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Society or the Environment? Understanding How Consumers Evaluate Brand Messages about Corporate Social Responsibility Activities

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**SOCIETY OR THE ENVIRONMENT?
UNDERSTANDING HOW CONSUMERS EVALUATE BRAND MESSAGES ABOUT
CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

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This research examines how and why consumers evaluate brand messages about corporate social responsibility (CSR) activities differently. Insights from secondary data suggest that brands may prioritize environmental activities over social activities, and vice versa, depending on the type of company. Using a field experiment and surveys, we explore whether consumers' attitudes toward these brand decisions follow company priorities. We find that consumers perceive brands that sell goods and communicate messages about environmental sustainability activities more positively than services companies, while consumers perceive brands that provides services and communicate messages about social sustainability activities more positively than goods companies. We show that the tangibility of the brand's offering also impacts brand attitudes in a similar way. These findings have important implications for brand managers as they communicate CSR activities and attempt to maximize sustainability investments across various causes.

Keywords: corporate social responsibility, sustainability, brand attitudes, tangibility

INTRODUCTION

Companies in today's business environment are increasingly aware of the implications of engaging in sustainability-related activities and the associated impact on brand performance. In a report by Nielsen (2014), a year-over-year analysis of 34 brands in nine countries showed that brands that promoted sustainability initiatives through marketing programs experienced sales growth five times greater than brands that did not invest in promotions about their sustainability efforts. Indeed, engaging in sustainability-related activities results in marketing benefits including enhanced corporate image and reputation (Gatti *et al*, 2012; McKinsey, 2011), increased consumer purchase intentions (Sen and Bhattacharya, 2001), lessened consumer backlash following a product crisis (Klein and Dawar, 2004), and brand loyalty/advocacy (Du *et al*, 2007). Despite these positive findings, the marketing literature has been surprisingly silent on how brands should invest in various types of sustainability initiatives, and whether consumers evaluate brand messages differently depending on the nature of the initiative.

When making decisions in the domain of sustainability and cause marketing, brands have an array of sustainability activities they can undertake (Ailawadi *et al*, 2014; Brown and Dacin, 1997). Two of the most common types of sustainability activities are environmental and social (Peloza, 2009; United Nations Development Programme, 2014). Environmental sustainability activities are initiatives that aim to minimize exploitation of the earth's natural resources and reduce negative environmental effects (Hart, 1995; Bansal, 2005). For example, Amazon's Packaging Feedback Program focuses on minimizing extraneous packaging materials and using recycled and recyclable supplies for shipments from their fulfillment centers. On the other hand, brands can also choose to focus on social sustainability activities—initiatives that emphasize the

betterment of consumers and local communities, charitable giving, education, and other societal impacts (Elkington, 1998). For example, Cisco Systems highlights four primary social investment focus areas on its website, including education, healthcare, economic empowerment, and critical human needs to “help communities worldwide thrive” (Cisco, 2017). Additionally, we examined the websites of the top 30 companies in the Forbes 500 list and found that 87 percent featured a corporate citizenship or corporate responsibility section of the website that differentiated between environmental and social activities.

While it is clear that both environmental and social sustainability activities are important efforts for many brands, at times they have to prioritize their contributions and expenditures on sustainability activities due to budget constraints (Welford *et al.*, 2008) and to maintain a consistent message around the brand’s cause marketing efforts. Yet, many prior studies have treated CSR initiatives as a single construct without carefully differentiating between the specific environmental and social activities within it. The need for such a differentiation is rooted in both empirical and conceptual considerations. Empirically, the lack of consistent findings on the success of CSR efforts is partially due to the lack of consistency in the specific activities researchers use to define sustainability practices (Maignan and Ferrell, 2004; Margolis and Walsh, 2003; Pelozo and Shang, 2011). Conceptually, social and environmental resources and capabilities are distinct and tend to have different impacts on stakeholders’ perceptions and business outcomes from a resource-based view (Chabowski *et al.*, 2011). Accordingly, CSR activities that focus on environmental and social dimensions trigger different consumer preferences when enacted by different companies (Pelozo and Shang, 2011).

Industry studies have provided intriguing yet inconclusive findings regarding consumer’s responses to a brand’s differential engagement in environmental and social activities. For

example, a 2010 Guardian News and Media survey found that consumers' expectations of environmental sustainability for the energy and manufacturing sectors are significantly greater than expectations for financial and health industries. On the other hand, a 2011 Sustainability Leadership Report of 100 global brands found that social factors such as community involvement, employee diversity and opportunity, and human rights were two times more significant than environmental factors in predicting consumer perceptions of good corporate citizenship (Brandlogic Inc. and CRD Analytics, 2011). A recent academic study found that sustainability investments in areas such as the environment or governance have a positive impact on stock returns, but efforts to better the community do not (Mishra and Modi, 2016).

Given these conflicting findings and an absence of marketing research on the topic, this paper focuses on exploring the differential impact of environmental versus social sustainability activities from the consumer's perspective. Specifically, we aim to examine, do consumers evaluate brands differently depending on the type of sustainability activity (i.e., environmental or social) it engages in? If so, what drives consumer attitudes toward the brand and its engagement in one type of sustainability activity over the other?

While the triple bottom line framework (i.e., people, planet, and profit) is well accepted in the CSR literature (Aguinis 2011), companies tend to focus single-mindedly on the profit dimension and may overlook careful consideration of the people and planet components. Thus, by design, we focus on the people and planet aspects to offer theoretical insights that are specific to understanding consumers' attitudes toward brands' CSR activities. We believe that our study is the first to systematically examine consumers' differential perceptions of environmental and social sustainability activities for different types of companies and for brands that provide different types of offerings. In doing so, we uncover the relative effectiveness of environmental

and social sustainability activities under a number of conditions. More importantly, we uncover a mechanism through which we can understand how consumers' perceptions operate when they evaluate brand messages about a company's sustainability-related activities. Additionally, we contribute to a stream of research that explores how consumers evaluate CSR messaging (Gruber *et al*, 2015; Martínez-Fiestas *et al*, 2015; Royne *et al*, 2012; Schmeltz, 2012).

Multiple research methods are utilized to investigate our questions of interest. In the next section, we discuss our methodological approach and provide an overview of the studies that follow.

METHODOLOGICAL APPROACH & OVERVIEW OF STUDIES

This research adopts somewhat unconventional methodology that aligns with a mixed method research design (Teddlie and Tashakkori, 2012). Our iterative approach to this research begins with grounded data, shifts through inductive logic to theory development, then from theory to deductive hypothesis testing. We start by presenting the findings from an analysis of a secondary data source that inspired our research—the sustainability ratings of certified benefit corporations (Study 1). Our aim in this analysis was to determine how companies are currently behaving, so that further studies could empirically test whether company priorities align with consumer preferences. In doing so, we utilize abductive logic, which “begins with an account of phenomena detection and then considers the process of constructing explanatory theories” (p. 373, Haig, 2005).

Our first study shows that sustainability activities that benefit the environment are relatively more common for goods companies, while activities that benefit the society occur

more often for services companies. Informed by the pattern of these results, we then develop the theory and hypotheses regarding the degree of tangibility (i.e., the physical existence of an object that can be detected by the senses) of the company and the nature of the offering (i.e., tangible/physical versus intangible/digital), and how tangibility influences the relative impact of environmental and social sustainability activities in forming brand attitudes. Three primary studies are conducted to test the hypotheses. We find a consistent pattern which shows that consumers have more positive attitudes toward brands that sell goods (or a tangible offering) and engage in environmental sustainability activities compared to social sustainability activities, while consumers evaluate brands that provide services (or a less tangible offering) more positively when they participate in social activities versus environmental activities (Study 2 and Study 3a). The notion of tangibility provides an explanation for why consumers' attitudes toward the brand are impacted by the sustainability activity type (Study 3b). We conclude with a discussion of the theoretical and managerial implications of our work and provide avenues for future research.

STUDY 1: THE IMPACT OF COMPANY TYPE ON BRAND ENGAGEMENT IN SUSTAINABILITY ACTIVITIES

Methodology

To start, we turn to a project initiative by B Lab, a nonprofit organization that provides certification for sustainable businesses. Founded in 2006, B Lab has to-date certified over 2,000 companies in over 50 countries representing 60 industries. B Lab's initiative features a wide variety of companies, from small local businesses to large corporations such as Patagonia outdoor equipment and Method cleaning products. At B Lab's website (www.bcorporation.net),

any consumer can search for a company (certified benefit corporation or B-Corp) and find a detailed report of the company's sustainability performance from a multi-dimensional perspective.

To become a certified B Corp, a company must complete a 1-3 hour self-report survey called the B Impact Assessment and attain at least 80 total points out of a possible 200 points in four sustainability-related dimensions and how its efforts (i.e., breadth of engagement in CSR activities) have a positive impact on stakeholders including employees and customers (i.e., depth of engagement in CSR activities). For example, a company will receive points for engaging in practices like producing a product made from recycled materials or paying their employees fair wages, which are weighted by the degree of impact. These scores are then verified by B Lab staff via a 60-90 minute phone interview, and companies are randomly selected for on-site visits. Companies must also provide supporting documentation of their sustainability activities. The B Impact Assessment categorizes sustainability-related performance in four broadly defined impact areas: governance (corporate accountability and transparency), workers (e.g., job creation, compensation, workplace culture, and healthcare and safety issues), community (e.g., service, charitable giving, diversity, and involvement in social issues), and environment (e.g., facilities and supply chain management, resource conservation, waste reduction, and provision/use of renewable energy). Because B Lab's project initiative focuses on a multi-dimensional categorization of sustainability performance, it is particularly relevant to our research questions.

At the time of data collection in May 2014, 833 companies had been certified by B Lab. For each of these companies, we compiled information regarding scores on governance impact, workers impact, community impact, and environment impact based on the data available on the B Lab website. Additionally, we gathered the SIC code for each company and coded each one

into three categories (Rathmell, 1966; Zeithaml *et al*, 1985, 1 = Primarily Goods, 2 = Primarily Services, 3 = Hybrid/mixed). Two independent coders reviewed the SIC description for each B Corp and provided a rating of the company type. For example, if the SIC description included the word “product” or “manufacturing”, it was categorized as a goods company. If additional information was required to make a judgment, the coders were directed to review the company’s website. Inter-rater reliability for the firm type variable was 0.83. We removed any companies that were coded as clearly hybrid or mixed ($n = 51$), leaving 782 total firms used for analysis (209 goods, 573 services).

Results

An independent samples t-test comparing the ratings by company type indicated that brands that sell goods were more likely to earn environment impact area points than brands that provide services ($M_{Goods} = 29.17$ vs. $M_{Services} = 14.50$; $t(780) = 14.08$, $p < .001$, see Figure 1). By contrast, services brands were more likely to earn community impact area points ($M_{Goods} = 36.01$ vs. $M_{Services} = 47.26$; $t(780) = -6.40$, $p < .001$) as well as workers impact area points ($M_{Goods} = 18.69$ vs. $M_{Services} = 21.90$; $t(780) = -3.00$, $p < .01$) than brands that sell goods.

INSERT FIGURE 1 HERE

These results suggest that brands focus their sustainability activities depending on the company type. Specifically, brands that provide goods are more likely to focus their CSR efforts on environmental sustainability activities, while brands that provide services are more likely to concentrate on social sustainability activities (i.e., impact on community and workers). B Lab’s

data raises two important questions:

1. How do consumers evaluate such differential choices?
2. Will consumers evaluate a brand that sells goods more positively when it engages in environmental sustainability activities versus social sustainability activities? Will the opposite be true for a brand that provides services?

In the following section, we develop hypotheses regarding how the concept of tangibility influences consumers' attitudes toward brands that participate in environmental versus social sustainability activities.

THEORETICAL DEVELOPMENT

While there are many characteristics that differ between products and services (i.e., inseparability, perishability, and heterogeneity), one key and directly observable attribute that separates a services brand from a goods brand is the tangibility of the product it offers (Bebko, 2000; Zeithaml *et al*, 1985). Tangibility is defined as the actual physical existence of an object that can be detected by the senses (Zeithaml *et al*, 1985). Tangibility among goods and services can differ across a continuum, with purely tangible goods (e.g., bread, pen) on one side and pure intangible services (e.g., investment banking, consulting services) on the other.

The brand's product offering may vary based on the degree of physical elements present during the consumption process. Service offerings are inherently more intangible and less concrete (Stafford, 1996), while the products offered by goods companies are characterized by greater tangibility (Shostack, 1977). While service offerings are clearly less tangible than product offerings, the degree of tangibility may differ even within a product offering. For example,

physical products (e.g., CD) are more tangible than virtual products (e.g., MP3) (Koiso-Kanttila, 2004, Rowley, 2008), despite the fact that the core offering is the same.

Goods products involve a greater degree of tangibility and physical elements. The product itself may involve extracting physical substances (e.g., coal and petroleum) from the lithosphere and/or introducing man-made substances (e.g., pesticides and other chemicals) to the biosphere. These substances are concrete, observable, measurable, and come from the natural environment (Gerlagh and Van der Zwaan, 2002). Therefore, an individual will be more likely to perceive a closer connection between the brand and the environment if the offering is mainly goods or if the format of the offering is physical. We propose that the association between the environment and companies that offer a tangible product will hold true when it comes to sustainability activities. Consumers will be more likely to associate environmentally-related sustainability activities with brands that offer tangible products due to the greater degree of physical elements that are drawn from or introduced back into the natural environment in the product offering. This association will impact consumers' attitudes toward brands engaging in such sustainability activities. Specifically, when a brand engages in environmental sustainability activities (versus social sustainability activities), it will be perceived more positively by consumers.

On the other hand, perceptions of brands that offer services or produce intangible offerings (e.g., digital products, legal services) are based less on concrete, natural, or physical substances. For these types of brands, sensory information and concrete, physical elements are less observable to consumers, while interaction and social encounters become more important (Edvardsson 1993; Brady and Cronin, 2001). The lack of observable tangible elements makes the intangible social aspects such as a brand's values, customer orientation, and interpersonal

communication more salient to consumers (Parasuraman *et al*, 1988). Additionally, when consumers have few tangible objects or cues to rely on, they will focus on the people-centric performances and actions at play in the offering (Zeithaml *et al*, 2009). As such, we propose that when it comes to sustainability activities in intangible cases, consumers are more likely to think in the domain of social benefits, and they will reward brands with more positive evaluations when they engage in social sustainability activities versus environmental-related activities.

Formally stated:

H1: Consumers will have more positive brand attitudes when a brand that provides goods (services) engages in environmental (social) sustainability activities.

H2: Consumers will have more positive brand attitudes when a brand that offers a tangible (intangible) product engages in environmental (social) sustainability activities.

The notion of tangibility in our study is different from the notion of perceived fit discussed previously in the sponsorship and corporate communication literature (Becker-Olsen *et al*, 2006; Simmons and Becker-Olsen, 2006; Berens *et al*, 2005; Du *et al*, 2007), which advocates similarity between a cause and the company's product category or brand image/positioning (e.g., Home Depot and Habitat for Humanity). We use the degree of tangibility of a product as a construct to understand consumers' attitudes toward a brand that engages in environmental sustainability initiatives vis-à-vis social sustainability initiatives. We develop a more general theoretical lens to offer strategic guidance to a brand in prioritizing its

relative emphasis on the environmental and social sustainability activities in its CSR portfolio to gain positive consumer evaluations. The notion of perceived fit can be viewed as offering more tactical guidance on the choice of specific environmental and sustainability initiatives that are most befitting. Next, we report the results of the first experimental study.

STUDY 2: THE IMPACT OF COMPANY TYPE AND SUSTAINABILITY ACTIVITY TYPE ON BRAND ATTITUDES

In this study, participants read a description of a brand that was manipulated to be either more goods-centered or services-centered, then provided ratings of their brand attitudes if the brand were to engage in different types of sustainability activities, as well as perceptions of the relative impact of different types of activities. This study adopted a 2 Company Type (Goods vs. Services) x 2 Sustainability Activities (Environmental vs. Social) repeated measures design, with Company Type as a between-subjects factor and Sustainability Activities as a within-subjects factor. We hypothesized that consumers will have more positive attitudes toward a brand that offers goods and engages in environmental sustainability activities versus social sustainability activities, while the opposite will be true for a brand that provides services.

Methodology

Procedure and Participants. The study was conducted on the Amazon Mechanical Turk platform. A total of 100 participants ($M_{Age} = 33.32$, 55% male) completed the survey in exchange for a payment of \$0.35. A one-page description of the brand was presented to participants, followed by a survey that included statements that described different environmental and social

sustainability activities. The first page provided participants with a general description of a fictional brand called MATRIX. The description was constant across all conditions, thus controlling for company name.

The manipulation of company type was executed on the first page of the stimuli. In the goods condition, participants were told that MATRIX is a manufacturer of information technology products such as laptops, desktops, and printers, which comprises 85% of MATRIX's total revenues. The other 15% of the revenue comes from their IT consulting services. In the services condition, participants were told that MATRIX provides information technology consulting services, which comprises 85% of MATRIX's total revenues, and the IT products such as software only comprises 15% of MATRIX's total revenues.

On the next page, participants were presented with four sustainability activities: two environmental (“Purchase carbon credits to offset emissions generated from facilitates” and “Install double-paned windows on facilities to reduce energy consumption”) and two social (“Provide free weekly computer training courses to children and low-income families, and offer free tax preparation software” and “Invest in small businesses in many developing countries in order to create job opportunities and support the economy”). These activity statements were pretested ($N = 48$) to be equivalent on strength (weak/strong sustainability activity), amount of effort required, and perceived impact. We created a single strength index combining the strength, effort, and impact measures ($\alpha = .94$) and compared the mean for each statement to the grand mean for all statements ($M = 5.03$). The means for the environment statements ($M_{Environment-Carbon} = 5.06$, $t(48) = .19$, $p > .5$; $M_{Environment-Windows} = 5.21$; $t(47) = 1.18$, $p > .2$) nor the social statements ($M_{Social-Training} = 4.74$, $t(48) = -1.32$, $p > .1$; $M_{Social-Invest} = 5.28$, $t(48) = 1.58$, $p > .1$) differed from the grand mean for all statements, confirming their equally moderate strength.

Additionally, in the full study, the reliabilities when collapsing the two environment statements and the two social statements were within the accepted threshold (environment: $r = .70$; social: $r = .90$), so we collapsed the ratings for the statements into a single environment index and a single social index for brand attitude and perceived impact.

Measures. After reading the description, participants rated their brand attitude if the company were to engage in each sustainability activity (i.e., “Please rate your attitude toward MATRIX, a manufacturing/services brand, if it were to engage in the following sustainability practice,” 1 = Negative, 7 = Positive), adapted from Batra and Ahtola (1991). Next, participants rated their perceived impact of each sustainability activity (i.e., “What do you think would be the impact of the following sustainability practice if MATRIX, a goods/services brand, were to engage in it?” 1 = Low Impact, 7 = High Impact). As a manipulation check, we also asked participants to rate the degree to which MATRIX was a goods company or a services company (i.e., “MATRIX is a company that primarily...” 1 = Manufactures Products, 7 = Offers Services).

Results

Manipulation Check. An independent samples t-test confirmed our company type manipulation ($M_{Goods} = 2.38$ vs. $M_{Services} = 5.54$, $t(98) = -10.09$, $p < .001$).

Brand Attitude. A 2 Company Type (Goods vs. Services) x 2 Sustainability Activities (Environmental vs. Social) repeated measures ANOVA on brand attitude revealed a significant interaction ($F(1,98) = 14.25$, $p < .001$, see Figure 2). When MATRIX was framed as a company that manufactures goods, participants reported a more positive attitude toward the brand if it engaged in environmental sustainability activities versus social sustainability activities

($M_{Environment} = 5.95$ vs. $M_{Social} = 5.12$, $F(1,98) = 13.19$, $p < .001$). However, when MATRIX was framed a services company, brand attitudes were more positive when social sustainability activities were emphasized ($M_{Environment} = 5.30$ vs. $M_{Social} = 5.69$, $F(1,98) = 2.91$, $p < .10$). Additionally, we found no main effect of sustainability activity type on attitudes ($F(1,98) = 1.85$, $p < .2$).

INSERT FIGURE 2 HERE

Perception of Sustainability Activity Impact. A 2 Company Type (Goods vs. Services) x 2 Sustainability Activities (Environmental vs. Social) repeated measures ANOVA on impact revealed a significant interaction ($F(1,98) = 57.52$, $p < .001$). Patterns follow brand attitude. When MATRIX was described as a goods company, participants were more likely to report that environmental sustainability activities would be more impactful ($M_{Environment} = 5.52$ vs. $M_{Social} = 3.65$, $F(1,98) = 66.48$, $p < .001$). By contrast, when MATRIX was described as a service provider, social sustainability activities were reported to be more impactful ($M_{Environment} = 4.91$ vs. $M_{Social} = 5.50$, $F(1,98) = 6.62$, $p < .05$). Additionally, we found a main effect of sustainability activity type ($F(1,98) = 15.57$, $p < .001$), such that environmental activities were perceived to be more impactful than social activities ($M_{Environment} = 5.21$ vs. $M_{Social} = 4.58$), but this perception did not seem to transfer to brand attitudes.

Discussion

Study 2's results mirror the pattern we found in the B Lab data, demonstrating that brand strategy aligns with consumer attitudes. Results indicate that consumers had a more positive

attitude toward the brand when it engaged in environmental (versus social) activities and was a goods company, while attitudes were more positive toward the brand when it prioritized social (over environmental) activities and offered services. These results suggest the dominant role of environmental sustainability activities for goods companies and social sustainability activities for services companies in forming brand attitudes, supporting H1.

As discussed earlier, a key distinction between goods and services companies is tangibility, or the degree to which the company's offering involves physical elements. In Studies 3a and 3b, we focus on the tangibility of the brand's offering. Specifically, we compare two companies of the same type that provide an offering that differs in terms of its tangibility to rule out the influence of prior expectations on company type and sustainability choice. For example, Redbox and iTunes—both film rental service providers—offer the same end product, but the on-site selection and delivery of the film product is clearly more tangible in the Redbox example than the online experience of iTunes. Therefore, we explore offering tangibility as the underlying mechanism to help explain why consumers' attitudes toward brands are impacted by the sustainability activities the brand engages in, while holding company type constant.

STUDY 3A: THE IMPACT OF PRODUCT OFFERING AND SUSTAINABILITY ACTIVITY TYPE ON ADVERTISEMENT RECOMMENDATION

Study 3a explores whether the tangibility of the brand's offering interacts with environmental versus social sustainability activities to produce differing brand attitudes. In a field setting, we created a realistic situation in which consumers recommended an advertisement for a fictional brand's upcoming campaign. We expected that consumers who were shown a

description of a physical product offering (tangible product) would be more likely to recommend an advertisement featuring the brand's environmental sustainability activities, while consumers who were exposed to a virtual version of the product offering (intangible product) would be more likely to recommend an advertisement featuring the brand's social sustainability activities.

Methodology

Procedure and Participants. Study 3a was conducted in two locations in a highly populated area featuring restaurants and shopping in a midsize city. At each location, we had confederates posing as employees of a fictional brand called ViewMAX, a movie content provider. The confederates sat at a table that included a sign about ViewMAX's offering, a sign detailing an incentive for participation (i.e., a drawing to win a hat or t-shirt), and a laptop computer. As people walked by the table, the confederate encouraged him or her to learn about ViewMAX's offering on the poster and take a short survey about ViewMAX's upcoming advertising campaign. See the Appendix for a photograph of our display. A total of 88 U.S. adults participated in this study (age range = 19-75, $M_{Age} = 27.83$, 64.8% male).

The manipulation of product offering was executed on the poster presented at the table. In the tangible/physical offering condition, the poster described ViewMAX as a brand that offers DVD and Blu-ray rentals to its customers via mail. In the intangible/virtual condition, the poster described ViewMAX as a brand that offers online downloads of movie and television programs via computer or other Internet-enabled devices. Images representing the physical or virtual nature of each offering were included on each poster to strengthen the manipulation. See the Appendix for actual stimuli. The confederates alternated the poster between the tangible version and the intangible version every two hours.

After learning about ViewMAX's product offering, participants were presented with two advertisements, one environmental-focused and one-social focused. The environmental-focused ad detailed ViewMAX's commitment to the environment, including installing solar panels on its facilities and creating a recycling program for electronics. The social-focused ad, by contrast, detailed ViewMAX's commitment to society, including providing discounts to low income customers and investing in small businesses in developing countries. Each advertisement also featured a photo to strengthen the manipulation. A pretest showed no difference in attitudes toward the two ads ("Good-Bad", "Like-Dislike", $\alpha = .95$, $M_{Environment} = 2.40$ vs. $M_{Social} = 2.27$, $t(36) = -.32$, $p > .7$). The advertisements used are included in the Appendix. We randomized the presentation of the two ads so that the left or right position did not influence our results.

Measures. In the survey, participants were asked to recommend their preferred advertisement, which served as the dependent variable (i.e., "ViewMAX is looking for advice from people like you for their new advertising campaign. Please look closely at each advertisement. Which advertisement do you recommend for ViewMAX's campaign?", 1 = Strongly Recommend Ad on the Left, 6 = Strongly Recommend Ad on the Right). Following the advertisement recommendation question, we asked participants to rate the degree to which ViewMAX's product offering was more virtual or physical as a manipulation check.

Results

Manipulation Check. An independent samples t-test revealed that participants who saw the poster of ViewMAX described as offering a DVD by mail service reported the offering to be more physical than participants who saw the poster of ViewMAX described as offering online streaming ($M_{Physical} = 5.06$ vs. $M_{Virtual} = 2.81$, $t(86) = 5.83$, $p < .001$).

Advertisement Recommendation. The advertisements were counterbalanced but are reported here such that a score of one (1) represented a preference for the social-focused ad and a score of six (6) represented a preference for the environmental-focused ad. When ViewMAX was described as providing a physical product offering, participants were more likely to recommend the environmental-focused ad. When ViewMAX provided a virtual product offering, the social-focused ad was more highly recommended ($M_{Physical} = 3.64$ vs. $M_{Virtual} = 2.85$, $t(86) = 2.08$, $p < .05$, see Figure 3).

INSERT FIGURE 3 HERE

Discussion

The results of Study 3a suggest that consumers are more likely to recommend an advertisement that features a brand's environmental sustainability efforts if the company offers a physical or tangible product. By contrast, we find that consumers prefer that a brand that produces a virtual or intangible offering advertise its social sustainability efforts, providing initial support for H2. This study provides evidence for our proposition that it is not only company type that drives consumers' perceptions of sustainability initiatives, but also the underlying degree of tangibility of the offering that affects consumers' perceptions of environmental versus social sustainability activities.

STUDY 3B: THE IMPACT OF PRODUCT OFFERING AND SUSTAINABILITY ACTIVITY TYPE ON BRAND ATTITUDES

Study 3b replicates Study 3a, testing the impact of product offering type and sustainability practice type on brand attitudes directly and in a more controlled setting. We also empirically test the construct of tangibility as a causal mechanism in the relationship between the nature of the brand offering and brand attitudes.

Methodology

Procedure and Participants. Study 3b adopted 2 Product Offering (Tangible/Physical vs. Intangible/Virtual) x 2 Sustainability Activity (Environmental vs. Social) between-subjects design and was conducted using participants from Amazon Mechanical Turk. A total of 197 U.S. adults participated in this study (age range = 19-70, $M_{Age} = 36.13$, 58.9% male), but nine were removed after expressing difficulty with understanding the study or if they took less than 60 seconds to complete it. The following analysis therefore incorporates 188 participants. The study involved a two-page scenario about ViewMAX, the same hypothetical company used in Study 3a. In the study, participants were asked to read the description of the company's product offering and view an advertisement about ViewMAX's sustainability practices.

The manipulation of product offering was executed on the first page and participants were randomly assigned to one of two conditions. In the tangible/physical offering condition, ViewMAX was described as a company that offers DVD and Blu-ray rentals to its customers via mail. In the intangible/virtual condition, ViewMAX was described ViewMAX as a company that offers online downloads of movie and television programs via computer or other Internet-enabled devices. The same images that were used in Study 3a accompanied the description of the product offering.

The manipulation of sustainability activity was executed on the second page and

participants were assigned to one of two conditions. After learning about ViewMAX's product offering, participants were presented with either the advertisement focused on the environmental sustainability activities or the advertisement focused on social sustainability activities, the same advertisements used in Study 3a.

Measures. Participants were then asked to provide ratings of their brand attitude. We used a three-item scale ($\alpha = .92$) adapted from Ahluwalia, Burnkrant, and Unnava (2000) (e.g., "As a brand, ViewMAX is desirable"). Next, we measured the degree to which participants thought about the tangibility of ViewMAX's product offering by asking three questions ($\alpha = .92$, e.g., "When I read about ViewMAX, it made me aware of the environment"). As manipulation checks, we also asked participants to rate the degree to which ViewMAX's product offering was more virtual or physical as well as whether ViewMAX's advertisement featured environmental or social sustainability efforts.

Results

Manipulation Check. An independent samples t-test revealed that participants in the tangible offering condition rated it as more physical than participants in the intangible condition ($M_{Physical} = 5.76$ vs. $M_{Virtual} = 3.38$, $t(195) = 9.08$, $p < .001$). Additionally, a chi-square test of difference confirmed the sustainability practice manipulation ($\chi^2(1) = 86.07$, $p < .001$).

Brand Attitude. A 2 (Product Offering) x 2 (Sustainability Activity) ANOVA on brand attitude revealed a significant interaction ($F(1,184) = 8.14$, $p < .01$, see Figure 4). When ViewMAX was described as offering a tangible product, the environmental ad contributed to more positive brand attitudes than the social ad ($M_{Environmental} = 5.86$ vs. $M_{Social} = 5.50$, $F(1,184) = 3.91$, $p = .05$). By contrast, when ViewMAX was described as offering an intangible or virtual

product, the social ad evoked more positive brand attitudes than the environmental ad

($M_{Environment} = 5.32$ vs. $M_{Social} = 5.72$, $F(1,184) = 4.23$, $p < .05$).

INSERT FIGURE 4 HERE

Tangibility. A 2 (Product Offering) x 2 (Sustainability Activity) ANOVA on brand attitude revealed a significant main effect of product offering ($F(1,184) = 5.71$, $p < .05$) and practice type ($F(1,184) = 14.19$, $p < .001$). As expected, when the product offering was described as more tangible, participants reported having more thoughts about tangibility than they did if the offering was virtual or intangible ($M_{Physical} = 5.00$ vs. $M_{Virtual} = 4.47$). Additionally, while not hypothesized but expected, when the sustainability activity concerned the environment, tangible thoughts also arose ($M_{Environment} = 5.18$ vs. $M_{Social} = 4.33$). Important to our theorizing, we tested whether tangibility mediated the relationship between product offering type and brand attitudes. Using the PROCESS macro model 4 and 10,000 bootstrapped samples (Hayes 2012), we found that the indirect effect of product offering on brand attitude was significant through tangibility ($a \times b = -.14$, 95% CI: $-.29, -.025$).

Discussion

The results of Study 3b provide additional support for H2, showing that brand attitudes are more positive for brands that offer tangible products and engage in environmental (versus social) sustainability activities, while brands that offer intangible products and engage in social (versus environmental) sustainability activities experience more positive attitudes. This study provides support for our proposition that it is not only company type that drives evaluations of

brand engagement in different types of sustainability initiatives, but also the underlying degree of tangibility of the brand's offering that affects the differential impact of environmental versus social sustainability activities. By manipulating the tangibility of the offering rather than the company type, Studies 3a and 3b counter the argument that consumers' prior exposure or familiarity with goods brands participating in environmental causes and services brands participating in social causes drives their attitudes. In both studies, the company type was held constant, yet we still observe the differential pattern as a result of the differences in the tangibility of the offering.

CONCLUSIONS

Across four studies, we find that type of brand (i.e., good versus service) and the tangibility of the brand's offering influence consumers' evaluations of the corporate sustainability initiatives that brands choose to engage in. We show that environmental sustainability activities produce more positive consumer evaluations when they are aligned with a brand that offers goods or a tangible product. By contrast, we demonstrate that social sustainability activities generate positive brand attitudes when they are aligned with a brand that provides services or offers an intangible or digital product. Using secondary data, we also demonstrate that companies that are highly focused on CSR initiatives (i.e., B-Corp certified) are currently engaging in this pattern in the marketplace and aligning with consumers' brand attitudes.

This research contributes to the literature on branding in a number of ways. First, we contribute to the literature on CSR and cause marketing. While researchers have suggested that

sustainability should be analyzed from an environmental and social perspective (Brown and Dacin, 1997; Chabowski *et al*, 2011), no study to date has systematically examined the differential impact of a company's environmental and social sustainability initiatives on consumers' brand perceptions. Although anecdotal evidence exists in industry studies (e.g., Guardian study, Sustainability Leadership Report, etc.), the findings are inconsistent. Our research demonstrated that environmental sustainability initiatives have a more positive impact on consumers' attitudes toward goods-oriented brands, whereas social sustainability initiatives have more positive impact on consumers' attitudes toward service-oriented brands. By showing that the type of CSR initiative impacts brand attitudes, we argue that conceptualizations that combine sustainability efforts into a single dimension are missing important nuance. Second, we propose a theoretical explanation for why consumers show different preferences for environmental and social sustainability activities. Consequently, the tangibility perspective provides a fresh and meaningful theoretical lens for studying corporate social responsibility in general and the differential effects of environmental and social sustainability activities in particular. By directly manipulating the tangibility of the same product offering, we show that it is not the company type (goods or services) per se that affects the perception of differential sustainability practice, but rather the tangibility of the offering as the underlying driver. This finding also rules out familiarity and prior expectations as alternative theoretical explanations.

We also contribute to the branding literature by showing that tangibility is an important factor to consider when making strategic branding and cause marketing decisions. Related to research on brand extensions in which extensions in the same realm (i.e., goods to goods) are preferred over extensions in a different realm (i.e., goods to services, Ramanathan and Velayudhan, 2015), we show that consumers evaluate brands more positively when the

tangibility of the core offering and the nature of the sustainability initiatives align (i.e., goods and environmental initiatives and services and social initiatives). Second, we expand beyond general conceptions of fit (Decker and Baade, 2016) and are more specific in our underlying mechanism of tangibility as a driver of brand attitudes. In doing so, our theory can expand beyond company type to offering type and beyond. Third, we add to research on consumers' perceptions of brands. Clearly, consumers can make very fine distinctions between the brands that they do business with and carry these perceptions beyond the brand's primary purpose (i.e., providing goods or services) to more peripheral aspects of brand management (i.e., CSR strategy).

Managerial Implications

This study provides several important insights for practitioners as they formulate a suitable mix of environmental and social sustainability activities. While the existing literature says that CSR investments should be “on-brand” (Blumenthal and Bergstrom, 2002), our research provides more concrete direction for marketers. Brand managers need to realize that CSR initiatives in the environmental domain and social domain involve different consumer attitudes depending on the brand's tangibility characteristics. If a company mainly offers intangible, digital, remote, or virtual offerings, then the allocation of the company's sustainability investments should be aligned toward the social domain. By contrast, if a company is providing highly tangible products or its value-adding process (e.g., infrastructure, development, and delivery) involves more concrete physical elements, such as in the manufacturing of wood, pulp and paper products, heavy machinery, automobiles, or semi-conductors, then an investment in the environmental sustainability domain is more likely to be perceived positively by its current and prospective consumers. We also show that a company's

sustainability investments have impacts beyond the outcomes currently known (e.g., greater stock returns; Mishra and Modi, 2016) by finding that engagement in certain types of CSR initiatives also have direct effects on consumers' brand attitudes. Our research suggests that brand managers need to better understand consumers' nuanced perceptions of how brands engage in sustainability initiatives, rather than assuming that the "anything goes" approach will be successful.

In addition, our research provides guidance to managers as they decide how to communicate their sustainability activities to the marketplace. For companies that are active in a wide variety of sustainability activities as well as those that have limited resources, being strategic in communicating their efforts is important in influencing consumers' attitudes. Brands can take a more holistic and cost-effective approach in presenting its offering and accompanying efforts to be good citizens. For example, a services brand can highlight its intangible assets such as corporate values, philosophy, employees, and community involvement when promoting their socially-relevant campaigns. Goods brands can showcase their sustainability initiatives in state-of-the-art facilities (e.g., LEED certification), greening of products, processes, and packaging. Our findings suggest that this strategically-aligned communication leads favorable brand attitudes. Additionally, our research indicates that if a services brand already has expertise or investment in environmental causes, emphasizing the more tangible aspects of its service could influence consumers to evaluate their mismatched efforts more positively.

Limitations and Future Research

As we add to the call to research the different facets of sustainability activities (e.g., Aguilera *et al*, 2007; Ellen *et al*, 2006; Pelozo and Shang, 2011; Chabowski *et al*, 2011), we set

our scope on the environmental and social domains. However, we believe that the classification could be richer and more refined, which could reveal more specific and nuanced consumer responses. For example, the social domain can be further divided into community, employees, human rights, etc. Environmental activities can be studied at various stages of the company's operations. The statements used in Study 2 and featured in the advertisement used in Studies 3a and 3b, although rigorously pre-tested on these two domains, do have their idiosyncrasies. However, we do show the relative differences between the two types of sustainability activities across all studies, with multiple methods and contexts.

This study opens up a new venue for future CSR and branding research. For instance, in this study, we focus on positive sustainability-related efforts (i.e., benefits to the environment and society). Future research could address how consumers perceive sustainability-related crises, following from recent research by Kang and colleagues (2016) who find that using CSR as a penance mechanism is ineffective. However, there is opportunity to explore whether the type of sustainability activity may help (or hurt) a brand that engages in compensatory behaviors. For example, in situations where tangibility of a product has already heightened environmental awareness (e.g., due to overt, pronounced, sustained, or catastrophic damage to the environment), consumers may expect a focus on environmental sustainability that goes well beyond what is standard. In such cases, consumers may also perceive social sustainability activities to be even less desirable and at times disingenuous. For example, if a brand that offers goods were to be associated with production materials that damage the rainforest, how would consumers prefer this company to proceed with their sustainability-related investments and associated marketing communications? Should the company continue to engage in efforts in the same realm, or would consumers prefer that the company participate in efforts that differ from

the domain of damage? Our results would suggest that awareness of the environment would drive a preference for environmental sustainability activities in this case, but in the context of consumer preference of sustainability focus following a negative event, this prediction has yet to be empirically tested.

Using a real example, Dow Chemical, the plastics, chemical, and agricultural product manufacturer, who has been linked to a gas leak tragedy that killed thousands in 1984, received a great deal of negative press following its sponsorship of the 2012 Summer Olympics in London. Linkage to the gas leak disaster caused negative press for both Dow and the Olympics, so much so that the London Assembly said that Dow “caused damage to the reputation of the London 2012 Olympic and Paralympic Games” (Rallis, 2012). Did Dow seek to sponsor the Olympics, a social event, to distract consumers from previous environmental issues? Future research should explore such cases for both goods and services brands and determine whether overcoming negative sustainability-related events indeed follows our hypothesis for explaining the underlying influence of the degree of tangibility on consumer’s perceptions (i.e., expecting recovery in the same realm).

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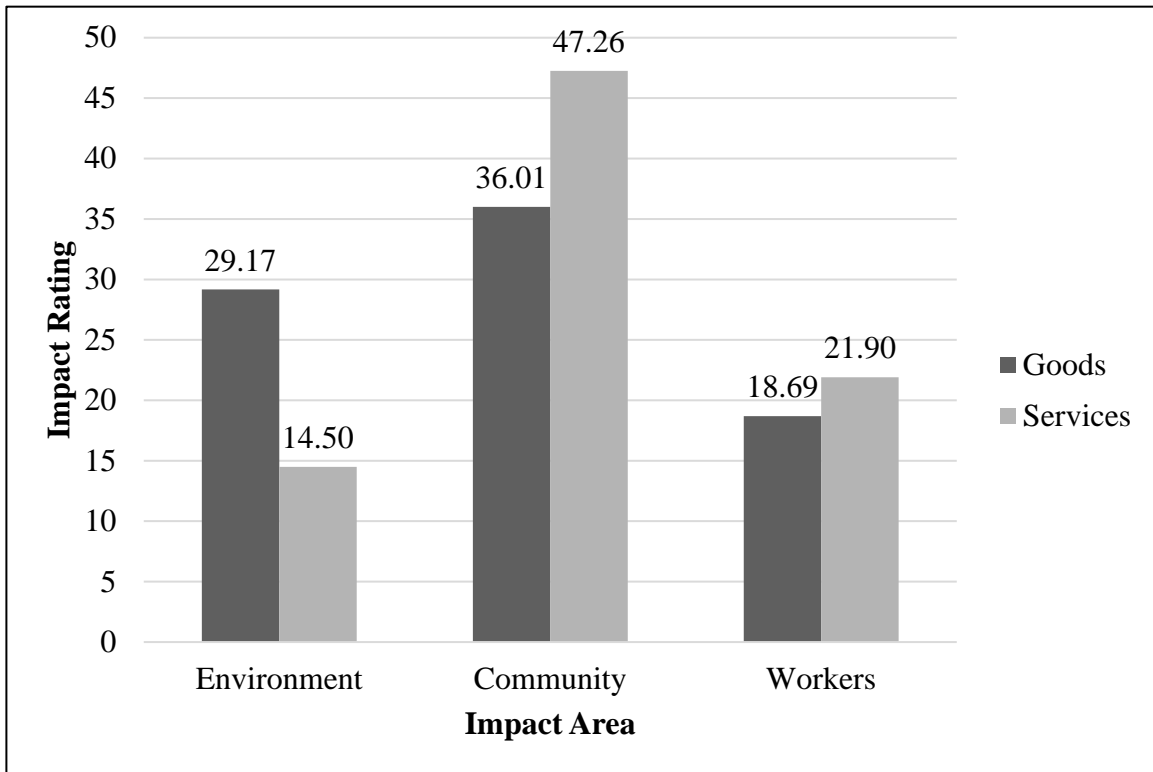
FIGURES**Figure 1****B Lab Impact Ratings by Company Type**

Figure 2

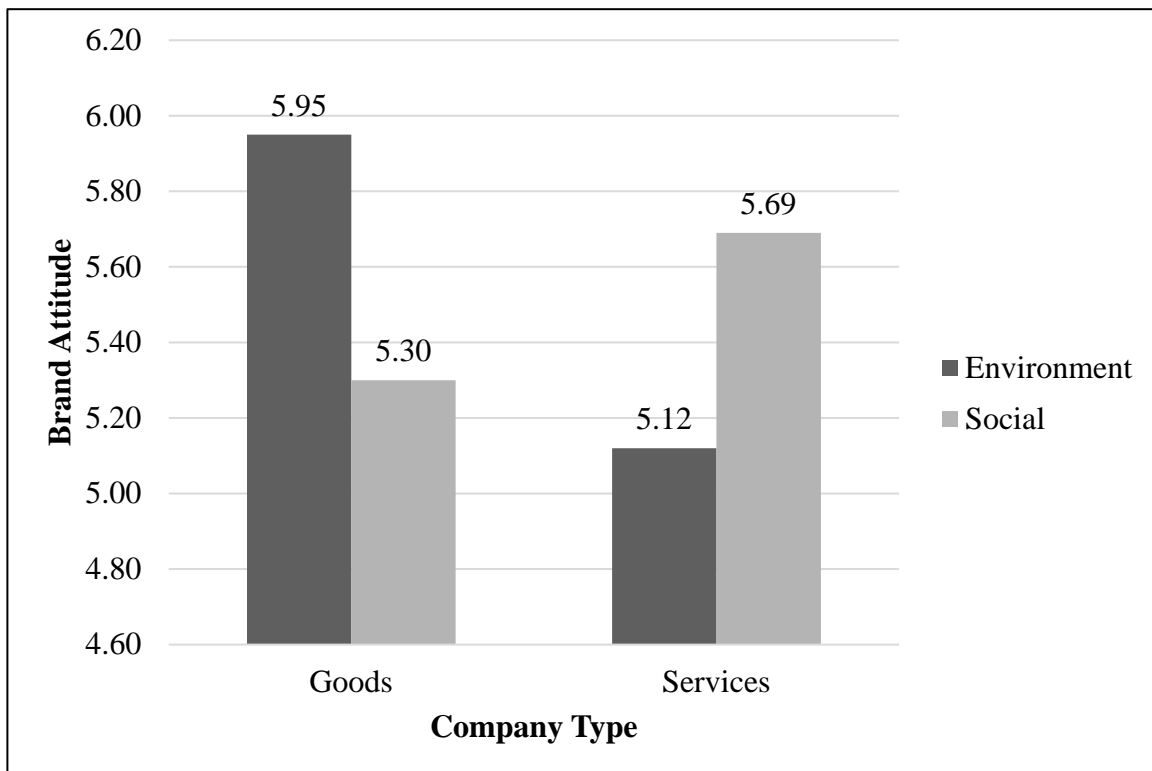
Brand Attitude as a Function of Company Type and Sustainability Activity Type

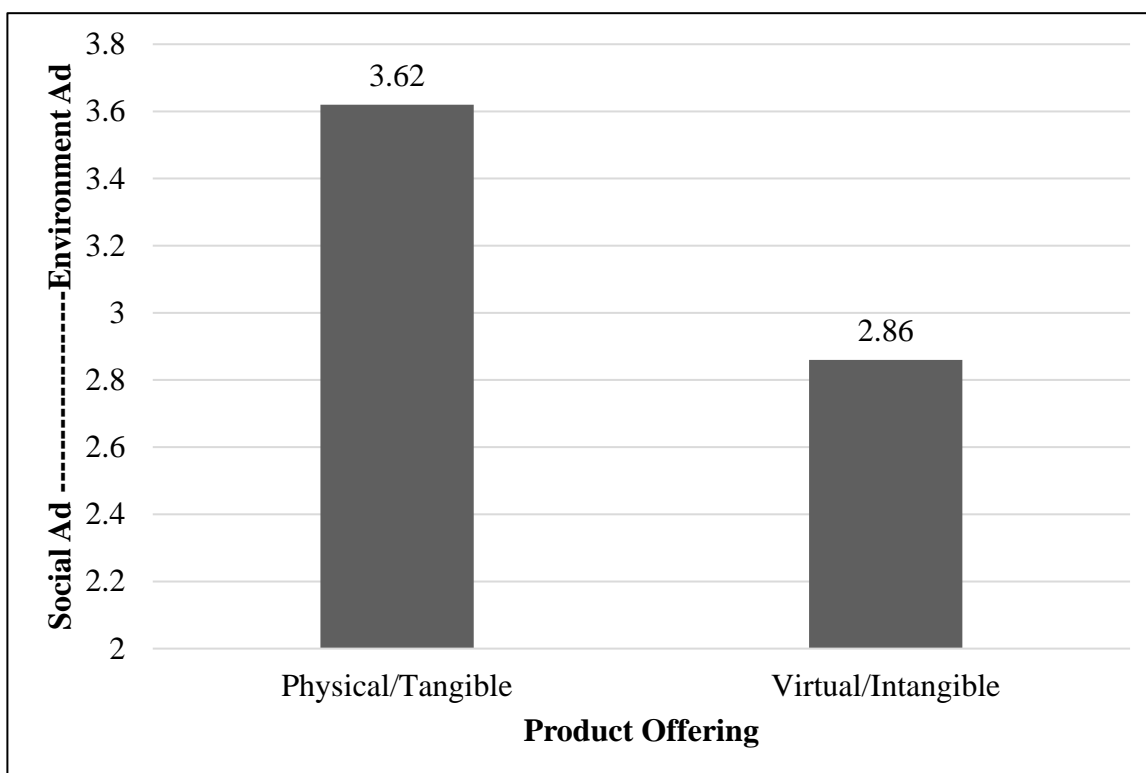
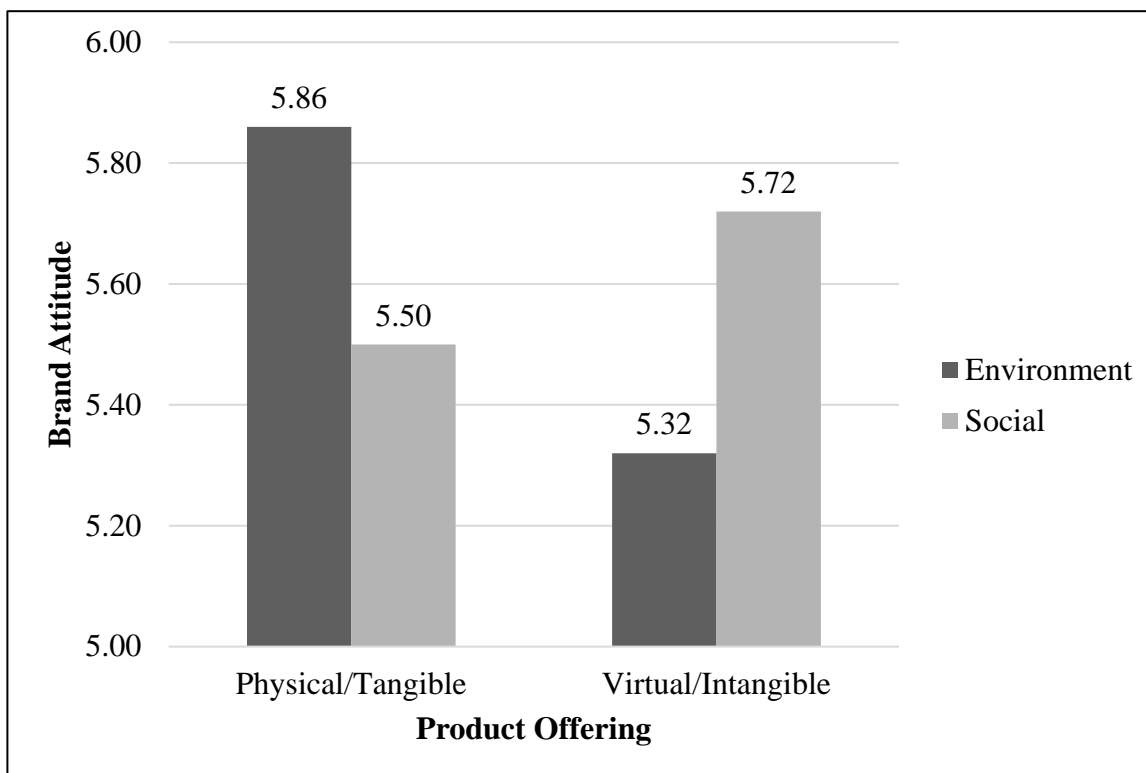
Figure 3**Advertisement Recommendation as a Function of Product Offering**

Figure 4

Brand Attitude as a Function of Product Offering and Sustainability Activity Type

APPENDIX

Study 3a/b Stimuli

Environment-focused Advertisement



Social-focused Advertisement



Study 3a Display

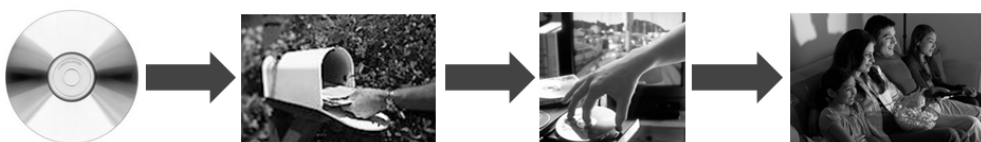


Study 3a/b Product Offering Manipulation

Tangible

ViewMAX needs your opinion!

ViewMAX is a company that offers DVD and BluRay rentals to its customers via mail through a monthly subscription program. Customers select rentals using an online ordering system, and the DVDs are delivered by the US Postal Service. ViewMAX focuses on providing a high-quality viewing experience for its customers.

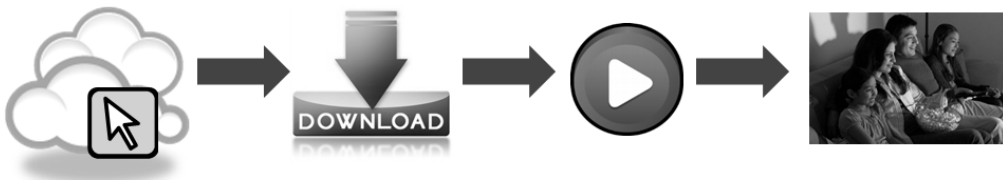


ViewMAX has a library of over 2 million movies and television programs for customers to choose from. ViewMAX competes well with its competitors on price, quality, and the value of its offering.

Intangible

ViewMAX needs your opinion!

ViewMAX is a company that offers online downloads of movies and television programs through a monthly subscription program. Customers select rentals using an online system, and can stream videos virtually on their computer or other Internet-enabled device. ViewMAX focuses on providing a high-quality viewing experience for its customers.



ViewMAX has a library of over 2 million movies and television programs for customers to choose from. ViewMAX competes well with its competitors on price, quality, and the value of its offering.