

Mixed Signals? Consumer Responses to Price Image and Corporate Social Responsibility

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Abstract

Consumers draw benefits from a company engaging in corporate social responsibility (CSR). These benefits positively affect desirable consumer outcomes, such as perceived price fairness and customer loyalty intentions. We propose that a company's CSR activities do not always lead to higher perceived price fairness. More precisely, we argue that retailer characteristics, such as price image, and consumers' inferences about a retailer's motives to engage in CSR affect the CSR – loyalty relationship. Results from an experimental study show that consumers' price fairness perceptions are higher for low (compared to high) price image retailers regardless of their CSR engagement. Moreover, CSR engagement positively affects consumers' perceived price fairness for high price image retailers but not for retailers with a low-price image. As a result, retailers should adjust their communication of their CSR engagement depending on their price image and their desired consumer outcomes.

Keywords: *price-image; CSR; customer-loyalty*

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