The Influence of CSR and Ethics on Brand

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Business ethics and corporate social responsibility (CSR) exert an indirect positive effect on brand fidelity, with relationships mediated by brand love. In turn, brand attitude exerts an indirect effect on brand fidelity, through the mediation of brand love.

Keywords: corporate social responsibility ; business ethics ; brand fidelity ; brand love ; brand attitude

1. Stakeholder Theory

The stakeholder theory considers that companies must have a comprehensive view and go beyond actions aimed at enhancing the profitability of investors, while also focusing on the interests of other parties that exert direct or indirect influences on organizations [1][2].

Although companies are not obliged to act ethically and morally towards the population, these attitudes are still expected [3][4]. Responding positively to these concerns of interested parties can be very beneficial for companies and can enhance their wealth in general [5][6]. With society's growing concern about ethical and social responsibility issues, the stakeholder theory represents an approach to the role of organizations in meeting social and collective concerns [7][8].

Given the complexity involved in CSR and business ethics practices, stakeholder theory can contribute by promoting a better assessment that analyzes the company's relationship management with its stakeholders [9][10][11]. The various actors that make up the stakeholders have a fundamental role in generating wealth for companies and in their development, being the same ones who benefit from what the organization produces [12][13].

2. Corporate Social Responsibility

Sen et al. (p. 70, [14]) defined corporate social responsibility as "a firm's or brand's commitment to maximize long-term economic, societal, and environmental well-being through business practices, policies, and resources". The European Commission (p. 4, [15]) defines CSR as "a concept whereby companies integrate social and environmental concerns into their business activities and their interaction with stakeholders on a voluntary basis". These CSR concepts clearly integrate social and environmental issues.

These activities attract the attention of managers, as they realize that the results of these actions bring many advantages for organizations [6]. Thus, there are some studies that have suggested the importance of these practices in organizations, as customers support companies that are socially responsible [16][17][18], and that these efforts are seen as acts of zeal and kindness that are evident to all interested parties, not just to the group destined to receive such benefits [19].

It is essential to emphasize that consumer perceptions have a significant influence on brand choice [20]. Bearing in mind that consumers are increasingly informed, it is important to emphasize that they realize the impact that SR activities can have on their lives, and they want to see organizations adhere to and defend this awareness [21].

Therefore, organizations that aspire to elevate their reputation, increase their business performance, strengthen ties with their target audience and solidify an attractive image to consumers should adopt CSR practices, as well as communicate such adhesions to their audience [22].

3. Business Ethics

Currently, people live in a society in which people have easy access to information, being fully interconnected in an increasingly transparent world. Throughout these changes, consumers have longed to see brands that integrate ethical values [23][24][25].

Lewis [26] presents in his research the different meanings that the term “ethics” can have, namely: (1) a general standard or way of life, (2) a set of rules of conduct or moral code, and (3) an investigation of ways of life and rules of conduct, understanding that a moral code is formed from the set of principles and values of the individual.

Companies that aim to have strong and solid brands must incorporate ethics as an essential point of business [27][28], as well as showing their target audience, through their constant interactions, how the brand has worked and approached ethics [28][29]. This means developing and demonstrating ethical actions at all points of contact between the consumer and the organization.

Consumers’ perceptions of a company’s ethics are an essential factor, as they exert an influence on their behavioral intentions, thus directing them to make certain decisions [30]. Business ethics has the power to positively influence consumers, as there is a good relationship between customers’ perceptions of business ethics and their preferences for the company’s products [18].

Following this, there is other research that shows that ethical consumption values play a significant role in customer evaluations regarding the brand/company [31]. More specifically, companies with ethical values can benefit from many positive consequences, as they exert a significant influence on the quality of the company’s products and services, advertising, the relationship between company and customer, society, and the environment [32].

4. Brand Love

The concept of brand love has evolved and shown its relevance in the customer–brand relationship, thus becoming present in the brand management area [33]. Brand love is about a unique emotional attitude, defined as the degree of passionate emotional attachment a person has to a specific business name [34]. As it results from the construction of marketing, this construct is a valuable instrument that helps to better understand consumer behavior, and its changes and directions in the expected post-consumption period [34].

Consumers do not bond or develop strong relationships with brands quickly. For this, a long-term relationship is needed, experienced between the consumer and the brand [35]. Thus, the relevance of a brand depends on the time the customers spend consuming products or services, as well as how much they think about it [36][37].

It is important to plan marketing strategies that go in search of a deep relationship with the customer [38]. Consequently, when marketers meet deep consumer values, they tend to influence them to experience a relationship of love for the brand [36].

In this context, CSR can strongly contribute to brand love, as several surveys have suggested that CSR is part of brand building, and that it strongly influences brand loyalty and the relationship between customer and brand [39]. There is also evidence to show that customer perceptions of CSR practices influence brand passion [40] and brand love [41][42].

Furthermore, it is important to know what the predictors of customer engagement with the brand are. In relation to this theme, Bezençon e Blili [43] contribute, in their research, to the relationship between ethics and involvement, and show that ethical products, in fact, influence customer involvement with the brand.

When consumers perceive ethical behavior on the part of the brand, they immediately link it to their own values, thus creating a strong connection and identification with the brand, as well as greater involvement and commitment [44][45][46]. Kim et al. [47] also suggest that the company’s pro-social and ethical actions generate brand love and the involvement of consumers with the brand.

5. Brand Attitude

Brand attitude refers to a global assessment of the brand, made by the consumer [48], which, in turn, stems from their beliefs and feelings regarding the characteristics and benefits of the brand [49]. Brand attitude is of fundamental importance, as its consequences impact brand evaluation [50]. Thus, it can be said that brand attitude reflects the level of sympathy of a brand, and can also be expressed through a positive view of the consumer [51].

It was demonstrated that there is a relationship between CSR and brand attitude, as well as purchase intention, perceived quality and brand image [52][53]. CSR activities are linked to consequences, such as consumer attitudes and behaviors [54][55][56].

Ethical behavior also has a significant effect on consumer attitudes and behaviors [54][55][56]. In the field of the relationship between customer and brand, it has been shown that when customers perceive that a company engages in ethical behavior, consumers tend to respond more positively to brands, given these perceptions [18][24]. Consequently, the consumer's response is essential to understanding the relationship between the ethics perceived by consumers and their attitudes towards the brand, as well as their purchasing behavior [57]. As a consequence, there is a greater preference on the part of customers to consume products/services from pro-social companies [58].

Ferrell et al. [59] also showed, in their research, that business ethics has a greater influence on brand attitude than CSR. There is also research showing that affection becomes a dimension of consumer attitude when the consumers realize that a brand has ethical behavior [44][60].

The study by Grace et al. [61] shows that brand attitude, benefits and brand attributes establish the foundation on which the consumer–brand relationship is built. Its conceptual model demonstrates that brand attitude is an important predictor of brand love.

6. Brand Fidelity

In order to have strong relationships between the consumer and the brand, essential elements are taken into account, such as the durability, stability and exclusivity of the relationships [62][63][64]. In this sense, Grace et al. [65] propose the definition of a new construct in the field of investigation of the consumer–brand relationship—brand fidelity, a multidimensional variable developed and validated in the study by Grace et al. [61].

Brand fidelity is defined as the consumer's devotion to a brand, demonstrated by a set of behaviors (i.e., accommodation/forgiveness—performance and price) and cognitions (i.e., derogation of alternatives and cognitive interdependence) that maintain relationship stability and durability [61][65].

Brand fidelity is a construct that is divided into two categories, namely, behavioral manifestations and cognitive manifestations, comprising four dimensions, conceptualized by Grace et al. [61]: accommodation/forgiveness (performance), which is the degree to which a consumer forgives and supports a brand in times of performance variations; accommodation/forgiveness (price), which is the extent to which a consumer forgives and supports a brand in times of price fluctuations; cognitive interdependence, which is the degree to which a consumer feels in harmony with the brand and assumes personal ownership of the brand, and derogation of alternatives, which is the extent to which a consumer focuses on the strengths of the brand and the weaknesses of its competitors.

It is known that brand fidelity is directly and positively influenced by brand love, according to previous research by Grace et al. [61], and this relationship was later confirmed in the empirical study by Joshi and Garg [66]. This leads this study to adopt the position that consumers who love a brand more will tend to be more loyal to that brand.

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