Consumer Perception of Corporate Activism: Strategic Implication for Marketing

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Abstract

Does corporate activism effect the likelihood of a consumer to buy a specific product? We collected primary data from a random sample of 272 individuals to understand consumer perceptions and decision drivers when businesses decide to pursue corporate activism. Our goal was to aid marketers and corporations better identify and satisfy the needs and wants of socially conscious consumers. Four campaigns were presented from different product categories, respondents and survey questions revolved around how campaigns affected a purchase of a particular brand and its products. Our findings indicate that corporations should be involved in some form of corporate activism. Even negative campaigns (although undesirable) get people talking about a particular company. It is up to the management to be able to make sure that the campaigns will be well perceived by a majority of the public in order to help increase brand equity, as a significant amount of people tend to have their buying habits affected by corporate activism campaigns.

Keywords: Corporate Activism, Consumer Reaction, Primary Data, Random Sample, Empirical Findings, Marketing Strategy,

Introduction

In a recent article Fallon (2015), states that, "Many businesses recognize the importance of being socially and environmentally conscious, and will often advertise charitable initiatives, such as annual fundraisers for a cause, or a volunteer project their staff worked on. But companies that incorporate social responsibility into their business model prove that a dedication to these initiatives goes a long way, both for the cause and their reputation." All Corporations bear a certain level of social responsibility to the public. Our research asked the question: does corporate activism bear any weight on consumer likelihood to buy?

We also wanted to know whether or not the consumers supported the campaigns we presented to them. For the survey we focused on four companies: Coca-Cola, and its "Make it Happy" campaign designed to target and stop online bullying (O'Reilly, 2015). Dawn, and its "oil spill" campaign wherein Dawn would clean the victimized animals with a combination of Dawn soap and oil (Coyhen, 2015). Starbucks and its "Race Together" campaign which aimed to provide a space where race talks could begin (Sciullo, 2015). And lastly, Chick-Fil-A and its gay marriage campaign that gave coupons to supporters of gay marriage after their CEO was found, "guilty as charged" when asked if he believed in a traditional marriage. The goal of this research was to aid marketers and corporations as a whole to better identify and satisfy the needs and wants of consumers. For this research we did not focus one industry in particular, rather gained insights in four different product categories: fast moving consumer packaged good (Coke), shopping good (Dawn), luxury product (Starbucks), and a convenience- based fast food chain (Chick-Fil-A). The Chick-Fil-A campaign was also unique in that it was initiated to overcome a negative PR campaign resulting from the CEO's negative remarks related to same sex marriage.

Past Research

Past research indicates that companies look to activism in order to see how it will have an impact on their sales. Corporations are aware of the role that social media plays in their activism. Social media makes it easier for word of mouth to spread about a particular campaign.

Gerald F. Davis and Christopher J. White (2015) relate corporate activism to the breakthrough of social media. They claim that these new technologies "allow activists to mobilize mass support for social change." They write that social activists are putting companies in the spotlight towards social change. Davis and White (2015) claim that companies are actually being pressured to take on social issues rather than taking them on their own. It is important to realize this because it shows that more and more corporations are going into an activist role. Romani and Grappi (2014) aimed to discover different ways in which company corporate social responsibility (CSR) initiatives affected consumers. They found that moral responsibility allows for the positive relationship between the CSR activity and consumer intention to donate (be it time or money).
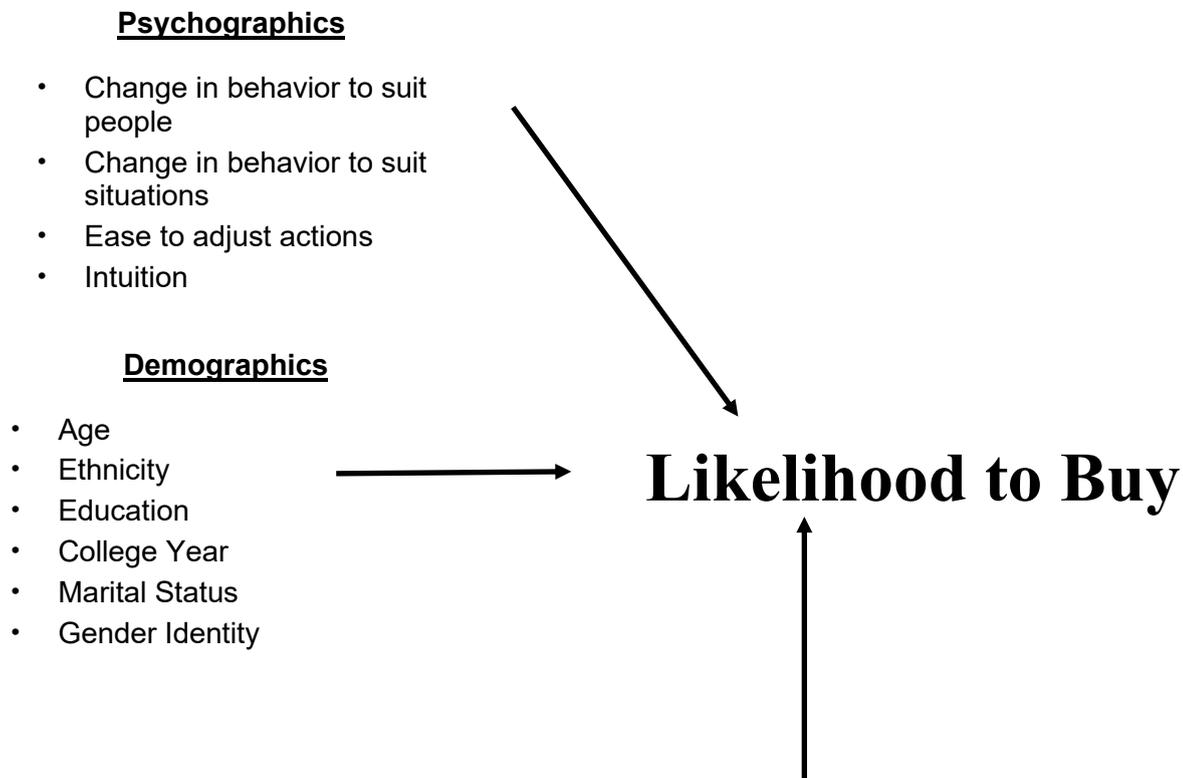
Kirby (2015) analyzes both successful and unsuccessful instances of corporate activism. He talks about Starbucks' failed campaign and then moves on to highlight good examples such as Wal-Mart, Eli Lilly and Cummins (a diesel engine-maker) who fought against laws that discriminated against gay and lesbian individuals. Kirby ends his discussion by saying that a company's choice towards activism is to "improve their bottom lines." Kirby finds that corporate activism is not an ethical responsibility as much as it is to establish a brand-value benefit that comes from "championing" popular causes (Kirby, 2015). Bolton and Mattila (2015) list a set of examples of how Corporate Social Responsibility (CSR) affects consumer response to service. For example, they state that "CSR is ineffective if consumers perceive company CSR motives as self-serving." Consumers not only want corporations to act responsibly but they also want them to be sincere in their efforts.

Research Methodology

Our literature review established that there is a correlation between consumption and the way a corporation uses activism. Corporations know that they can use social media to their advantage to push campaigns based around activism. However, if the campaign is not

executed properly it could have a negative impact on the corporation's image. Table 1 summarizes our emergent conceptual model.

Table 1. Conceptual Model

Psychographics

- Change in behavior to suit people
- Change in behavior to suit situations
- Ease to adjust actions
- Intuition

Demographics

- Age
- Ethnicity
- Education
- College Year
- Marital Status
- Gender Identity

Likelihood to Buy

Starbucks, Chick-Fil-A, Dawn, Coca-Cola Campaigns

- Supporting the campaign
- Being aware of the brand
- Being a user of a brand's product.
- How the campaign makes someone feel

Based on our literature review, the following hypotheses are posited:
Hypothesis 1: Following demographics have an impact on likelihood to buy -
a Age
b Ethnicity
c Education
d Martial Status
e Gender Identity

We believed that the demographics would have an impact on the likelihood to buy because these factors determine if a person has the motivation to buy specific brand name products, or not. Similarly, the education level of an individual can have an impact as if a person understands a campaign enough to influence their buying habits.

Hypothesis 2: Following psychographics have an impact on likelihood to buy -
a Resistance to adapting to personalities.
b Resistance to adapting to situations.
c Ease of adapting actions
d Empathy.

We believed that the psychographics would have an impact on the likelihood to buy because these factors can show us if a person is willing to try new things, or how they may react to new campaigns and information.

Hypothesis 3: Likelihood to buy is influenced by -
a: Campaignsupport
b: Product usage
c: Brand Awareness
d: Past brand loyalty
e: Emotional (affective) impact of campaign

We believed that above hypotheses are important as they show us whether or not a person supports a campaign, how much they use the product on a regular basis, and how aware they are of a product, there can affect their buying decisions. Consumers can be affected not only by the campaign but by their brand loyalty, and the emotional impact of the campaign. Based on our literature review we found that consumers do in fact want corporations to act responsibly and be sincere in their efforts, and we wanted to build on prior research to see how it can affect a consumer's likelihood to buy

Table 2.
 Scales and Validation

Original Scale	Our Adaptation (Cronbach Alpha)	Mean	Standard Deviation
"Handbook of Marketing Scales: Multi-item measures for marketing and consumer behavior research"	Psychographics	4.223	Suit different people: 1.604 Suit different situations: 1.325 Easy to adjust my actions accordingly: 1.425 Good intuition to understand emotions: 1.293
Cronbach Alpha: 0.75	Starbucks: .626 .	3.474	Support: 4.09 More likely To Buy: 2.65 Less Likely To Buy: 2.90 Typically Consume Coffee: 3.39 Coffee Drinker: 4.74 Makes Me Feel: 3.07

	Dawn: Cronbach Alpha's are lower than the 0.60 threshholdt.	4.876	Support: 6.33 More likely To Buy: 4.89 Less Likely To Buy: 1.82 Aware of Dish Soap: 6.67 Aware Soap I Use: 5.61 Makes Me Feel: 3.94
	Coca Cola: 0.759	3.606	Support: 5.51 More Likely To Buy: 3.14 Less Likely To Buy: 2.24 Typically Consumer Soda: 3.65 Soda Drinker: 3.59 Makes Me Feel: 3.50
	Chick-Fil-A: 0 .615	3.183	Support: 1.969 More likely to go to Chick-Fil-A 1.900 Less likely 1.965 Typically consume Chick-Fil-A 1.688 Fast food consumer: 1.987 Makes me feel: .809

Survey Design and Implementation

The survey design was simple and repetitive in order to make it as fluid as possible. The respondent agreed that they were over the age of 18, and we asked them four psychographic questions. The questions were about their willingness to change behavior for different people and situations, adjusting to new situations, and their understanding of others emotions. Seven anchors are present for these questions. Respondents answered questions about different activism campaigns and how these campaigns affected their buying of a particular brand and its products. The questions were about the Starbucks "#RaceTogether" campaign; the Dawn campaign that involved cleaning animals affected by the Gulf Oil Spill in 2010; The Coca Cola #MakeItHappy campaign, and the Chick Fil A campaign on the company's stance on same sex marriage. After the respondents answered all the campaign questions they were asked a series of demographic questions. The demographic section was at the end in case a respondent decided to leave the survey before completing; This allowed for us to still get valuable data about the campaigns. The survey was distributed online to a random sample in the USA. Respondents were promised anonymity and confidentiality. We received 272 useable responses, the Sample profile (Table 3) summarizes their key characteristics.

Of the 272 respondents 37% were male and 61.9% were female, .4% identified as another identity and .7% preferred to not say. At 37.3 % the majority of respondents had completed some level of college. 53.3% had some sort of college degree with most having a bachelors at 29.9%. The vast majority of respondents were Caucasian/white (83.3%). All age groups were represented.

Table 3. Sample Profile
(n=272)

Education Level		Age	
High School/GED	7.4%	18-24	32.8%
Some College	37.3%	21-25	27.7%
Associates Degree	11.4%	26-35	4.8%
Bachelor's Degree	29.9%	36-50	13.3%
Master's Degree	12.5%	50+	20.3%
Would Rather Not Say	1.5%	Would Rather Not Say	1.1%
Gender Identity	37.0%	**Ethnicity**	
Male	61.9%	White	83.3%
Female	0.00%	African American	3.3%
Another Identity	0.4%	Hispanic	4.1%
Would Rather Not Say	0.7%	Asian	1.8%
		Native American	0.4%
Marital Status		Pacific Islander	0.00%
Single	62.5%	Other	4.1%
Married	31.5%	Would Rather Not Say	3.3%
Would Rather Not Say	3.3%		

Findings & Recommendations

We used ANOVA and regressions to analyze the data. As stated earlier there were a total of four different campaigns that were researched, and within each, there were an average of seven questions. Customer's likelihood to buy was the dependent variable and the first set of questions that was tested related to psychographics. In each campaign, specific demographic questions were seen to have an impact on likelihood to buy.

Hypothesis	Result (In descending order based on our R^2 value.)
Supporting Chick-Fil-A's campaign has an impact on more likely to buy.	Confirmed (p:0.0001; F: 122.851; R^2: .314)
How the Chick-Fil-A campaign makes one feel has an impact on more likely to buy.	Confirmed (p:0.0001; F: 84.831; R^2: .240)
Supporting Chick-Fil-A's campaign has an impact on less likely to buy.	Confirmed (p:0.0001; F: 74.823; R^2: .218)

Supporting the Starbucks campaign has an impact on less likely to buy.	Confirmed (p:0.0001; F: 69.959;R^2: .206)
Supporting the Starbucks campaign has an impact on more likely to buy.	Confirmed (p:0.0001; F: 68.924; R^2: .203)
How the Starbucks campaign makes one feel has an impact on more likely to buy.	Confirmed (p:0.0001; F: 60.326; R^2: .183)
How Dawn's campaign makes one feel has an impact on more likely to buy.	Confirmed (p:0.0001; F: 58.221; R^2: .177)

OLS simple linear regression in results indicated that eleven out of the forty hypotheses provided a non-significant result (p value less than 0.10). Results allow interpretation for many relationships between variables and determine which ones to utilize to make meaningful recommendations.

The level of impact was also measured by the "R^2". As shown above, the first 7 R^2 values ranged from 17.7% to 31.4%. There was one primary independent variable that demonstrated greater significance than others based on the corresponding values. The independent variable support of Chick-Fil-A's campaign does drive the dependent variable at a significant level. The amount of impact is displayed through the highest R-square value in our data of 31.4%. Also, the p value is much less than .1 and the calculated mean values are higher than 4.3 which is surprisingly similar for male and female. This data is interesting because the company's reasoning behind the campaign was to cover their mistakes. The results indicated that supporting Chick-Fil-A's campaign statistically significantly drives the respondent's likelihood to buy.

These results are especially interesting because originally it was presumed that Starbucks would give the best results considering it was the most recognizable brand campaign. However, it was Chick-Fil-A that people felt most strongly about. Upon further investigation, it was found that Chick-Fil-A's campaign made people feel strongly due to the fact that, while their gay rights campaign was for a good cause, the reasons behind it was to cover up their CEO's mistake. It was seen that people felt that they were either in support of Chick-Fil-A's campaign, or strongly disliked it because of their faulty actions of covering up their campaign.

It was found that a critical driver was Campaign support, and its impact on likelihood to buy. Considering it makes theoretical sense that campaign support would influence more likelihood to buy, this is a critical driver because our analysis supported this as well. In the case of Chick-Fil-A, supporting Chick-Fil-A's campaign has an impact on *more* likely to buy gave us a p value of 0.0001 and an R-squared value of .314! It was suspected that ethnicity would have an impact on buying behavior, especially in the Starbuck's case, however this was not seen.

The regression results shows that campaigns do have an effect on a consumer's willingness to buy or not buy a product of a certain company. If a campaign has a positive impact or influence on a person they may have a tendency to think of that company when shopping and may directly or indirectly support them more. In addition, the campaigns that

have a negative influence on people may steer people away from that particular company's products.

Our recommendation is that corporations need to be involved in corporate activism. However, companies need to make sure that the campaigns they run think about people on all ends of the spectrum. Obviously one cannot make everyone happy, but these campaigns should be well thought out. Take for instance the Starbucks #RaceTogether campaign. This campaign was more of a reaction to current events. The company did not take into serious consideration how it could be perceived negatively from the public and ultimately it was a failure. Similarly, the Coca Cola campaign was also a failure. However, this was an ad campaign that had been planned months in advance as it was launched during the Super Bowl. This goes to show that even the well thought out campaigns can fall short of expectations. One thing that all these campaigns do well is get people talking about a particular company, they get you noticed. It is up to the company's management to ensure that they are talked about for the right reasons as these campaigns can have a significant impact on a consumer's buying habits.

Corporate activism is a broad topic, there were so many different ways that it could be studied. We found at least thirty campaign instances in which corporations were initializing activism. However, paucity of time forced a limit on the amount of campaigns to 4 in this preliminary research. More research in the area with other similar campaigns is highly encouraged, and we hope that our paper would encourage such future research streams.

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