

Are We All in This Together? CSR as a Marketing Strategy in Times of COVID-19 Crisis

Yuan-Shuh Lii, Ting Hua Chiang, and May-Ching Ding

ABSTRACT

How can we help? This study is to propose how companies can provide help through corporate social responsibility (CSR) marketing strategies in the time of COVID-19 crisis. More specifically, the purpose of this research is to explore the relative effects of three common types of CSR initiatives (philanthropic donation, purchase-triggered donation, and sponsorship-linked marketing) on consumer attitudes (CSR image and consumer identification) and responses (e-WOM and purchase intention) in different stages of COVID-19 pandemic. This research also proposes the moderating effects of COVID-19 related cause type (health and human service), contribution type (money and in-kind donations), and perceived severity of COVID-19 on the relative effectiveness of each CSR initiative. In doing so, this research implies possible practical directions for companies to determine their CSR marketing strategy as well as fills the research gap, especially in the time of COVID-19 or environmental turbulences.

Keywords: corporate social responsibility, consumer behavior, perceived severity of COVID-19.

Submitted : July 05, 2022

Published : August 16, 2022

ISSN: 2507-1076

DOI: 10.24018/ejbmr.2022.7.4.1555

Y.-S. Lii

Department of Marketing, College of Business, Feng Chia University, Taiwan.

(e-mail: yslui@fcu.edu.tw)

T. H. Chiang

College of Business, Feng Chia University, Taiwan.

(e-mail: gemini520500529@gmail.com)

M.-C. Ding*

Department of Marketing, College of Business, Feng Chia University, Taiwan

(e-mail: mcding@fcu.edu.tw)

**Corresponding Author*

I. INTRODUCTION

According to the forecast made by The International Monetary Fund this April, the global economy will experience the worst financial crisis since the Great Depression of the 1930s due to the COVID-19 (coronavirus disease) outbreak (Euronews, 2020). The Covid-19 pandemic has also created unprecedented challenges for corporations to manage their social and environmental responsibilities. In the mean times, consumers are relying on online social media to connect like never before. As consumers are looking for ways to streamline their lives, they also turn to their familiar companies to see how they are dealing with these catastrophic disasters.

He and Harris (2020) maintain that companies should pragmatically capitalize on the opportunities of the COVID-19 crisis and actively engage with their corporate social responsibility (CSR). According to Mohr, Webb, and Harris (2001), CSR involves "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society." A company's socially responsible behavior hence encompasses the range of actions and obligations that directly and indirectly influence the future performance of the company, such as philanthropic donation, sponsoring nonprofit organizations, treating employees fairly in the workplace, behaving ethically, and etc.

CSR has proven its effectiveness in reaching target audiences, while also building strong corporate image, identification, and consumer loyalty (e.g., Meenaghan, 2001; Yoon, Yeosun, & Gurhan-Canli, 2003; Mohr & Webb, 2005;

Ryan & Kumar, 2019). Previous studies have verified that if a company actively implements CSR initiatives, its brand image and economic performance also improve due to consumer support (Mohr & Webb, 2005). Consumers also directly benefit from companies that engage in CSR initiatives. Participating in a company's CSR campaign, consumers not only experience positive emotions of helping others but also satisfy their self-definitional needs (Currás-Pérez *et al.*, 2009; Lii & Lee, 2012). However, not all CSR promotions are alike, especially in the times of COVID-19 crisis.

Companies are increasingly integrating CSR initiatives into their marketing strategies. While a company can adopt different types of CSR initiative to improve the society, the initiative typically involves programs around philanthropic donation (e.g., Nike Mid-South Grants), purchase-triggered donation (e.g., TOMS shoes), and/or corporate sponsorship support (e.g., Google for Education) (Polonsky & Speed, 2001). Unclear is the extent to which type of CSR initiatives exerts relative influence on consumer attitudes and intentions toward the company as well as the factors that might explain such differences (Chernev & Blair, 2015; Keller, 2019). Thus, this study bases on the social identify and self-categorization theories to propose the relative effect of three common types of CSR initiatives (philanthropic donation, purchase-triggered donation, and sponsorship-linked marketing) on consumer attitudes (CSR image and consumer identification) and responses (e-WOM and purchase intention) in different stages of COVID-19 pandemic. The paper also exerts health belief model to suggest the moderating effects of COVID-19 related cause type (health

and human service), contribution type (money and in-kind donations), and perceived severity of COVID-19 on the relative effectiveness of each CSR initiative. In doing so, this research proposes practical directions for companies to determine their CSR marketing strategy as well as fills the research gap, particularly in the time of COVID-19 or environmental turbulences.

II. LITERATURE REVIEW AND PROPOSITIONS

A. COVID-19 Crisis and CSR

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 outbreak a global pandemic. COVID-19 is not only a life-threatening infection but also affects the economy across the global due to loss of life, loss of productivity, business closures, trade disruption, and decimation of the travel and tourism industries.

In facing COVID-19 pandemic, consumers expect companies to play a critical role in helping the society. In fact, many companies are increasingly looking for ways to help consumers, and through that help create connections with consumers. According to Zeno's 2020 Strength of Purpose Study, consumers will remember how companies take actions during COVID-19 crisis. Consumers are six times more likely to protect the company in the event of misstep or public criticism and more than four times more likely to recommend the company to friends and family. As such, an investment in CSR as a marketing strategy to support the community pays dividends for a company's long-term development due to consumer identification, purchasing behavior and word-of-mouth.

B. CSR as a Marketing Strategy

There are many ways a company can adopt to implement its CSR marketing strategies in times of covid-19 crisis. A company can decide on the type of CSR initiatives (e.g., philanthropic marketing, cause-related marketing, and/or sponsorship-linked marketing), which issues to support (e.g., human, social, and/or environmental-related issues), how long and how much to contribute, and in which contribution type (e.g., money, in-kind, and/or employee volunteerism). After reviewing the types of CSR marketing campaigns that have been investigated by researchers as well as those that have been commonly utilized by marketers in the age of COVID-19 (Hultgren, 2020; Smith, 2020), three types of CSR strategies are identified and included: philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation.

Philanthropic donation involves a company's charitable contribution to worthy causes based on an altruistic desire to improve human/social welfare or, in some cases, a strategic mindset that exploits the cause for the company's own purposes or gains (Shaw & Post, 1993; Collins, 1994; Polonsky & Speed, 2001). For example, Kraft Heinz has donated \$12 million to Food Bank charities across the world. Google has donated more than \$800 million to support small- and medium-sized businesses and health workers on the frontline of facing COVID-9 pandemic. Nevertheless, previous research has revealed that true or pseudo-altruism philanthropy does have a positive association with brand image, social recognition, and brand attitude (D'Astous &

Bitz, 1995; Brown & Dacin, 1997; Sen & Bhattacharya, 2001; Lii & Lee, 2012).

Sponsorship-linked marketing is a strategic investment of marketing activities for the purpose of accessing exploitable commercial potential associated with an event or publicized entity (Cornwell & Coote, 2005; Gwinner & Bennett, 2008; Lachowetz *et al.* 2002). For example, Mercedes Formula sponsors University College London engineers and clinicians to develop "Continuous Positive Airway Pressure" breathing devices. Previous research has found the positive effect of sponsorship-linked marketing on consumers' perceived brand association and image (e.g., Gwinner & Swanson, 2003; Rifon *et al.* 2004; Cornwell & Coote, 2005; Lee & Johnson, 2019).

Purchase-triggered donation is a type of cause-related marketing in which a corporate donation is triggered by consumer's purchase or action. This donation commonly takes the form of a portion or percentage of the sales or profit to a cause. For example, T-Mobile donates from \$300,000 to \$500,000 to Feeding America when consumers engage with its promotional program, T-Mobile Tuesdays. Previous research has also found significant effect of purchase-triggered donation on brand image, attitude, and identification (Lee & Johnson, 2019).

C. CSR Initiatives and Social Identity Theory

Since consumers will reward companies for their support of social welfares, many companies have hence adopted CSR initiatives as their marketing strategies. Social identity theory (Tajfel & Turner, 1979) lends a hand to explicate such consumer behavior. Based on the theory, consumers feel motivated to develop socially identifying relationships with a company as a means of improving their own self-definitions. Having psychologically defined themselves as a member of that company, consumers then internalize the company's image as personal image which reveals positive identification toward the company (Curra's-Pe'rez *et al.*, 2009). When consumers identify with the company, they may purchase products as a way of expressing their identity (Yoon *et al.*, 2006) and their alignment with that company such as spreading word-of-mouth (WOM) through online community.

Findings from the extant research has showed that the CSR strategies may vary in their effectiveness (Lii *et al.*, 2013; Jeong *et al.*, 2013; Lee & Johnson, 2019). Thus, on the basis of social identity theory and previous research findings, it can be inferred that, in times of COVID-19, a CSR initiative leading to stronger CSR image that further enhances consumer identity with the company will induce consumers' purchase intention and spread positive electronic WOM (eWOM) in online community. This leads to the following propositions:

P1: Philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation exert relative influences on CSR image in times of COVID-19.

P2: Philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation exert relative influences on consumer identification in times of COVID-19.

P3: CSR image exert positive influence on consumer identification.

P4: CSR image exerts positive influence on (a) purchase

intention and (b) e-WOM.

P5: Consumer identification exerts positive influence on (a) purchase intention and (b) e-WOM.

D. Self-Categorization Theory and the Cause Type

Extending the concept of social identity theory, self-categorization theory attempts to explore the processes by which people form cognitive relation/distinction between themselves and other social groups (Turner *et al.*, 1994). Based on the self-categorization theory, consumers are more likely to choose or engage to a cause that they are most closely associate (Lafferty & Edmondson, 2014). Hence, the causes related to COVID-19 pandemic most likely to be part of a CSR initiative fall into two broad categories — health and human services.

Both health and human services causes are closely related to consumers in a time of need. Based on the research conducted by Lafferty and Edmondson (2014), the health cause category represents all causes that deal with human health issues such as research on COVID-19. For example, Johnson & Johnson has committed to donate more than one billion in investment to co-fund the vaccine research. On the other hand, the human services cause category includes all the causes that cope with other human issues such as helping the victims during COVID-19 pandemic. For example, IKEA donated 50,000 face masks found in one of its warehouses in Sweden (health cause). Salesforce has made some of its technology free and has pledged not to significant layoffs for 90 days (human services). The research question is that do consumers identify more with a health cause relative to human services, or vice versa, when allied with the three types of CSR initiatives?

According to self-categorization theory, we propose that, due to the life-threatening COVID-19, consumer would identify more with COVID-19 related health cause relative to human services when given a choice. This would be especially true when COVID-19 has put lots of amount people in danger. This leads to the following propositions:

P6: Philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation exert relative influences on CSR image in times of COVID-19. The effect would be larger in the health category compared to the human services category.

P7: Philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation exert relative influences on consumer identification in times of COVID-19. The effect would be larger in the health category compared to the human services category.

E. Context-Dependent Nature of Contribution Type

As aforementioned, there are many ways to implement CSR initiatives as marketing strategy. Companies can decide on the types of donations to support. Two most basic and most common types of CSR contribution involve money and in-kind donations. A monetary contribution involves an amount of cash, while in-kind contributions are donations in the form of goods, services, or time. Contingent upon the perception, framing, and other cause-related factors, previous research has revealed that consumers respond differently to these two types of CSR contributions (Ellen *et al.*, 2000; Hamby, 2016; Hildebrand *et al.*, 2017; Zhu *et al.*, 2017).

For example, cash donations enhance consumer

evaluations when bundled with CSR issue that are perceived to be largely controllable. In contrast, when the CSR issues are perceived to be largely uncontrollable, in-kind contributions lead to more favorable attitude toward the company (Hildebrand *et al.*, 2017). The higher relative cost of donations type (money vs in-kind) perceived by consumers leads to higher levels of perceived effort, which then builds more company identification (Langan & Kumar, 2019).

To our knowledge, no research has studied the moderating role of contribution type on the effects of the three types of CSR initiatives on consumer attitudes and behavioral intentions toward the company in times of COVID-19. In addition, in light of the context-dependent nature of donation type in CSR initiatives, we propose the moderating effect of donation type as following:

P8: The relative effects of philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation on CSR image will be moderated by donation type (money vs. in-kind) in times of COVID-19.

P9: The relative effects of philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation on consumer identification will be moderated by donation type (money vs. in-kind) in times of COVID-19.

F. Perceived Severity of COVID-19 and CSR Initiatives

The health belief model (Janz & Becker, 1984) suggests that perceived severity of the disease will influence a person's belief, attitude, and behavior. Likewise, consumer's perceptions of the severity of the COVID-19 may affect their attitude and behavioral intentions toward the company's reaction to the pandemic. Based on the health belief model, perceived severity refers to a person's subjective perception of the severity of contracting an illness or disease. Yet, no empirical studies exist that investigate the effect of perceived severity of COVID-19 can have on the relative effectiveness of the three CSR initiatives. The gap in the literature leads to the following propositions:

P10: The relative effects of philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation on CSR image will be moderated by perceived severity of COVID-19.

P11: The relative effects of philanthropic donation, sponsorship-linked marketing, and purchase-triggered donation on consumer identification will be moderated by perceived severity of COVID-19.

III. CONCLUSIONS

Whether or not the world may resume its regular and familiar paces in the time after COVID-19, would consumers exhibit similar attitudinal and behavioral responses to CSR initiatives as proposed previously in the first-year research? More specifically, future researches may propose the effect of the COVID-19 pandemic passing through different stages of lifecycle (i.e., past, present, and post). These propositions provide a wealth of insights for companies to rethink and redesign their CSR initiatives as part of their marketing strategies, and for academia to further explicate the relationship between CSR strategy and consumer behaviors in different stages of COVID-19 pandemic and in times of turbulence.

CONFLICT OF INTEREST

Authors declared that no competing interests exist.

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Yuan-Shuh Lii is Professor of Marketing at Feng Chia University, Taiwan. Dr. Lii received an M.B.A. and Ph.D. from Portland State University, US.

Dr. Lii's areas of research interest are CSR, marketing strategy, consumer behavior, and international marketing. His research has appeared in the publications such as the *Journal of Business Research*, *Journal of Business Ethics*, *Computers in Human behavior*, etc. He has also published papers in various international and regional conference proceedings.



Ting-Hua Chiang is a student of Ph.D. Program, College of Business at Feng Chia University, Taiwan. She is a vice president of Full Wang International Development Co, Managing Director of Friends of the Police Association, and Director of Taiwan Action Buddha Society.



May-Ching Ding was born in Taiwan, May 20th 1969. She obtained her M.S from SUNY at New Paltz in New York city, US. Then, she returned home, Taiwan, worked in the financial industry for about 5 years. After that, she went back to school and received her Ph.D. in 2007, in the field of business organization and corporate leadership from Lynn University, Florida, US.

She worked in financial and consultant firms for about 5 years. Currently, she is an associate professor in Feng Chia university, Taichung city, Taiwan. Her research interest mainly focuses on corporate social responsibility, consumer behavior and service recovery. Her publication has appeared in *Corporate Social Responsibility and Environmental Management*, *Sustainability*, and *Telematics and Informatics*.