Investigation of the Impact of Consumers' Perceived CSR on Consumer-Based Brand Equity, and Purchase Intention in the Context of Fashion Industry

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<u>Introduction and Literature Review.</u> Companies with substantial brand equity can extend their brand, achieve high-profit margins, and communicate effectively, which leads to influencing consumers' behavioral intentions. In recent times, the adoption of corporate social responsibility (CSR) in the fashion context is considered a significant way of gaining consumer trust and loyalty. However, not many apparel companies are committed to CSR practices even though there is growing pressure from external stakeholders. There is an abundance of literature where researchers have studied CSR in the context of the fashion industry(Akterujjaman et al., 2019; Haque & Park-Poaps, 2019); however, limited academic literature has addressed the aspect of CSR and consumer-based brand equity (CBBE) relationship in the fashion context. Given that apparel companies are receiving pressure from stakeholders to invest in CSR, it is essential to investigate whether apparel companies' CSR initiatives and consumers' CSR perception influence consumer purchase intention and to examine further how consumer-based brand equity mediates the relationship between CSR and consumers' purchase intention. Thus, this study aims to examine the impact of CSR on the dimension of consumer-based brand equity (CBBE) and purchase intention.

Consumer-based brand equity is conceptually different from brand equity in that consumer-based brand equity is interpreted as an evaluation of cognitive and behavioral brand equity, which is measured from a consumer's perspective by using a consumer survey. Therefore, CBBE is construed as how consumers project attitudes and behaviors when subjected to both familiar and unfamiliar brands with identical marketing and product/service stimuli (Yoo & Donthu, 2001). Existing literature suggests several dimensions of CBBE, including brand awareness/association, perceived quality, brand loyalty, and brand image. Brand association refers to how consumers connect everything with the brand in their mind (Aaker, 1991), and this association may involve the attributes related to consumers' emotional aspects, brand personality, values, and symbols. By incorporating CSR activities into a company's plan of action, a company can positively influence consumers' subjective assessment of their overall brand; as such, consumers can distinguish the company from others. Studies also suggest a positive relationship between consumers' ethical values and brand loyalty (Park et al., 2017). Similarly, studies indicate a positive relationship between perceived CSR and brand image. One of the motivations for corporate and brands is to take CSR initiatives to enhance sales revenues. Findings from previous studies in other sectors indicate that corporations and brands' CSR initiatives could directly or indirectly influence consumers' purchase intention; however, consumer perception about brand-level CSR information has no significant impact on purchase intention while it indirectly influences the purchase intention through the mediation role of

corporate image. This study incorporates signaling theory that indicates that by using signals associated with CSR, a company can effectively communicate information related to their ethical, socially responsible activities to the consumers.

Methodology. Using Qualtrics, data were collected from a southeastern U.S. university. One hundred forty-nine data were collected, and after removing the outliers and missing values, a total of 121 useable data were further analyzed. A total of nine measurement items for CSR practices are adopted from Woo and Jin (2016). Items assessing brand awareness/association
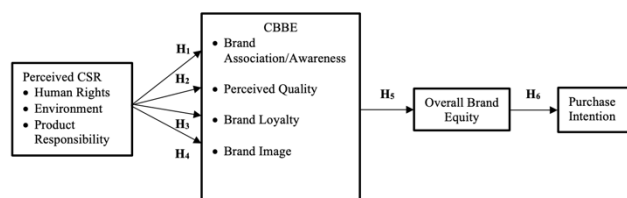

Figure 1: Conceptual Model

were adopted from Yoo and Donthu (2001). Items measuring perceived quality were adopted from Pappu et al. (2005). Items assessing brand loyalty were adopted from Buil et al. (2008). Items assessing brand image items were adapted from Low and Lamb (2000). Purchase intention items were

adopted from Fournier (1998). All the items were measured using a 7-point Likert type scale (1= strongly disagree, and 7=strongly agree). Among the participants, 12.4% were male, and 85.1% were female; 38% were Caucasian and 38.8% were African American; and 89% of the participants were young consumers aged from 18 to 23.

Results, Discussion, and Implications. Regression analysis results suggested that consumer perceived CSR (β = .334, p < .001) had a significant positive impact on brand association/awareness [R^2=.112, $F_{(1, 119)}$ =14.98, p<.001]. Regression analysis further showed that perceived CSR (β = .477, p < .001) significantly influenced perceived quality [R^2=.112, $F_{(1, 119)}$ =35.03, p<.001]. Results also showed that perceived CSR (β = .360, p < .001) positively influenced brand loyalty [R^2=.112, $F_{(1, 119)}$ =17.77, p<.001]. Furthermore, perceived CSR (β = .391, p < .001) had a positive impact on brand image [R^2=.152, $F_{(1, 119)}$ =21.41, p<.001]. Therefore, H1, H2, H3, and H4 were supported. Further, multiple linear regression showed that brand association/brand awareness (β = .204, p < .001), perceived quality (β = .211, p < .001), brand loyalty (β = .576, p < .001), and brand image (β = .428, p < .001) had a positive impact on brand's overall equity [R^2=.686, $F_{(3, 116)}$ =25.776, p<.001]. Thus, H5 was also supported. Lastly, results showed that overall brand equity (β = .568, p < .001) significantly influenced purchase intention [R^2=.322, $F_{(1, 119)}$ =17.77, p<.001]. Hence, H6 was supported.

The study's findings suggest that perceived CSR has a significant impact on the dimensions of CBBE. Several previous studies (Bekk et al., 2016) have suggested that before purchasing, consumers' decision-making processes are not only affected by tangible attributes, including product/service price and usage quality, but also by intangible attributes such as brand's reputation, association, and image. Through the perception of company's CSR practices, consumers associate the companies with values such as sustainability and respect. Besides, consumers also perceive that CSR investment reflects values associated with honesty, reliability, and sustainability and such values are related to companies that care about their product quality. According to the findings, perceived CSR affects brand loyalty. This can be explained as without taking greenwashing strategy, if the brands genuinely spend on CSR activities to achieve social

benefits and improve their CSR initiatives to avoid negative environmental practices (Haque & Park-Poaps, 2022), then corporate's such values may be convergent with consumer values. Thus, brands can achieve consumer's emotional attachment which may lead to consumer loyalty. We also found that perceived CSR influences the CBBE dimensions, which subsequently affect overall brand equity and thus positively influence their purchase intention. When consumers perceive the firm is doing the right thing by engaging in socially responsible activities, as reciprocity, they tend to show a positive attitude toward the brand, and all these positive brand images, brand association, loyalty, and perceived quality creates an engagement between the brand and consumer and enhance the purchase intention. This study suggests that fashion brands should more actively engage in CSR practice and should communicate with their consumers effectively to capitalize on their investment in CSR. This study is limited by its sample in terms of generalizability.

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