Are Consideration and Choice of Socially Involved Products Affected by Consumer Social Values?

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Abstract

This paper investigates personal values moderating the importance of corporate social involvement on consumer behavior. It uses a choice setting in order to minimize social desirability, common in attitudinal responses. A mail survey with choice conjoint tasks was used for four different product categories. Corporate social involvement was found to be a strong source of value to consumers, with cross-elasticity levels of the same magnitude as other functional attributes. However, the hypothesized interaction between corporate social involvement and personal values did not receive empirical support. The conclusion is that a firm’s social involvement affects consumer behavior regardless of social-value market segments, in contrast to prevailing expectations.

Key Words: Corporate Social Responsibility; Personal Values; Social Values; Choice Models

1. Introduction

A large body of academic research has devoted attention to the phenomenon of firms’ social involvement, particularly under the topics of corporate social responsibility and performance (Sethi, 1995; Wood 1991). Most of the research concentrates on the supply side —granting access to capital from socially concerned investors by constructing good social reputation (Graves & Waddock, 1994), or increasing job motivation of employees sensitive to social issues by supporting social causes (Morris et al., 1990). Studies on the effects of social involvement on the demand side are conspicuously rare. This fact contrasts with the point that, apart from stockholders who accept less than the maximum possible returns on investment, and from employees who trade better work environment for earnings; consumers are the ones who ultimately pay for a firm’s social involvement. In particular, marketing literature on the phenomenon is scant (Marketing Science Institute, 1992).

Learning how social involvement affects consumer behavior may help managers define the importance of socially responsible actions and programs to their businesses. It may let them distinguish between actions that aim at pleasing certain groups or segments of consumers from actions designed to motivate specific types of behavior from existing and potential customers. Moreover, it may assist them in determining the amount of investment they may want to make in social involvement. Under the marketing perspective, the whole idea of engaging in socially relevant projects seems to aim at consumers who value the so-called socially responsible actions. Therefore, people who have social values can be viewed as the prime target for a firm’s social involvement.
The purpose of this research is to verify whether consumers who differ in terms of their personal values are differently affected by the social involvement of the firms. Moreover, this research makes a contribution by surpassing the commonly used attitudinal measures. It uses a random utility choice model to detect the effects of a firm’s social involvement on the ultimate consumer behavior, choice. In doing so, it avoids the bias that could be present in the measures of socially desirable attitudes. Further, the use of a random utility choice model allows for monetary quantification of the value consumers place on a firm’s social involvement, through the cross-elasticity of the social involvement and price.

Next, we summarize the definitions of the constructs of interest, social involvement and personal values, and then we offer the study’s hypotheses. The method section follows, and then choice analysis is performed. The results are discussed. A conclusion with the limitations of this study and future research closes the article.

2. Social Involvement Defined

Actions comprising organizational social engagement have been studied under the label of “corporate social responsibility,” mostly in the management literature. Several definitions have been offered for corporate social responsibility (e.g., Clarkson, 1995; Davis, 1960; Lerner & Fryxell 1988; Lydenberg et al., 1986; Sethi, 1975). They either intrinsically imply a causal explanation for a firm’s engagement in social actions—usually altruism of some sort, as opposed to economic motivation—or are based on the enumeration of types or categories of actions as being socially responsible.

In order to avoid relying on a firm’s motivation for engaging in social actions, this paper adopts a consumer-centered definition for corporate social involvement—if the individual consumer feels the action is concerned with a socially related issue, it can be classified as such. Additionally, it is more appropriate to speak of social involvement, instead of social responsibility, in order to avoid the connotation of “having to” engage in actions that benefit society. Moreover, the entity associated with the action is not necessarily the corporation itself, but it can be a product or brand. Therefore, the focus of this paper is on actions of social involvement, defined as policies or actions perceived by the consumer as identifying a company, and its products or services, with a concern for society-related issues.

2. Personal Values

Consumers’ motivations are tied to their personality, involvement, emotions, and personal values (Wilkie, 1994). In particular, personal values are related to the goals a person is seeking, which are important to her or him. According to Harvard professor Henry Murray (Smith, 2008), personal values are the mental representations of a person’s underlying needs, after being transformed to reflect the world in which s/he lives. Therefore, personal values are needs that reflect the ideas held by a person about what is desirable (Wilkie, 1994). Personal values have been defined as “an enduring prescriptive or prospective belief that a specific state of existence or specific mode of conduct is preferred to an opposite end state or mode of conduct” (Bearden & Netemeyer, 1993, p.83). Some personal values pervade a society that embraces certain culture. However, people in a society differ in how important a personal value is in their lives and ways of thinking (Wilkie, 1994). As some people stress some personal values, and other people stress others, consumers have been segmented according to their personal values (Wilkie, 1994).

The link between personal values and behavior and the fact that people differ in their values suggest that social involvement will be valued in different ways by consumers who share different personal values.

3. The Social Value Consumers Assign to Social Involvement

This research deals with the impact of social involvement on consumers. Consumers are privileged stakeholders of organizations in a competitive environment. If they withdraw patronage in benefit of a competitor, the firm perishes. Any action of social involvement has to be paid for by consumers, unless it returns utility to investors, employees or other stakeholders who can increase capital accessibility or reduce cost. Therefore, socially responsible actions have to translate into value for consumers. If they do, a firm’s social involvement may affect consumer behavior (Menck, 1998).

Consumers are members of society. When consumers look for and purchase goods that satisfy their needs, they take into consideration their social needs in addition to functional needs. In turn, social needs or motives reflect society’s norms and values. For example, in choosing the maker of a car, consumers do consider product reliability, safety, initial and usage costs, comfort, etc., but they also ponder society’s perception of their purchase.
Working in the context of brand attitude, Mittal (1990) termed these two kinds of purchasing motives as utilitarian and image motives. A more appropriate terminology may be functional and symbolic motives. Society imposes its norms on consumers. In turn, consumers seek products or services carrying benefits that represent “cultural symbols associated with the possession or consumption of an object” (Mittal, 1990, p.210).

Culture is the way society expresses its beliefs and values, and its impact on product choice has been studied and is well established in marketing (e.g., Hirschman 1980; McCracken 1986). In particular, a study by Richins (1994) found empirical evidence that a possession’s value also accrues from its meaning to the consumer, either as an indicator of social relationships or as a reflection of personal identity. Kleine, Kleine and Kernan (1993) argue that consumers purchase products for social reasons, as others influence their market behavior. Consumers consume to build social identities, multifaceted labels by which they are recognized by members of society (Kleine, Kleine & Kernan, 1993). Feather (1990), studying the importance of individual values acquired from society in the choices and decisions that people make, found significant evidence that individuals’ behavior is related not only to the expectations people have about the outcomes of the behavior, but also to the subjective value of the outcome, which is affected by a person’s socialization experience.

Consumers are affected by the society to which they belong. Consumers may be symbolically motivated (Mittal, 1990), culturally driven (Hirschman, 1980; McCracken, 1986), find value in the product or service’s public meaning (Richins, 1994), or use products or services to build social identities (Kleine, Kleine & Kernan, 1993). Regardless of the approach, research suggests that society does indeed shape consumers’ needs, and therefore, their expectations of the benefits or values from the products or services they choose. This view was incorporated in Sheth, Newman and Gross’ (1991) social values.

4. An Analytical Model of Social Involvement Affecting Choice

Given all the mechanisms by which society shapes social values (enculturation), consumer’s personal values are posited to moderate the effects of social involvement on utility. Whilst social involvement may directly affect consumer choice, this research also explores its impact on consideration set formation. This approach restricts potential bias from not acknowledging a two-phased consumer decision (Swait & Ben-Akiva, 1987).

Consideration set: Social involvement may affect the consideration set formation. It is possible that an individual considers purchasing a product or service only if a firm with at least some level of social involvement markets it. This way, the lack of social involvement may constrain a consumer’s consideration set. Consumers may have thresholds below which they do not consider buying a product (e.g., Swait & Ben-Akiva, 1987). Hence,

**H1:** The more socially involved a firm is perceived, the higher the probability that its products are included in the consumer’s consideration set.

If a person places great importance on a certain social issue, it is likely that s/he is more stringent in the level of social involvement s/he adopts to select products s/he considers buying. That is, the threshold for the inclusion of a product in her/his consideration set is higher the higher her/his personal values related to social issues. So,

**H2:** The increase in the probability of inclusion of a product in the consideration set due to social involvement is moderated by a consumer’s personal values with respect to social issues.

Utility Composition: Social involvement can affect the consumer’s utility in a compensatory scheme. Consumers may regard social involvement as a source of utility per se. They may value the firm’s social involvement in addition to the functional attributes of the product. Social involvement acts as a separate attribute of the product or service, adding to the utility of its functional attributes. Support for this effect is provided by the product’s symbolic and social value literature. Hence,

**H3:** The choice probability of a product is higher the higher the perception of the firm’s social involvement.

Given social involvement is posited here to be a value in itself, the importance the consumer places in the attribute is moderated by her/his personal social values, similarly to the effect on consideration set formation. Therefore,

**H4:** The increase in choice probability of a product due to social involvement is moderated by consumers’ personal values with respect to social issues.
5. Method

To enhance external validity, four product categories with actual brands were investigated. Pretests helped selecting categories where existing brands do not have strong a priori social involvement nor expertise image differences, and have similar market shares and overall quality (as rated by Consumer Reports). Airlines, computers, health care plans, and mattresses were the four out of twenty-five product categories selected.

Sampling details: The data collection was accomplished via a mail survey with conjoint choice tasks. Each questionnaire dealt with one of the four selected categories. The number of respondents was 660 (response rate of 11.4%), with 593 usable questionnaires.

Questionnaire structure: The questionnaire presented the social involvement profiles of three choice alternatives (brands). Respondents were asked to state their choices and considered alternatives under different attributes’ scenarios. At the end, individual data on demographics and personal values were collected.

Company profiles: The manipulation of the level of social involvement was between-subjects. Respondents were told that an independent publication rated the companies. Company expertise was similarly manipulated, following Brown and Dacin (1997). Of the sixty-four possible combinations (three companies described in two levels of social involvement and expertise), eight are enough to contrast the main effect of brand and the two variables of interest, using a fractional factorial design (Hahn & Shapiro, 1966). In each category, this leads to a 3x2x2 between-subject design. Cell sizes varied from n=10 to n=31.

Choice tasks: The three alternatives varied in terms of two levels of price and four functional attributes. This leads to a 215 within-subject design. A fractional factorial design with sixteen contrasts can estimate the main effect of price and the functional attributes varying across the three brands (Hahn & Shapiro, 1966).

Measures: The dependent variable for the consideration set formation model is the stated consideration or non-consideration of each of the alternatives. For the choice model, the dependent variable is the stated choice among the three alternatives and the “none” option. The social involvement and expertise manipulations were checked through four and six-item scales developed in a pretest, with adequate internal reliability (Cronbach’s Alpha ranging from 0.85 to 0.94 across the four categories).

Personal Values: Personal values were assessed by a variation of the Rokeach Value Survey (Rokeach, 1968). Instead of rank-ordering the “terminal values,” this research followed a Likert scale format on a 7-point scale anchored by “not very important—very important.” Such variation allows for the isolation of values relevant to social involvement. In fact, previous research has found a number of factors underlying the original Rokeach values (e.g., Crosby et al., 1990; McQuarrie & Langmeyer, 1985; Prakash & Munson, 1985; Vinson et al., 1977). Factor analysis of the twenty-eight Rokeach’s items indicates that six value dimensions are present (66% of the variance explained). These value dimensions resemble some previous reports of components of Rokeach’s terminal values. Two factors emerge as different aspects of social values. One relates to society as an entity closer to the individual, linked to her/his community, and more oriented to charity. This value can be called “community orientation,” and is here referred as SV1. The second factor can be traced to society as a broader entity, linked to humankind. It can be called “global social orientation,” and is here referred as SV2. This is consistent with previous research, in which SV2 reflects “social harmony” or “self-actualization” (Vinson et al., 1977) or an “aesthetics factor” (Prakash & Munson, 1985).

6. Main Results

Consideration Set Model Estimation: For simplicity, the consideration of an alternative is assumed here to be a binomial variable (considered or not considered), independent of the other alternatives’ consideration and across choice scenarios. This leads to consistent, though inefficient parameter estimates. The probability of the inclusion of a brand in the consideration set is a function of its utility to the consumer. Utility is modeled as a linear function of price, the four investigated functional attributes, the firm’s social involvement (SI, hereafter) and expertise (E, hereafter), and an interaction term between social involvement and the personal social values SV1 and SV2. All the interaction terms of social involvement and expertise with the attributes were introduced in the initial estimation. For sake of space, Table 1 presents only the parameter estimates for the variables related Hypotheses 1 and 2 for the four categories. The estimated models have McFadden’s Rho2 (AIC) in the reasonable-to-good range (Intelligent Marketing Systems, Inc., 1994).
Table 1: Consideration Set Formation Models

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>airlines</th>
<th>computers</th>
<th>health plans</th>
<th>mattresses</th>
</tr>
</thead>
<tbody>
<tr>
<td>SI for brand A</td>
<td></td>
<td>0.08</td>
<td>0.49</td>
<td>0.29</td>
<td>0.39</td>
</tr>
<tr>
<td>SI for brand B</td>
<td></td>
<td>0.18***</td>
<td>0.29***</td>
<td>0.17***</td>
<td>0.33***</td>
</tr>
<tr>
<td>SI for brand C</td>
<td></td>
<td>0.13***</td>
<td>0.10</td>
<td>0.37***</td>
<td>0.20***</td>
</tr>
<tr>
<td>SI*SV1 for brand A</td>
<td></td>
<td>0.22***</td>
<td>-0.06</td>
<td>0.35***</td>
<td>0.20***</td>
</tr>
<tr>
<td>SI*SV1 for brand B</td>
<td></td>
<td>-0.04</td>
<td>0.26***</td>
<td>-0.32***</td>
<td>-0.04</td>
</tr>
<tr>
<td>SI*SV1 for brand C</td>
<td></td>
<td>-0.23***</td>
<td>-0.02</td>
<td>-0.37***</td>
<td>0.02</td>
</tr>
<tr>
<td>SI*SV2 for brand A</td>
<td></td>
<td>-0.13</td>
<td>0.20***</td>
<td>-0.17***</td>
<td>-0.17**</td>
</tr>
<tr>
<td>SI*SV2 for brand B</td>
<td></td>
<td>0.25***</td>
<td>0.05</td>
<td>-0.02</td>
<td>-0.14***</td>
</tr>
<tr>
<td>SI*SV2 for brand C</td>
<td></td>
<td>0.55***</td>
<td>0.40***</td>
<td>0.36***</td>
<td>-0.22***</td>
</tr>
<tr>
<td>McFadden’s $\rho^2$ (AIC)</td>
<td></td>
<td>0.393</td>
<td>0.427</td>
<td>0.380</td>
<td>0.384</td>
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<tr>
<td>number of decision sets</td>
<td></td>
<td>7764</td>
<td>6018</td>
<td>7368</td>
<td>7218</td>
</tr>
</tbody>
</table>

*** p<0.01     ** p<0.05     * p<0.10

Choice Model Estimation: An individual’s choice probability of a brand is assumed to be a function of the utility accrued by the brand relative to the utility accrued by each of the other alternatives. The alternatives include the three brands, plus a “none of the alternatives” option. The utility is modeled as a function of price, four functional attributes, expertise, social involvement, the interaction terms of expertise and social involvement with price and the attributes, and the interaction terms of social involvement with the individual’s personal values. In order to avoid biased estimates of the utility function parameters (Swait & Ben-Akiva, 1987), the individual’s choice of a brand is modeled conditional on the brand’s inclusion in the self-reported consideration set, assuming that the self-reported is the “true” choice set. Table 2 presents the estimated models. To save space, only the parameters related to social involvement and personal values are shown.

Table 2: Choice Models

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>airlines</th>
<th>computers</th>
<th>health plans</th>
<th>mattresses</th>
</tr>
</thead>
<tbody>
<tr>
<td>SI for brand A</td>
<td></td>
<td>0.42***</td>
<td>0.24***</td>
<td>0.14**</td>
<td>0.33***</td>
</tr>
<tr>
<td>SI for brand B</td>
<td></td>
<td>0.29***</td>
<td>0.38***</td>
<td>0.45***</td>
<td>0.52***</td>
</tr>
<tr>
<td>SI for brand C</td>
<td></td>
<td>0.32***</td>
<td>0.29***</td>
<td>0.38***</td>
<td>0.26***</td>
</tr>
<tr>
<td>SI*SV1 for brand A</td>
<td></td>
<td>-0.05</td>
<td>0.15**</td>
<td>-0.18**</td>
<td>0.13*</td>
</tr>
<tr>
<td>SI*SV1 for brand B</td>
<td></td>
<td>0.00</td>
<td>0.19***</td>
<td>-0.10</td>
<td>-0.12*</td>
</tr>
<tr>
<td>SI*SV1 for brand C</td>
<td></td>
<td>-0.03</td>
<td>-0.23***</td>
<td>-0.10</td>
<td>0.02</td>
</tr>
<tr>
<td>SI*SV2 for brand A</td>
<td></td>
<td>0.04</td>
<td>0.10</td>
<td>0.16**</td>
<td>-0.13*</td>
</tr>
<tr>
<td>SI*SV2 for brand B</td>
<td></td>
<td>0.04</td>
<td>0.11*</td>
<td>0.07</td>
<td>0.43***</td>
</tr>
<tr>
<td>SI*SV2 for brand C</td>
<td></td>
<td>-0.04</td>
<td>-0.16***</td>
<td>0.10</td>
<td>0.06</td>
</tr>
<tr>
<td>McFadden’s $\rho^2$ (AIC)</td>
<td></td>
<td>0.443</td>
<td>0.309</td>
<td>0.348</td>
<td>0.335</td>
</tr>
<tr>
<td>number of choice sets</td>
<td></td>
<td>2581</td>
<td>1978</td>
<td>2414</td>
<td>2368</td>
</tr>
</tbody>
</table>

*** p<0.01     ** p<0.05     * p<0.10

The estimated models in the four categories have McFadden’s Rho2 (AIC) in the reasonable-to-good range (Intelligent Marketing Systems, Inc., 1994).

Again, to overcome the collinearity problem, the differences from the means were also used as measures of SV1 and SV2 in the choice models estimation.

As in the consideration phase, SI seems to affect choice (H3), but no pattern of the parameter estimates can be depicted from the interaction results in Table 2. Some parameter estimates are significant, some not. Some are positive, others negative. Again, to rule out collinearity problems between SV1 and SV2, separate models for each of them values were estimated. Again, no clear pattern for the way personal values interact with social involvement came out.
It can be seen that the results are mixed by comparing the significance of introducing personal social values in each of the categories. For airlines and health care plans, neither SV1 nor SV2 play any significant role on the importance of social involvement. In fact, one cannot reject the hypothesis that the interaction parameters for the three alternatives are all zero in both categories (for airlines, the likelihood ratio test-statistic is 1.0 when SV1 is used, and 1.0 when SV2 is used; for health plans, it is 3.0, and 4.1 respectively, compared to (3 d.f.) = 7.8). In the mattress category, SV1 does not play a role (the test-statistic is 3.6), but SV2 does (30.5). For the latter, the interaction parameter is positive and highly significant for one of the brands, but not for the other two. On the other hand, for the computer category the interaction term improves the model for either personal social value (test-statistics of 45.7 and 33.1, using SV1 and SV2 respectively). However, for both values, two of the brands show a significant positive interaction, and the third brand shows a significant negative effect.

7. Discussion and Conclusion

H1 is supported by the data. When the companies are exceptionally good in activities denoting social involvement, their probability of being considered is higher than when they are just average. This is true for an average consumer, across all brands in the categories. Among twelve cases, only two of the brands have non-significant parameter estimates for social involvement. These may be brand idiosyncrasies. The two exceptions, Northwest airlines and Micron computers, have the smallest market shares in their categories in the area the sample was collected. It may be that the consideration of brands with lower market presence is in fact less sensitive to social involvement, as consumers may simply not demand excellence in social involvement from companies with relatively smaller market presence. Further research on the moderating effect of market presence on social involvement effects on brand consideration is needed.

The moderating effect of personal social values on the importance of social involvement for consideration set formation (H2) received mixed support from the data. Depending on the category, and also on the specific brand, the direction of the interaction effect is different. The lack of a more defined pattern occurs in models employing either of the two personal social values, a more community centered social value (SV1) or a more general human society oriented social value (SV2). To rule out collinearity, separate models for each SV1 and SV2 do not lead to better results. It is possible that these results arise from idiosyncrasies of the brands. One alternative explanation for the mixed results is that the measure of personal values is not capturing true personal social values. This is a possibility, given that social desirability bias may inflate the ratings of social values. Moreover, if the sample suffers from self-selection, it is possible that respondents willing to answer about more technical categories (airlines and computers) are less susceptible to social desirability bias than those willing to respond about less technical categories (health plans and mattresses).

It may also be that in fact consumers give importance to social involvement even when they do not have high personal social values. One possible explanation for the apparent paradox is that consumers’ roles in society impose socially concerned consumption. Society may impose its values on consumers even when they do not share such values. Symbolic consumption through peer pressure has been documented in the marketing literature, and this is a mechanism that does not necessarily depend on personal values.

H3 and H4 predict a main effect of social involvement on choice, and a moderating effect of personal social values. A significant main effect of social involvement supports H3 for each of the three brands in all four categories in this study. Moreover, with the treatments utilized in this research, the effect-size of social involvement is not residual but reaches about half of the magnitude of the effect of technical expertise, a variable usually more attempted for in managerial considerations. The size of the effect is also comparable to the average effect of being “much better than industry standards” in important functional attributes, including a fifteen-to-twenty percent decrease in price (the exception being the airline category, for which the main effect of price is twice as large as that of social involvement).

H4 predicts higher importance of social involvement in the utility formation for those who have high social values. Here too, data produced mixed results across brands and categories. The alternative explanations discussed above for the consideration models may also apply to choice behavior.

Managerial Implications: Managers have been making decisions on whether becoming socially involved. Investment in social actions is weighed against their effects on business performance and competitiveness. Social investments have been economically justified in terms of positive effects on workforce and funding sources, not on consumers. Moreover, conscious effort to communicate firms’ social involvement seems prevalent.
The literature lacks a better understanding of to what extent consumers are willing to pay for social involvement. This research indicates that social involvement can have a substantial influence on behavior, as the effect of social involvement is significant both on consideration set formation and choice.

Even though consumers place substantial weight on social involvement, the results do not allow linking it to the consumers’ personal values, at least for some brands/categories. This suggests that the effects of social involvement would not be a priori tied to specific segments of consumers who have strong concerns for social issues. It may be that consumers place importance on social involvement in response to society’s pressure, resulting in symbolic consumption. This mechanism does not seem to require personal social values.

Future Research: Some results indicate brand or category-specific parameters. Further research should test expanded models, with variables that could explain such differences. This may be particularly important in understanding the role of personal social values. Particularly, the source of utility of social involvement also needs further investigation, as social involvement may affect choice because consumers either feel good about contributing to society or take hold of the symbolic meaning of consumption of products from socially involved companies.

References


