



The Effect of Negative CSR Information by Luxury Fashion Brands on Consumer Response

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I. Introduction

Contrary to positive corporate social responsibility (CSR) activities by luxury fashion brands in western countries, little attention has been paid by the same companies to Korean society (FSS, 2012). South Korea is poised to be the next luxury power house in Asia, even overtaking Japan (Luxe Brand Advisors, 2012). Are Korean consumers not as sensitive as western consumers about CSR by luxury fashion brands? To answer these questions, this study explores the effect of negative CSR information by luxury fashion companies on consumer responses.

Positive relationships between CSR activities and consumer behavior have been reported by previous studies; however, only a few dealt with fashion companies. Some conflicting findings about the influence of CSR activities by fashion brands on consumer behavior have been reported (Rudell, 2006). The findings imply the effect of moderating variables on the relationships between CSR by fashion companies and consumer behavior. Key characteristics of luxury fashion brands include distinctive corporate ability (CA), such as good craftsmanship or high quality products (Fionda & Moore, 2009). In a particular context, CA plays an important role in complementing negative CSR activities (Berens et al., 2007). In addition, many studies demonstrate the influence of the subjective norm (SN), referred to as an individual's perception that most people who are important to him/her think he/she should engage or not to engage in a behavior (Fishbein & Ajzen, 1975), on consumers' attitude toward luxury brands and buying intention.

In this study, we examined two important moderating variables between negative CSR information and consumer responses: 1) superior CA of luxury fashion companies and, 2) subjective norm of consumers derived from the highly visible property of luxury products. Furthermore, we explored the influence of SN from the opposite and same gender separately.

II. Methods

To test the effect of negative CSR information by luxury fashion brands on consumer responses, a consumer survey was conducted. Survey participants were female and male

consumers in their 20s and 30s, living in Seoul. A total of 209 questionnaires were collected and analyzed. Using SPSS, moderated multiple regressions were performed based on the procedures of Aguinis (1995) to test moderating effects of CA and SN on the relationships between negative CSR information and consumer responses.

III. Result and Discussion

First, we found strong negative effects of negative CSR information on consumers' preference, trust, and purchase intention toward luxury brands. Second, we discovered the positive moderating effect of CA on the relationships between negative CSR information and consumers' brand trust and purchase intention. Participants reported that they anticipate the high level of CSR in forming brand trust and purchase intention for the company to properly perform its abilities. Third, the subjective norm from the opposite gender was found to negatively moderate the relationships between negative CSR information and consumers' preference and trust toward luxury fashion brands, whereas that from the same gender has not influenced those relationships. In other words, when people perceive their opposite gender friends to have positive thoughts about luxury brands, they tend to better tolerate negative information about CSR by luxury fashion companies in terms of their brand preference and trust.

This study presents the important roles of CA and SN on the relationship between negative CSR information and consumer responses. The findings help us expand our understanding of negative aspects of CSR. Especially for practitioners of luxury fashion companies in Korea, this study provides useful information for future directions in managing CSR activities.

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