

FACTORS IMPACTING CONSUMER BUYING BEHAVIOR TOWARD CORPORATE SOCIAL RESPONSIBILITY PRODUCTS IN KUNMING, CHINA: A STUDY

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ABSTRACT

This study aimed to explore the influence of factors on the consumer's buying behaviour. The previous study shows seven potential factors that would affect the buying behaviour of CSR products: age, gender, education, income, price, labour, and environment. The questionnaire designed 2 types of products in 7 imaginary brands with price, labor, and environment involved. The study was quantitative research. There were 400 questionnaires distributed to consumers who live in Kunming, China in 2021. It showed the result that the demographic factors (age, gender, education, income) would not affect the consumers' buying behaviour for CSR products. The price of CSR products is influenced by the product's feature based on the data analyzed and the environment have become the most important factors affecting consumers' buying behavior.

Keywords: CSR, Buying Behaviour, Labour, Environment.

Introduction

Nowadays, the global market makes it possible for consumers to have a wide choice of purchasing and investing. There is intense competition in every industry. Simultaneously, the corporation can select labor, raw materials, and factories from various origins in order to maximise profit or for other reasons. As a result, it is critical for businesses to understand what the public expects from them and how consumers perceive their corporate image.

Several studies have investigated the motives for purchasing CSR products. However, most studies are based on researching the CSR model itself, such as Consumer-oriented CSR Communication: focusing on ability or morality (Line Schmeltz, 2011). Barely any of those studies are focusing on the impact of CSR on consumers. The previous study by Gautam (2013) found that in the Swedish market, consumers would prefer the CSR product with a low price, organic and labor-friendly label. This study aimed to study the factors impacting the buying behaviour of CSR products.

To analyze the factors affecting the buying behaviour of CSR products, researchers focus on analyzing demographic factors of consumers (Age, Gender, Education Level, and Income) and the 3 factors of CSR products (Price, Labour, and Environment).

The focus of this study includes the following questions:

- Do the consumers buying the CSR products affected by demographic factors?
- Does the price play a part in the buying behavior for CSR products?
- Do the consumers care about if the labour working with the company are fair trade or not when buying CSR product?
- Do the environment would be a factor affecting the consumers choice of CSR products?
- Do the influence of CSR would be different in different type of CSR product?

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Literature Review

Corporate Social Responsibility, CSR

Why would the company like to develop CSR in the beginning? According to one definition of CSR in Bowen's oldest and most important book, "Social Responsibility of Businessmen" (1953), CSR is an obligation that forces businesses to take social responsibility rather than focusing solely on profit. In the same decades, some of the authors put more definition into CSR, which was the happiness of the employees, the wellbeing of the community, education, etc. CSR evolved over time, indicating that at first, CSR was an obligation for businesses to make decisions with a good heart for society, and later, it was for employee happiness. There was no sign that the CSR was related to the consumer; it seemed like the CSR only existed inside the company and it was an obligation. Soon, the Pyramid of Corporate Social Responsibility showed four stages of CSR: economic, legal, ethical, and philanthropic. But till that moment, the company's CSR development still stayed in the company. But how did CSR become a highly emerging topic in recent years? Why would a businessman want to develop CSR if it is considered one of the increasing costs for CSR, resulting in less price competitiveness? The answer is profit, as the businessman wishes.

For example, back in 2010, Apple provided the Foxconn (main supplier of the iPhone) allowance at once after tragic events happened and issued a public statement about the suicides. Compared to the crisis management of Foxconn, they adopted a "no comment" policy to stop talking about the tragic events and claimed that they were handling the crisis, which led to a negative reputation in the end. Instead, Apple earned positive word of mouth by taking responsibility for their suppliers. Apple built supplier responsibility into their main page and Annual Progress Report. It shows the company deeply cares about labour and the environment. In this way, Apple wins the opportunity of sustainable development and market share in China.

On the contrary, when the Samsung Note 7 exploded 30 times world-wide in the first 10 days after its release, the Samsung company recalled it world-wide but not in the China market, because Samsung claimed that the battery that caused the explosion was produced by different battery suppliers, and it would not cause the explosion. And the Note 7 is still sold in the Chinese market. But still, in the first month of release, as reported, 7 exploded in China's version of Note 7. The Chinese consumers were very angry about this behavior. Negative word of mouth about the high danger of Samsung spread not only among consumers but in society and industry too. In Chengdu, China, the government service centre announced that it forbids employees from bringing or using the Note 7 to the office. Many airlines have announced that they will not allow passengers to bring the Note 7 on board, even if it is checked as luggage.

The CSR of Apple in this event stayed in the philanthropy stage of the pyramid of CSR (2003), while the behaviour of Samsung was legal, which was legal but not ethical or even philanthropy at all. It comes to the end that the reputation of Samsung is affecting the market share drop to 2.62% (Q2, 2019) in China's smartphone field, more or less, while Apple is still selling the expensive iPhone in China with a 20.87% (Q2, 2019) smartphone market share.

Previous research proved that CSR is the activities carried out by corporations that not only contribute to society but also influence the consumer's buying behavior. The findings of the study indicate that students who are knowledgeable and aware about CSR have a favourable attitude and a positive influence on their buying behavior.

Some of the research indicated that consumers had to be aware of the company's level of social responsibility, and then the CSR could impact their buying behavior. (Lois A. Mohr, 2001).

The studies about the CSR model, such as Three Bottom Lines and the Pyramid of Corporate Social Responsibility, can be found easily, while the methods for measuring the awareness of the companies' social responsibility can be hard to find. The majority of CSR studies did not focus on consumer awareness of CSR; instead, they focused on company behaviour and motivation. Buying behaviours are affected by CSR cannot be measured easily, but after studying the motivation of a company's CSR behavior, building communication between companies and consumers, and making the consumer have an image of the CSR behaviour of the company, it can affect the consumer's buying behaviour in the end.

CSR is a factor that may affect the consumer's buying behaviour (Lois A. Mohr, 2001), and Andie Chung's research, Corporate Apology After Bad Publicity, can also prove that CSR will positively affect buying behaviour and negatively affect negative word of mouth (NWOM) through increased perceived integrity and attitude toward the apology statement, which will positively affect the consumers' attitude toward the company.

Consumer education is just like the invisible hands towards the market; it's invisible but significant. Unconscious behaviours might destroy the whole company, especially in the social media era. just like the smart phone market share shows in the Chinese market. Apple decided to care about the Foxconn employees' melancholia, while Samsung chose to ignore the Note7 smart phone's call back because of the battery failure. The result of these two companies is coming like this: in the Chinese smartphone market, Apple keeps the status of its own, while Samsung drops the market share down to the bottom, at around 2%. The market shows a huge response to the effectiveness of a company's CSR, but on the consumer side, it shows minor affection in buying behaviour and willingness to pay.

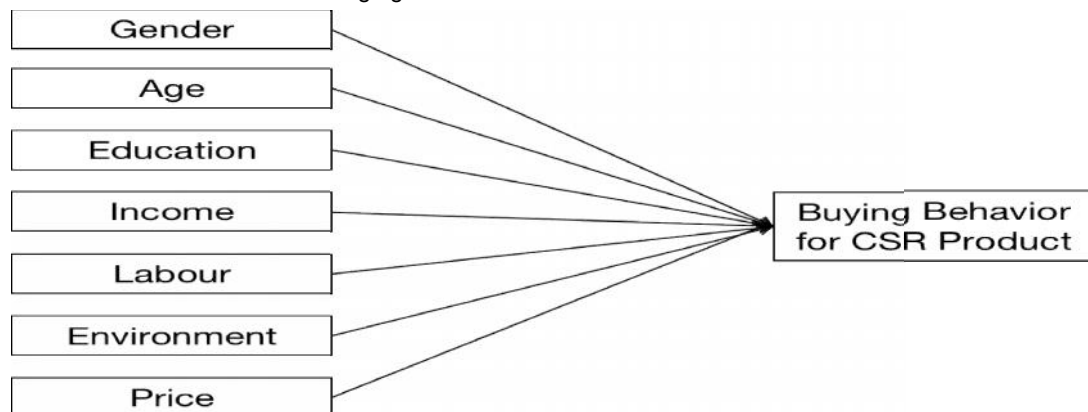
Survey Result

In 2013, Gautam Agarwal presented a study on "The Impact of Corporate Social Responsibility on Consumer Behavior". This study explored the influence of CSR on consumer buying behaviour, which includes demographics, ethical attributes, and functional attributes. The researcher used 1000 copies of second-hand data from a Swedish company. The final useful results for data analysis were 328 consumers from 1000 copies due to the low response rate. The target population is consumers in Sweden. A questionnaire was used as a research method. A variety of statistical techniques were used in the analysis, including descriptive statistics, likelihood ratio tests, Mc Fadden's R2 and standard t-statistics. The findings reveal an interesting insight into the adoption of CSR products by consumers. The main reason people choose to buy "green coffee" is the environment. The more organic, the better for consumers in Sweden. At the same time, the willingness to pay for jeans was most influenced by labor, rather than price or environmental factors.

In other words, the demographic factors (age, gender, income, education level) would lead to different buying behaviours for consumers. What is missing from the literature is the different backgrounds of the consumers, or culture. The previous study was finished in 2013, in Sweden. This study would study consumers' buying behaviour in China in 2019, where the economy is growing incredibly fast. In a different situation from western countries, the main consumers in the Chinese market would be those aged 18–24, who are college students supported by their parents. Foreseeably, the buying behaviour would not be the same as in the previous study.

Conceptual Framework

From the literature reviews about changing buying behaviour for CSR products, the conceptual framework would be in the following figure.



Research Hypotheses

In this study, researcher used the Milk Tea and Apparel as the CSR products.

- H01:** There is no difference on Buying Behavior of CSR product between male and female.
- Ha1:** There is difference on Buying Behavior of CSR product between male and female.
- H02:** There is no difference on Buying Behavior of CSR product between different group of age.
- Ha2:** There is difference on Buying Behavior of CSR product between different group of age.
- H03:** There is no difference on Buying Behavior of CSR product between different level of education.
- Ha3:** There is difference on Buying Behavior of CSR product between different level of education.
- H04:** There is no difference on Buying Behavior of CSR product between different level of income.

- Ha4:** There is difference on Buying Behavior of CSR product between different level of income.
- H5a:** A positive relationship exists between environmental attributes and the buying behavior of CSR Milk Tea.
- H5b:** A positive relationship exists between environmental attributes and the buying behavior of CSR Apparel.
- H6a:** A positive relationship exists between labour attributes and the buying behavior of CSR Milk Tea.
- H6b:** A positive relationship exists between labour attributes and the buying behavior of CSR Apparel.
- H7a:** A positive relationship exists between price attributes and the buying behavior of CSR Milk Tea.
- H7b:** A positive relationship exists between price attributes and the buying behavior of CSR Apparel.

Data Collection

The purpose of this study is to find out the impact of factors (gender, age, education, income, environment, labour, consumer protection, price) on consumer buying behaviour for CSR products in Kunming, China. This study is quantitative research.

According to the 2018 statistical data, the population of Kunming was approximately 6,783,000. Therefore, in this study, the target population would be the 6,783,000 people living in Kunming. In addition, the research data were gathered in July and August of 2019.

In this study, the sample size was specified by using the determined sample size table of Krejcie and Morgan (1970) as the population size was recognized, which is approximately 6,783,000 people. Accordingly, the sample size of this study should be 384 respondents who are consumers living in Kunming. However, it's unlikely that a 100% response rate can be achieved. Thus, in the case where the respondent was not valid, the researcher decided to increase the sample size to 500 rather than 384 (the estimated response rate should be higher than 76.8%, which is 384).

For the sampling procedure, researchers applied the quantitative research method because they needed quantitative data to analyze the factors affecting buying behavior. And this study used non-probability by using purposive sampling, quota sampling, and convenience sampling.

For purposive sampling, the researcher selected the five most prosperous business districts in Kunming, which are Nanping Street (Central), Nanya Shopping Mall (Southwest), Wanda Square (North), Cuihu Park (Central), and Chenggong (Satellite City), because these five districts would have more consumers who have heard about the CSR and would be interested in buying CSR products most likely.

Research Method

The questionnaires used the rank-ordered model, which makes it easy for respondents to answer the questions with their preference. Thus, the data analysis is parameter estimates. The pretest for the rank-ordered model would be the consistency test. The big number of -2 Log Likelihood used in the consistency test showed both models of MilkTea and Apparel were statistically significant.

Table1: Model Fitting Information for MilkTea

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	1768.858			
Final	.000	1768.858	67	.000
Link function: Logit.				

Table 2: Model Fitting Information for Apparel

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	1555.036			
Final	.000	1555.036	59	.000
Link function: Logit.				

Statistical Treatment of Data

According to the questionnaire design, for both Milk Tea and Apparel, the researcher designed the card list and used Cramer's V Statistics to define the dependent variable and the importance value.

Results**Table 3**

Table Summary of hypothesis testing.

Hypothesis	Determinant Factors	Result
Demographic factors		
H ₀₁	Gender	Rejected
H ₀₂	Age	Rejected
H ₀₃	Education	Rejected
H ₀₄	Income	Rejected
Ranking		
H5 _a	Environment	Supported
H5 _b	Environment	Supported
H6 _a	Labour	Supported
H6 _b	Labour	Supported
H7 _a	Price	Supported
H7 _b	Price	Not Supported

According to the responses of questionnaires, decreasing the invalid part, 400 copies of questionnaires were collected through online channels and face-to-face research. The results indicated that the majority of respondents were female (73.3%). Most of the respondents' age ranged from 18–24 (88.5%), and the education level of most of the respondents (85.8%) was bachelor's degree. Most of the respondents have an average monthly income of under 3000 Yuan (around 13,500 Baht). And some of them (33%) were students who had no income yet.

According to the questionnaire design, three factors (labour, environment, and price) were combined into one hypothetical brand. So, the hypotheses were defined by estimation of the coefficients associated with each attribute. It used the rank-ordered logit model to estimate the coefficients.

Because the preference of buying behaviour was ranked from 1 to 7, the most wanted brand would be 1 and the least wanted brand would be 7. The most negative coefficient would indicate the most wanted brand. On the contrary, the most positive coefficient represents the least wanted brand.

Table 4: Parameter Estimates for Milk Tea

Coefficients ^a					
Model		Unstandardized Coefficients		WALD	Sig.
		B	Std. Error		
1	(Constant)	3.699	.114	32.353	.000
	Labour	-.194	.011	18.126	.000
	Environment	-.112	.010	11.229	.000
	Price	-.091	.009	10.568	.000
	Have you heard of CSR?	-.022	.015	1.402	.162
	gender	.051	.016	3.246	.001
	age	-.013	.013	1.000	.318
	highest degree (including current reading)	.036	.024	1.488	.138
	monthly income	.004	.003	1.328	.185
a. Dependent Variable: Constant					

The estimated result of Milk Tea was shown in the Table 4.

According to the table above, the price, labor, and environmental factors are all statistically significant. The result of the price's coefficient showed a negative, but it was around 1%, which means that the price would be no more of a barrier for buying behaviour when considering buying the Mike Tea. The coefficient numbers for Labour and Environment are negative too, and highly significant at 1% level, which proves that when people are going to buy the CSR product, the more positive information about the environment and labour about the brand, the more likely they will buy the brand Milk Tea. When consumers want to buy a brand of milk tea, they would like to choose one produced by a labor-friendly and environmentally-friendly company, and somehow, the price is not a barrier for people to buy the milk tea. Based on the table, none of the age, gender, education, or income would affect the buying behaviour of milk tea based on the table.

The estimated result of Apparel was shown in the following Table.

Table 5: Parameter Estimates for Apparel

Coefficients ^a					
Model		Unstandardized Coefficients		WALD	Sig.
		B	Std. Error		
1	(Constant)	4.050	.096	42.321	.000
	Labour	-.145	.008	19.269	.000
	Environment	-.139	.010	14.496	.000
	Price	-.017	.007	2.442	.015
	Have you heard of CSR?	-.004	.013	.293	.770
	gender	-.005	.013	.352	.725
	age	.034	.010	3.266	.001
	highest degree (including current reading)	-.020	.020	.961	.337
	monthly income	-.003	.003	1.117	.264
a. Dependent Variable: Constant					

Based on the table above, similar situations like the milk tea results, none of the gender, age, education level, or income would affect the buying behaviour of apparel. From the significance level shown in the table, labour and environment are still related to rating the brand and are statistically significant. The negative coefficient number of labour and environment expresses that consumers are more willing to buy apparel brands that have a good reputation for treating labour and the environment with respect. The price of apparel seems to no longer be a problem for consumers anymore.

Cross-contrasting both tables of parameter estimates for MilkTea and apparel, some of the trends show the consistency of the buying behavior. People are willing to pay for the brand with their labor, and they want an environmentally friendly brand for both Milk Tea and clothing. But at the same time, the coefficient of labour for milk tea is statistically larger than the environment, when the coefficient of environment for apparel is almost the same as labour. This phenomenon shows that when facing milk tea and apparel, the importance of labour and the environment is different.

Conclusion and Implication

This research aimed to study the factors effecting the buying behaviour of CSR products and the relationship between demographic factors (customers themselves) and the price, environmental factors, and labour factors (product features) of the CSR products.

Many studies researching CSR mentioned that different genders, ages, incomes, and education levels would lead to different buying behaviors. This is true, just like with all the other products. This research also found that there is different buying behaviour among different groups of age, education level, income level, and gender too.

The previous study by Gautam (2013) showed that price is a barrier for consumers in Sweden when purchasing CSR products. The respondents for Gautam's research also had similar demographic backgrounds, which were younger consumers (85% under 35 years old) and well-educated (56% having at least a bachelor's degree). They had a higher income than this research's respondents (SEK 200,000 annually, 12,320 Yuan monthly, or > 3,000 Yuan monthly). In the research, labour and the environment were still significant factors for consumers choosing CSR products. And the price of the CSR product would negatively affect the willingness to pay for CSR products during 2013 in Sweden's consumers. In this study, however, the price would no longer be the most important factor influencing purchasing behavior. The results indicated that when Chinese consumers are trying to buy CSR products such as apparel, the price is not a factor affecting the decision. And when the consumers are buying less expensive CSR products, such as milk tea, the price would positively affect the buying behaviour in a way.

In the previous study, Gautam (2013) found the organic labels (environment) of CSR products significantly more preferable than fair-trade (labour) labels for coffee. In this study, it showed that consumers are willing to purchase a labor-friendly milk tea rather than an environmentally friendly one.

And in the same research by Gautam, the consumers' willingness to pay for jeans would be affected more by labour factors than environmental factors. In this research for apparel, labour friendliness is almost as significant as environmental friendliness.

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