effect of CSR authenticity on brand equity and the impact of co-creation on the perception of CSR authenticity,

both of these brands are technological brands. Therefore, replicating the study using other types of brands from different industries may be helpful to understand if the type of brand/product category also has an effect on the results. Furthermore, the concept of corporate social responsibility includes a variety of practices (e.g., social, environmental, ethical, and philanthropic activities). Our studies analyze a partnership with a non-profit organization providing help to less privileged students, which is viewed more as a philanthropic CSR activity. Future research could explore if other types of CSR programs generate differential effects on the perceived authenticity, brand value, and the impact of co-creation on the view of the CSR program. Despite its limitations, this research makes a unique contribution to the CSR literature by demonstrating that co-creation as a marketing strategy allows for the enhancement of the perceived authenticity of a CSR program benefitting a company's brand building efforts.

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## Appendix

### Open to Consumer-Brand Co-Creation

Korbax Tech is a well-known multinational electronics and information technology company. Its mission is to inspire the world with its innovative technologies, products, and design. Korbax Tech has recently launch a new SmartWatch with a sleek design that was co-created by the company and its customers. Consumers sent their prototype ideas for the watch design to Korbax Tech. The company selected three designs and asked consumers their opinions through social media.

### Not Open to Consumer-Brand Co-Creation

Korbax Tech is a well-known multinational electronics and information technology company. Its mission is to inspire the world with its innovative technologies, products, and design. Korbax Tech has recently launch a new SmartWatch with a sleek design that was created by the company and its design employees. Designers created prototypes for the watch design at



Korbax Tech. The designers selected three designs and asked managers their opinions during a meeting.

Control

Korbax Tech is a well-known multinational electronics and information technology company. Its mission is to inspire the world with its innovative technologies, products, and design. Korbax Tech has recently launch a new SmartWatch with a sleek design.

## CONCLUSION

Given the growing number of socially conscious and ethical consumers, brands have been taking a strategic approach to corporate social responsibility to remain relevant in the current competitive marketplace, resonate with consumers, and drive brand equity. Since the idea of CSR was first introduced much has been revealed regarding its implications for businesses. However, from a brand-building perspective, there is still a lack of understanding on how to effectively leverage CSR, and not enough directions on how to overcome its challenges in order to drive brand equity. Therefore, the overarching objective of this dissertation is to provide a deep understanding of the effect that CSR has on brand equity while revealing specific brand-building strategies that can be implemented to effectively leverage CSR to increase brand value. To accomplish this goal, this dissertation presents three essays.

Essay 1 investigates the immediate effect of a brand communication of CSR practices on consumer-based brand equity, while exploring the role of brand-cause fit and the influence that differences in cultural, economic, and political environments have on this effect. An experiment conducted in three different countries (Australia, United States, and Spain) based on an actual brand CSR program reveals that communication of CSR activities leads to an immediate positive change in brand equity. This effect holds regardless of the level of brand-cause fit, and it is found to be greater for countries where CSR activities are perceived by consumers to be voluntary than in countries where CSR activities are perceived by consumers to be controlled by the government.

Within the context of luxury brands, Essay 2 builds on Essay 1 by exploring a brand-building strategy that can be used to leverage the positive effect that CSR can have on brand equity while overcoming the challenge associated to the lack of compatibility between the values

related to luxury and the values related to social responsibility. Specifically, the results from two studies conducted based on actual luxury brands and CSR programs, reveal how to increase the perception of fit between CSR and luxury by leveraging on secondary source of value—a celebrity endorsement—that is associated with both luxury and CSR attributes, which in turn positively influence brand equity.

Finally, Essay 3 builds on the previous essays by investigating how to enhance the perception of CSR authenticity, which has proven to be essential in order for the CSR program to have a positive effect on brand equity. In other words, the success and acceptance of CSR campaigns depends on the extent to which consumers perceive the CSR program to be authentic and not opportunistic. By conducting a study using an existing brand, a representative sample of the U.S., and an experiment based on a fictitious brand, this essay reveals that leveraging brand co-creation can enhance the perception of CSR authenticity since co-creative brands, as opposed to non-co-creative brands, are perceived as more authentic and sincere, which has the power to positively influence CSR authenticity and consequently impact brand value.

Taken together these three essays offer research implications for academics, and practical considerations for brand managers, interested in how to effectively leverage on CSR activities for brand building. Specifically, this dissertation demonstrates that for brand equity to be positively changed immediately by CSR messages, consumers need to be aware of the brand and its CSR activity, but in the end, it is the immediate change in brand loyalty the key dimension driving the positive change in the value that consumers associate to the brand. Moreover, the findings of this dissertation reveals that even though the CSR ad immediately decreases the perceived level of quality, it does not immediately change the overall value that consumers give to the brand, which indicates that taking a strategic approach to CSR activities and

communications is still valuable. These findings can be generalized across countries contributing to the global CSR literature and offering directions to global brand managers. Furthermore, the results indicate that in terms of the immediate effect on brand value the communication of CSR actions is what matters the most even when that activity may be perceived as low fit.

Nevertheless, in a context such as of luxury brands, the perception of fit must be enhanced in order to positively impact brand equity. Celebrities—originally known for symbolizing wealth, success, and status to consumers—are now more than ever involved in social and environmental causes. Therefore, when used as endorsers for a luxury brand and its CSR program, they have the power of transferring meanings associated to both self-enhancement and self-transcendence values, and thus contributing to the perception of fit and positively impacting brand equity. This finding specially contributes to the luxury CSR literature which is still scarce, and offers practical information for practitioners struggling with the challengers of CSR and luxury. Finally, the positive effect that CSR can have on brand equity cannot be experienced when consumers question its sincerity or true intention. In other words, the effectiveness of the CSR program relies on the perception of authenticity. Nevertheless, engaging in brand-building strategies such as co-creation, can lead to a positive impact on CSR authenticity since co-creative brands, as opposed to non-co-creative brands, are perceived as more authentic and sincere. This research is the first of its kind to examine the relationship between co-creation and CSR authenticity, and reveal the positive influence that co-creation has on CSR and consequently brand equity.

In sum, this dissertation adds valuable knowledge to the area of CSR and brand equity for both academics and practitioners. The findings revealed will allow researchers to future investigate strategic CSR practices. Finally, the information provided will allow brand managers

to effectively implement CSR programs for brand-building by understanding its impact and how to overcome some of its challenges.

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