Is CSR a magic word?: An exploring study of consumer behaviour in cosmetic market in Thailand

1. Introduction

1.1 Background of this study

Many authors stated that decision-making today is more complex than in the past, especially when they are being confronted by various kinds of product (eg.: Hafstrom et al., 1992; Lysonski et al., 1995; Mitchell et al., 1998). Thailand is an example of a developing country where a huge number of products from various countries imported cosmetic products. Due to the competition in Thailand, cosmetic market is always very intense; therefore it is important for firms to understand the factors that affect the consumers purchasing behaviour.

At the same time, Corporate Social Responsibility (CSR) has been one of the most popular theme for academics and marketers when they analyse its impact on consumers' behaviour (Maignan and Ferrel, 2004; Smith, 2003). Does CSR have a positive impact on Thai consumers' purchasing intention? To investigate this theme based on quantitative approach, we analyse the impact of CSR factor as an antecedent factor for Thai consumers' attitudes towards cosmetic products, drawing the pathways resulting in their final decision of purchasing.

1.2 Aim and objectives

The aim of this research is to investigate the impact of CRS for the consumers' purchasing intention of cosmetic products in Thailand. Bearing this in mind, our objectives are as follows: a) to determine the antecedent factors on consumers' purchasing decision, b) to withdraw pathways resulting in final purchasing decision, c) to compare the impact of CSR on different brands of cosmetic products, and finally d) to present a potential marketing strategy based on CSR and unique Thai consumers' behaviour.

1.3 Research target selections

To analyse the different impact of CSR factor on purchasing intention, we chose three brands, two foreign (Kanebo and Body Shop) brands and one domestic (Oriental Princess) one. By comparing CSR impact for these three brands, it is expected that we can see the different attitudes and values towards these brands, from where we could incur useful implication for the strategic marketing based on CSR in Thailand.

2. Literature Review

2.1 Corporate Social Responsibility (CSR)

According to the economist Milton Friedman, "the social responsibility of business is to increase its profits" (Lohr, 2011). Decades after his statement, most businesses have not taken this approach and ironically enough, any firms that carried out their actions out of self-interest are not implementing

CSR at all (Crane et al., 2010). Carroll (1991) finds that "total CSR" consists of four kinds of social responsibility, which are economic, legal, ethical and philanthropic. A new definition of CSR was established called 'three domain approach': the economic domain (Johnson, 1971), legal domain and ethical domain (Schwartz et al., 2003). For example, Kanebo recalled skin-whitening products from markets across Asia after complaints they caused discolouring that does not clear up even after use ends (Bangkokpost, 2013) which is one of the examples of ethical domain CSR action.

2.2 Consumer behaviour and purchasing decision

As Maignan and Ferrel (2004) argue CSR possibility with the role and potential contribution of the marketing discipline. As the behaviour of consumers are often irrational and unpredictable (Ferrell et al., 2011), thus, it is useful for us to determine some trigger to enhance CSR possibility in the real marketing context. The more understanding of consumers' needs, the more likely producers are to innovate products to satisfy them (Kotler et al., 2008). In the cosmetics industry, Asian consumer behaviours, especially in Thailand, are distinctively different from Western consumer behaviour, in terms of culture, physicality and lifestyle (Wongsupachat, 2014). As far as the consumer decision process is concerned, most consumers have to go through various steps before reaching their final decisions, including need recognition, search for information, pre-purchase, evaluation, purchase, consumption, post-consumption evaluation and divestment (Blackwell et al., 2006).

According to Schiffman and Kanuk (2012), they point out that consumer behaviour is one of the most strongly factors influencing consumption. Additionally, the consumer behaviour model by Blackwell et al. (2006) also helps in explanation that how many factors can influence consumption stimulus, and which relevant issues have been affected. It has been found in Purwanto (2013) that psychological factor and social factor are the most dominant factors influencing customers' willingness to buy. We then will examine aforementioned result on Thai consumers.

Then, does the CSR element have an impact on this process? What are its relations with other antecedent factors in the whole pathway results in final purchasing decision?

2.3 Marketing activity and purchasing intention

Madahi and Sukati (2012) stated that purchase intention is a willingness to buy the particular product or service which consumers need. In other words, it means customer will repurchase the product after they have perceived enough product's value or it can respond their needs and reach their expectation. Basically, purchase intention is rather focused by the customer's attitude than other tools as demographics or economic factor, because it concerns about feelings and cognition due to the fact that it will difficult to change the attitude if that certain attitude has been set up in the consumer stimuli (Kotler and Armstrong, 2012). Madahi and Sukati (2012) also argue the influence of social connection and reputation has more impact on consumers' attitudes.

Brand loyalty also reflects how likely a customer will be to repeat purchasing or decide to switch to another brand, especially when that brand makes a change (Aaker, 1991). To attract consumers and make them more loyal, advertisement is also common method to be implemented. Ranjan, S. and Sahu, T. (2014) analyse the impact of ethical advertisement on consumers' loyalty towards the goods/services, and they find its positive impact on customer loyalty which results in repetition of purchasing. Murugan and Shanthi (2012) debate that loyalty is one factor that involves with purchase intention. It acts as a mediator between itself and purchase intention and can be occurred in their purchasing actions. Tsiotsou (2006) add that loyalty and customer satisfaction based on satisfactory perceived quality of goods/services also have an effect back to repurchase intention.

3. Methodology and Conceptual Framework

3.1 Methodology

We applied a quantitative technique to the dataset attained from a web based survey to analyse the impact of CSR and its influential pathway based on Semi Equation Model (SEM) approach.

3.2 Conceptual framework and hypotheses development

3.2.1 Pilot test of SEM

Figure 1 shows the first pilot model of our study. We applied this model to the dataset of Kanebo brand, in which the variable 'Purchase Intention (PI)' is regressed with four latent variables which are 'CSR', 'Loyalty' , 'Quality' and 'Advertisement'. The path coefficients are 'Loyalty→PI' is significant ($p<.01***$), 'Quality→PI' is also significant ($p<.05**$), however, other coefficients are not significant. Hence this model is not adaptable to the dataset, which should be discarded.

Moreover the path 'Quality→PI' is negative, which is not reasonable outcome. Hence, we have to consider another structure of the relations among latent variables seeking more reliable outcome.

Insert Figure 1 here 'Pilot test of conceptual model 1'

4. Findings and analysis

4.1 Development of an analytical model and evaluation

Based on the Pilot model, we modified the conceptual framework based on literature we surveyed in the previous section, which implies the latent variables influence PI via Loyalty which is shown as Figure 2 in the appendix which is also analyses Kanebo dataset.

Insert Figure 2 here : 'Conceptual model 2 for Kanebo'

The coefficient 'CSR→Loyalty' is significant ($<.05**$), 'Advertisement→Loyalty' , 'Quality→Loyalty' and 'Loyalty→PI' are also significant ($<.01 ***$). Also GFI and other results are showing that this model is reliable and reasonable, well explaining the relationships among variables.

This result shows that 'CSR' has a significant impact on 'PI' via 'Loyalty'. So we look into other two brand relations based on the same conceptual model.

4.2 Comparative study of three different brands
4.2.1 Body Shop
Here is a model analyses Body Shop dataset (Figure 3).

Insert Figure 3 here : 'Conceptual model 2 for Body Shop'

The coefficient 'CSR→Loyalty' is significant (<.05**), 'Advertisement→Loyalty' , 'Quality→Loyalty' and 'Loyalty→PI' are also significant (<.01 ***). Also GFI and other results are showing that this model is reliable and reasonable, well explaining the relationships among variables. This result shows that 'CSR' has a significant impact on 'PI' via 'Loyalty'.

4.2.2 Oriental Princess
Then how about the last brand which is Oriental Princess which is the domestic brand of this study. Figure 4 shows the outcome of the analysis.

Insert Figure 4 here: "Conceptual model 3 for Oriental Princess'

The coefficient 'CSR→Loyalty' is not significant . 'Advertisement→Loyalty' (<.05**) , 'Quality→Loyalty' (<.01***) and 'Loyalty→PI' (<.01***) are significant. The model itself is reliable and well expressing the dataset as GFI =.92, hence we conclude that for Priental Princess case, 'CSR' does not have an impact on 'PI' via 'Loyalty' which is a different outcome from other two brands.

5. Conclusion

5.1 Outline of the findings and Discussion

This study investigates the impacts of CSR on consumers' PI of cosmetics products. As many scholars indicate its importance when we build marketing strategies (e.g., Maignan and Ferrel, 2004; Smith, 2003; Lohr, 2011). At the same time, to attract consumers and make them more loyal is another target for the firms to be competitive and sustainable (e.g., Ranjan and Sahu, 2014; Murugan and Shanthi, 2012). In our study, we analyse the impact of CSR and other relevant marketing factors resulting in PI of the consumers. As many, most of those are Western knowledge and experiences, scholars has been debating that CSR is one of the potential elements to strengthen loyalty and PI of the customers, however, this notion was not proved with Thai domestic brand case. Also the impact of CSR is not as big as other elements which are quality and advertisement.

5.2 Recommendations and future plan

Our finding from Thai brand case must be re-examined in more depth, however, we would like to evaluate this outcome because it indicates a complete different tendency from other two international brands. The notion that a good brand image including CSR would appeal to the customers, leading to repetition of purchasing and strong relationships between them has been accumulated and tested with many other datasets and research work by researchers and marketers. Currently CSR element does not have a significant impact on consumers' attitudes for a domestic brand, however, as Western researches accumulations imply, this factor should be paid more careful attention especially in this globalised era. The more effective marketing strategy and firms' basic activity vector could be attained from further study in this field of study.

For the time being, we feel CSR could be a sort of 'magic word' for the marketing activity, but this terminology is presenting many issues to study and analyse in front of us researchers. It must be our duty to find the realistic pathway for a collaborative relation between CSR and marketing.

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Appendices

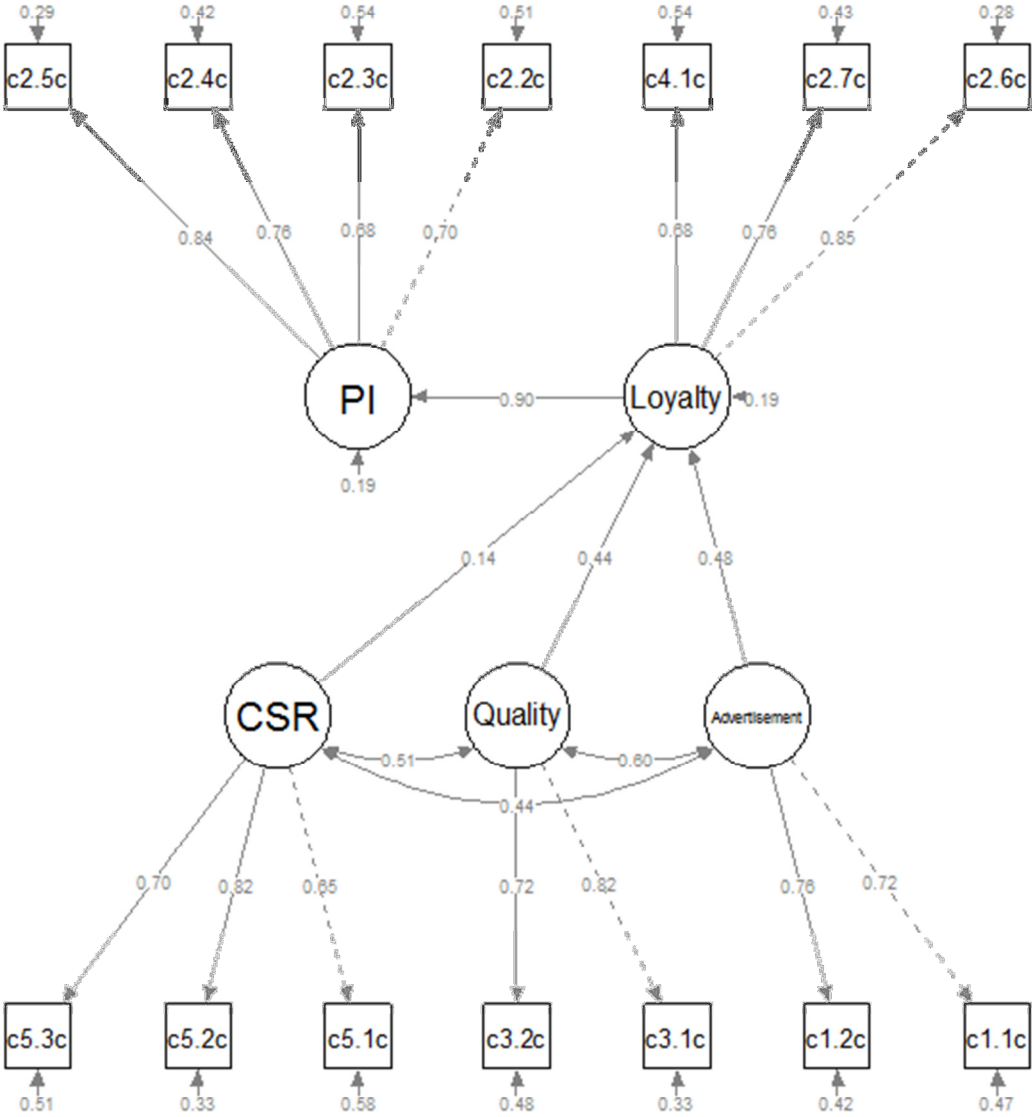**Figure 1 : 'Pilot test of conceptual model'**
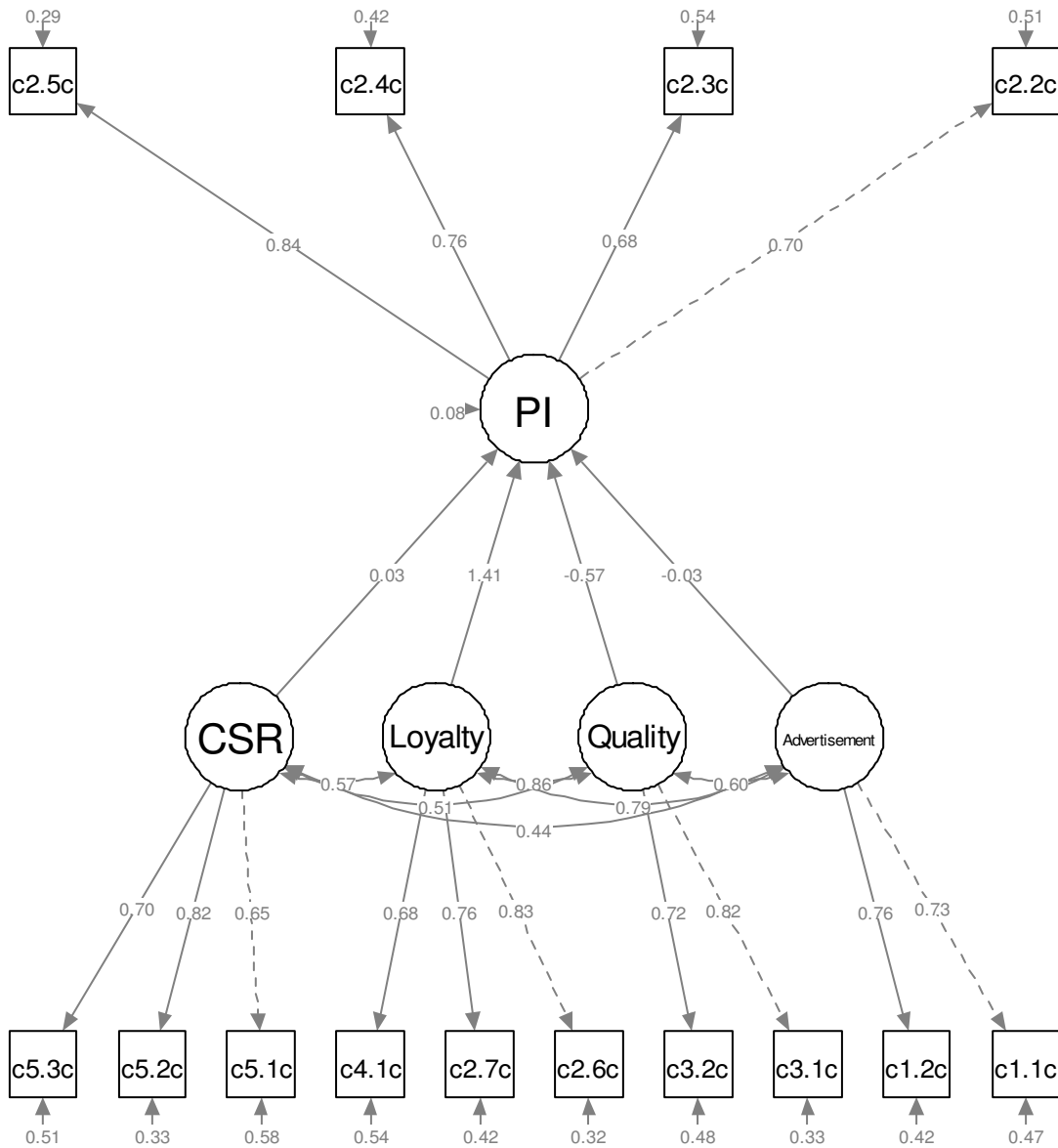
Number of observations: Used=331 / Total=400

GFI=0.933, AGFI=0.895, CFI=0.952, TLI=0.935, RMSEA=0.068, SRMR=0.042
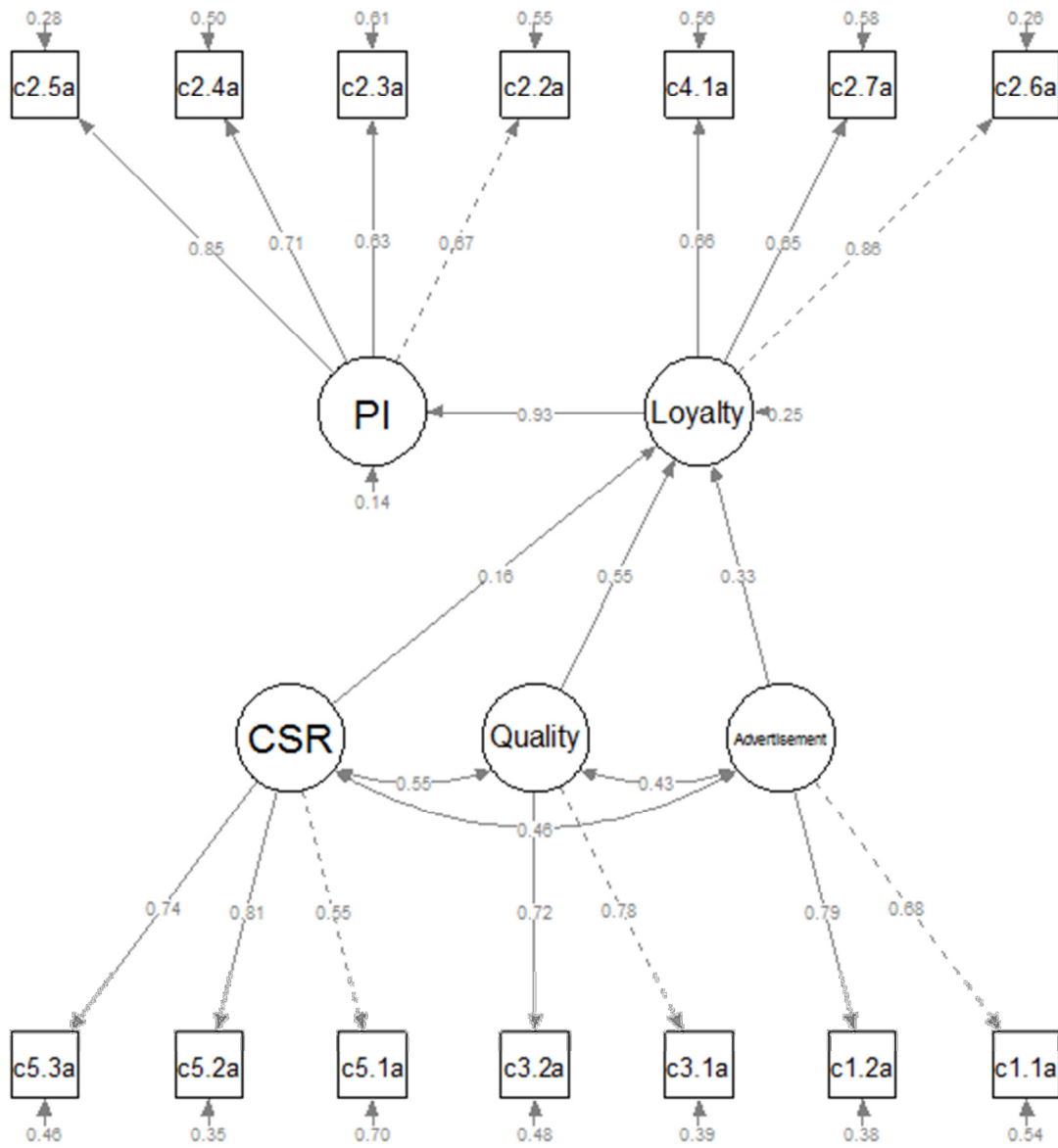
Figure 2 : 'SEM for Kanebo'

Number of observations: Used=331 / Total=400

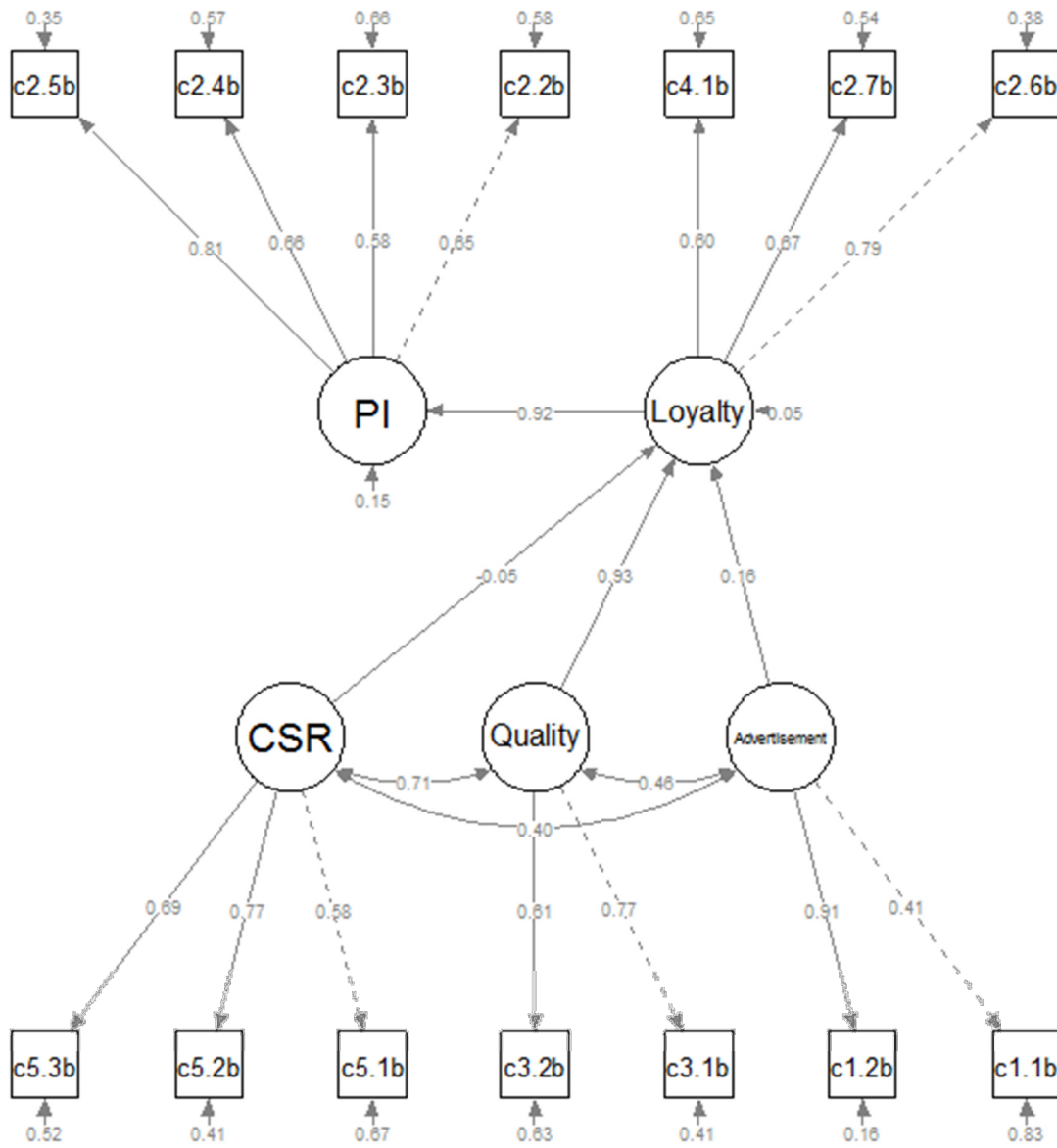GFI=0.921, AGFI=0.882, CFI=0.945, TLI=0.929, RMSEA=0.071, SRMR=0.045

Figure 3 : 'SEM for Body Shop'

Number of observations: Used=340 / Total=400

GFI=0.919, AGFI=0.879, CFI=0.933, TLI=0.913, RMSEA=0.075, SRMR=0.048

Figure 4: 'SEM for Oriental Princess'

Number of observations: Used=336 / Total=400

GFI=0.92, AGFI=0.88, CFI=0.918, TLI=0.894, RMSEA=0.077, SRMR=0.051