Master's Thesis

The Effect of Corporate Social Responsibility on Consumer Attitude and Behavior in the European Fast-Moving Consumer Goods Industry

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Abstract

Corporate Social Responsibility (CSR) has received much attention in modern literature. Companies are progressively communicating CSR initiatives to achieve favorable consumer outcomes, as the stakeholder group of consumers increasingly expect companies to be involved in social initiatives. The purpose of the current research is to contribute to existing literature with a practical exploration of the relationship between perceived CSR and customer outcomes. The research is focused on the Fast-Moving Consumer Goods (FMCG) industry, as it is vastly under researched despite being the industry accounting for half of all consumer goods spending.

Based on existing literature, a conceptual framework is proposed with the purpose of statistically exploring the relationship between the concepts of perceived CSR, consumer-based brand equity, consumer engagement and customer loyalty.

The data collection follows a quantitative approach with the use of an online questionnaire aimed at European FMCG consumers. The questionnaire data shows that consumers are generally unaware of FMCG companies' CSR initiatives, indicating the need to alternatively communicate CSR efforts.

Exploratory factor analysis (EFA) is used on the data gained from the questionnaire. The factors produced from EFA is further confirmed through Confirmatory factor analysis (CFA). SmartPLS is used to run a bootstrapping procedure to statistically test the proposed relationships. The construct of consumer-based brand equity shows low predictive accuracy and predictive relevance and is excluded from the conceptual model. The results show that perceived CSR directly affects consumer engagement and customer loyalty. Consumer engagement is further found to strengthen the relationship between perceived CSR and customer loyalty, showing perceived CSR to have an indirect effect on customer loyalty through the construct of consumer engagement.

The current research contributes to existing literature by statistically testing the effect of perceived CSR on customer outcomes in the FMCG industry. Additionally, the research produces managerial suggestions on how companies in the industry can benefit from the implementation and communication of CSR initiatives.

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1. Introduction

In the global markets of the 21st century, companies face an unprecedented degree of competition from both domestic and international competitors. Simultaneously, the immense focus on environmental concerns and human rights from governments, consumers and non-governmental organizations have established new standards for sustainable and ethical business practice, to which companies are being held accountable to an unparalleled degree (Porter & Kramer, 2006).

To meet stakeholder expectations, while benefiting from branding benefits, corporations increasingly integrate Corporate Social Responsibility (CSR) initiatives into their business strategies (Hoeffler & Keller, 2002). CSR has been, and continues to be, a highly discussed topic in both literature and practice. While the writing of Bowen (1953) is considered by many to mark the beginning of the modern period on the subject (Carroll 1999; Bowen 2013), the concept of CSR has evolved and now includes numerous definitions with just as many purposes and motives for its implementation. Earlier definitions highlight shareholder value and business growth, while simultaneously minimizing the harm to society and enhancing socio-economic welfare (Bowen, 1953; Frederick, 1960; Kolodinsky et al., 2010). The focus has since shifted onto an emphasis on going beyond shareholder value and acknowledging responsibilities towards local communities, greater society, and the natural environment (Kotler & Lee, 2005). CSR is considered a valuable tool in stakeholder management (Kolodinsky et al., 2010) and is increasingly being integrated into core operations and business strategies (Porter & Kramer, 2006).

Engaging in CSR initiatives is widespread in many industries across the world (Singh, Sanchez & del Bosque, 2008) with the Fast-Moving Consumer Goods industry being no exception. The FMCG industry is highly competitive and include million-dollar brands such as Unilever, Coca-Cola, Nestlé, and Procter & Gamble (Statista, 2020). Due to the high level of competition, it is vital to positively differentiate from competitors and to meet stakeholder expectations to experience long-term success. Engaging in CSR initiatives may facilitate just that (Porter & Kramer, 2006).

1.1 Delimitations

The current research will mainly focus on European consumers. CSR has gained increasing interest amongst academics, corporations, and politics within Europe in recent years.

While other countries such as the USA has a longer history of dealing with CSR related issues through formal corporate policies and strategies, Europe has dealt with similar issues for approximately the same amount of time primarily through institutional networks. In that sense, Europe has embedded CSR policies into the culture, addressing issues related to e.g., worker's rights and environmental preservation in a way Matten & Moon (2004) characterize as ´implicit´ contrary to ´explicit´ CSR. While the European Commission continues to address these issues in an escalating manner through measures such as The European Green Deal (European Commission, 2019) the degree to which formal corporate policies and strategies are deployed is likewise increasing. Additionally, a 2016 report found that circa 71% of European consumers consider it either important or very important to live an ethical and sustainable lifestyle (GlobalData, 2017) suggesting the need for corporations to implement CSR strategies to meet the expectations and needs of the European consumers.

Furthermore, this research will focus on the Fast-Moving Consumer Goods industry. The global FMCG market size was in 2017 valued at more than $10.020 billion and is rapidly growing (Sabel, 2019). The mere size of this industry and therefore its current and potential impact makes for an interesting research topic. Additionally, the industry is characterized by high turnover rates, as products are intended for everyday purposes (Statista, 2020). Although demand is high due to fast consumption, the industry is very competitive, making it necessary for companies to differentiate themselves from competitors. Moreover, FMCGs may per definition be considered unsustainable, and with stakeholders increasingly holding companies accountable for sustainability practices, it is crucial for companies within the industry to take measures to successfully meet these expectations.

Despite the described circumstances, research focusing on the effects of CSR initiatives within the FMCG industry in the European market is scarce, necessitating further study.

1.2 Problem statement

Due to progressive stakeholder interest in environmental concerns and awareness of human rights issues, companies are increasingly integrating CSR initiatives into their business strategies to gain competitive advantage (Hoeffler & Keller, 2002). As a product of globalization, companies experience an increasing number of competitors and therefore have a need to differentiate themselves to acquire and maintain market share.

An example of this is the FMCG industry. The FMCG industry entails a high level of competition and is characterized by high-volume sales of relatively low-cost products (Statista, 2020). Due to generally low profit margins and a rather homogeneous product offering between competitors, it is particularly important for companies in this industry to engage in strategic initiatives that can aid in creating customer loyalty. Many products within this industry are produced using a variety of resources which raise sustainability and human rights concerns; child and slave labor in cocoa sourcing for confectionary items (Api, 2020), plastic packaging for beverages and food products as well as deforestation due to Palm oil sourcing (WWF, 2020), to name a few. Stakeholder expectations toward sustainability and ethicality are at an all-time high, posing a challenge for companies within the industry.

Despite the described circumstances, little research has been conducted on the effects of strategic CSR implementation in the FMCG industry, particularly in the European market. Although studies examining the relationship between CSR and marketing results have emerged in recent literature, it can still be considered insufficient (Sen & Bhattacharya, 2001; Singh et al., 2008). Thus, further research is needed to understand how and if companies in this industry can benefit from utilizing CSR initiatives to gain competitive advantage and affect customer behavior favorably. The current research acknowledges the ethical issue of whether CSR should be used for business related benefits, or should be considered something purely selfless; however, will not include a discussion of the issue.

The current research instead strives to determine whether CSR initiatives does in fact have strategic relevance for companies operating in the FMCG industry. More specifically, to contribute to the understanding of the relationship between CSR initiatives, the branding benefits that may follow, as well as the effects on customer attitude and behavior.

Having established the motivations and relevance of this research, the following research question was posed to successfully address the described concerns:

"How can companies within the European FMCG industry strategically benefit from the implementation of Corporate Social Responsibility initiatives?"

To guide the process of answering the research question, a set of sub questions have been formulated. The sub questions are asked in accordance with the delimitations of the current research:

"Does consumer perceived CSR have a positive effect on brand equity?"
"Does consumer perceived CSR have a positive effect on consumer engagement?"
"Does consumer perceived CSR have a positive effect on customer loyalty?"

To answer the research- and sub-questions, the current research will employ a quantitative approach to analysis. First, the theoretical background of the constructs of CSR, brand equity, consumer engagement, and customer loyalty will be presented. The theoretical background and the applied definitions of the respective constructs will function as the foundation for determining scale items appropriate for measurements. Following the theoretical background will be the development of hypotheses as well as a presentation and discussion of the chosen methodology and methods. To successfully answer the research question, exploratory factor analysis and confirmatory factor analysis will be employed for the purpose of either rejecting or accepting the proposed hypotheses. After the analysis, the results will be discussed and concluded upon, and final remarks on the theoretical and managerial implications, limitations of the current research, as well as suggestions for further research will be made.

2. Theoretical Background

2.1 Corporate Social Responsibility

Consumers, governments, and businesses worldwide are increasingly becoming aware of the need and the benefits of implementing CSR initiatives. Consequently, companies are progressively incorporating CSR into their business strategies to meet stakeholder expectations and thereby enjoying the benefits that may follow (Hoeffler & Keller, 2002). To fully understand the concept of CSR, it is important to recognize the various definitions existing in literature. In addition, a classification of the topic is required for the sake of the current research.

Classification

Engaging in CSR activities is prevalent across many types of businesses in different industries and countries (Singh, Sanchez & del Bosque, 2008). However, the view of what precisely constitutes the concept of CSR differs quite significantly.

Porter & Kramer (2006) suggests that the corporate attention towards CSR started as something not completely voluntary but arose due to the surprise of being confronted by the public with issues companies had not previously considered themselves responsible for. Examples such as abusive labor practices at Nike in the early 1990s and Shell Oil sinking the Brent Spar in 1995, consequently leading to Greenpeace protests, are used as examples to this statement (Porter & Kramer, 2006, p.2). However, the discussion regarding corporate responsibility toward society began much earlier. Carroll (1999) identifies the modern era of corporate social responsibility in literature to have begun in the 1950s. It is argued to have started with Bowen's 1953 writing, in which he proposed the following definition: "*It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*" (Bowen, 1953 p.6).

This definition was derived from the notion that larger companies' actions affect the lives of citizens in many ways, and business leaders therefore need to assume a degree of responsibility toward the world in which they conduct business (Bowen, 1953). Following Bowen's definition further views of CSR arose; however, they were very similar in the sense that they all related to corporation's moral obligation toward the communities affected by their business activities (Wan-Jan, 2006; Porter & Kramer, 2006). The early definitions do not specifically identify the exact social responsibilities of an organization, they merely suggest that there is one, making CSR a rather vague concept. Recognizing the shortcomings of these definitions, Davis (1960) attempted to formalize the concept further by arguing that CSR refers to the corporate decisions made for reasons not solely based on the economic outcome. Thus, developing the understanding of CSR to be more than considering the wellbeing of the community while achieving a

profit, to a focus on society at least partially beyond the economic interest of the business. He revisits his own definition in 1967 and suggests that CSR, which was then more commonly referred to as social responsibility, is based on the ethical consequences of business leaders' actions, as those actions might affect the interest of others (Davis, 1967).

In the 1960s and 1970s social movements regarding worker's rights, environmental concerns, and consumer satisfaction were prevalent, naturally leading to numerous additions to the meaning of CSR. Most agreed in the broad sense of CSR pertaining to upholding an economically sound business while also making decisions for the sake of society; actions that are not necessarily the most profitable for the business but are needed because it is the business' responsibility (Johnson, 1971; Steiner, 1971; Manne & Wallich, 1972; Davis 1973; Eells & Walton, 1974).

While the definitions up to this point in time were relatively many, they did not offer clarification as to what exactly the social responsibility of firms beyond profit making was, and how to measure it. A clarification was needed to measure the corporate social performance of a firm. This need led to a rather noteworthy contribution to the CSR debate from Carroll (1979). Carroll (1979) stated that for firms to be able to engage in corporate social performance (CSP) measurements of their social initiatives it was necessary for them to have a definition of what CSR is, an understanding of the social issues to which they had a responsibility, as well as a plan for how they wished to respond to those issues. He offered a definition of CSR: "*The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*" (Carroll, 1979, p. 500). Carroll argued that before anything else, it is the responsibility of a business to offer products and services that are in demand from society and to sell them achieving a profit. All other responsibilities are based on the firm's ability to do so (Carroll, 1979). The second, being the responsibility to obey the law, is quite straightforward. The ethical component of the presented definition entails meeting the societal expectations of corporate ethical behavior, while discretionary expectations involve voluntary activities in which companies engage to better societal circumstances (Carroll, 1979). In 1991, Carroll revisited his definition and added the well-known Pyramid of CSR, which includes the economic, legal, ethical, and philanthropic (discretionary) responsibilities of a business. The pyramid illustrates the economic variable as being the foundation onto which all other responsibilities rest (Carroll, 1991).

After Carroll's 1979 definition of CSR, very few new additions toward formalizing the concept were made. Rather, the debate about CSR enabled discussions regarding related concepts and research focused on CSR in relation to other variables (Carroll, 1999).

In the early 1970s, Johnson (1971) presented a view of CSR based on the notion that a company is socially responsible when not merely striving to satisfy stockholders but also considers the employees, suppliers, local communities, and the nation in its endeavors. While this definition is leaning towards what was later to be known as stakeholder theory, the theory was formalized and gained popularity more than a decade later with the 1984 writing of Freeman. Freeman (1984) suggested that in terms of CSR, shareholders should not be the primary focus; it should instead be stakeholders such as employees, the society and the environment as business activities also affect them. Thus, suggesting CSR to be the necessary measure of meeting the needs and expectations of stakeholders through the actions of the business (Freeman, 2010). Smith (2001) added to this, claiming that stakeholders involve everyone affected by corporate policies and activities, and that it is the obligation of a company to minimize any harm and maximize the long-term positive impact a company can have on its stakeholders through its activities.

Wood (1991) revisited Carroll's CSP model and steered away from further definitions of the types of corporate responsibilities toward a discussion of the motivations behind engaging in responsible behavior, the process of doing so as well as the related performance consequences. Wood's contribution took CSR from being a detached definition to putting it in relation to multiple variables, and therefore contributed significantly to the evolution of CSR research (Jamali, 2008).

The focus of the debate about CSR has since shifted from whether a company *should* be socially responsible toward a focus on *how* to be socially responsible (Smith, 2003). There is not necessarily a harsh division between doing good and doing business anymore (Schmeltz, 2011).
This have given rise to studies on the impact of CSR on various business performance areas as well as discussions about how companies can Create Shared Value (CSV) through CSR initiatives (Latapí Agudelo et al., 2019). Porter & Kramer (2011) suggest that many companies wrongfully focus on short-term profit maximization, when instead they should focus on long-term success. CSV is a strategic tool that entails economically and socially contributing to local communities and through those efforts increase the long-term competitiveness of the company. The relationship between the company's success and the welfare of stakeholders is recognized as interdependent, which is why acknowledging and embracing this can lead to positive stakeholder attitudes toward the company (Porter & Kramer, 2011).

Some studies base their research on CSR being a strategic tool used to generate profit and increase shareholder value, while others discuss CSR as an ethical obligation where a healthy business economy can facilitate the development of further CSR initiatives (Wan-Jan, 2006). In general, CSR has evolved

from detached philanthropic initiatives to an important aspect in stakeholder management, and thus, should be incorporated into the wider business strategy (Lee, 2008; Porter & Kramer, 2006).

Most definitions of CSR discussed here agree in a broad sense about businesses having a responsibility toward society and reveal CSR as a quite complex construct. However, with the absence of a generally agreed upon explicit definition of CSR, the concept must be considered context dependent as it has different meanings to different people (Wan-Jan, 2006).

The current research appreciates Freeman's definition in which CSR is the responsibility of a company to meet the needs and expectations of stakeholders through the actions of the business (Freeman, 2010), as well as Smith's (2001) addition, clarifying that stakeholders involve all parties affected by corporate actions and policies, making it the social responsibility of a company to mitigate harm and maximize positive impact on those stakeholders. CSR in this study is therefore defined as "*going beyond shareholder obligations & legal requirements, by fulfilling the organization's ethical responsibility to manage its impact on both internal and external stakeholders*". While internal stakeholders refer to the employees, shareholders, and customers, external stakeholders refer to local communities, greater society and the natural environment affected by the conducts of the organization.

Marketing

For companies that are successful in meeting stakeholder expectations, CSR initiatives may provide positive influence on company reputation (Pedersen, 2015) and be a source of opportunity, innovation, and competitive advantage (Porter & Kramer, 2006) thereby contributing to long term organizational success (Kolodinsky et al., 2010). Particularly, the stakeholder group of consumers is becoming increasingly influential (Podnar, 2008), as their expectations of CSR is at an unprecedented level. Consumers not only require businesses to engage in CSR activities, they also expect to be informed about a company's CSR efforts (Pomering & Dolnicar, 2008).

Despite companies increasingly communicating about CSR engagements, the communication appears to be challenging, as it is unclear what information consumers expect to have access to (Schmeltz, 2011). Nonetheless, consumers increasingly include companies' CSR efforts in their purchase decisions (Kotler & Lee, 2005) and may therefore favor a socially responsible company if they are aware of their CSR efforts (Battacharya & Sen, 2004; Mohr, et al., 2001).

The process of implementing CSR in the business strategy is complex as is (Maon et al., 2009), and communicating about these efforts is very difficult (Morsing, 2005). Some studies suggest that CSR is very important to consumers (Sen & Bhattacharya, 2001; Beckmann, 2006), while other studies point out

that excessively informing stakeholders about social commitments leads to consumers with reservations about the company (Morsing et al., 2008; Mohr et al., 2001), which can negatively affect the credibility of and trust in the company.

To achieve the mentioned positive attitudes and purchase intentions from consumers, companies progressively use pro-societal marketing; however, this is often met with skepticism, making its usefulness uncertain (Pomering & Dolnicar, 2008). On the other hand, McWilliams & Siegel (2001) claim that if pro-societal marketing is properly executed, it can contribute to market differentiation, lead to customer loyalty (Bhattacharya & Sen, 2003) and positively contribute to brand equity (Hoeffler & Keller, 2002).

It is arguably crucial how companies choose to communicate CSR efforts. Morsing, Schultz & Nielsen (2008) suggest that a subtle, implicit approach to doing so will decrease the level of skepticism. Moreover, Morsing & Schultz (2006) found that consumers favor the information to come from channels such as annual reports and websites. This, however, is problematic as consumer awareness levels of CSR initiatives is quite low, suggesting the need for companies to otherwise educate consumers about their CSR programs (Pomering & Dolnicar, 2008).

As discussed, it is a fine line between informing consumers of CSR efforts and thereby generate positive consumer outcomes, and overly communicating philanthropic initiatives to the point of disbelief and skepticism. However, it is likewise important, as the value of CSR initiatives for a company is limited, if the relevant stakeholder groups are not aware of the initiatives (Schmeltz, 2011), meaning that the way consumers perceive a company's CSR initiatives and their awareness of such is more important than the CSR initiative itself (Öberseder et al., 2011; Pomering and Dolnicar, 2009) for the intent of generating branding benefits and favorable consumer outcomes. Thus, the current research refers to CSR initiatives as customer perceptions of a company's CSR efforts rather than the actual CSR initiatives implemented.

2.2 Brand Equity

The process of building brand equity is gaining increasing attention among practitioners and academics (Chalal & Bala, 2010) due to the related benefits, such as higher market share, customer loyalty (Keller, 2001), perceived quality, brand uniqueness and a favorable image (Ou, Wong, Prentice & Liu, 2020). Efforts toward understanding the process of building brand equity have been many, and definitions of what exactly constitutes brand equity are likewise numerous. To fully comprehend the concept, and to reach a clear definition for the purpose of the current research, the following will present some of the major contributions made to the understanding of the construct.

Classification

As Winters (1991) states "*if you ask ten people to define brand equity, you are likely to get ten (maybe 11) different answers as to what it means*" (p. 70).

Aaker (1991) defines a brand as "*a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors*" (p. 7). He further explains that the purpose of the brand is to indicate the origin of a product to a consumer, and as such, the brand protects both the company and the consumer from competitors that attempt to copy the product traits. Aaker (1991) suggests that the importance of branding only became central to the process of differentiating from competitors in the twentieth century, and that a distinctive aspect of modern marketing has been a focus on the creation of such differentiation.

In recent literature, the construct of brand equity has generally been researched from two distinct perspectives. One view is that of the financial perspective to brand equity (Farquhar et al., 1991; Haigh, 1999) and the other of the customer-based perspective (Aaker, 1991; Keller, 1993; Yoo & Donthu, 2001; Christodoulides & Chernatony, 2010; Pappu et al., 2005). The financial perspective of brand equity concerns the financial value added by a positive brand equity, which is often referred to as firm-based brand equity. However, financial measures alone like sales and profit provide incomplete indicators of companies' marketing performance, due to their nature of being historically based, and their short-term predictions (Mizik & Jacobsen, 2008). Additionally, Christodoulides & Chernatony (2010) claim that the added financial value caused by brand equity is in fact the outcome of consumer response to the brand, and consumers' perceptions and response is therefore the driving force of profitability. Hence, intangible assets, such as consumer response and attitude may provide a more holistic understanding of companies' performance (Ambler, 2003). Additionally, competitors can imitate tangible assets, and intangible assets therefore provide a more long-term competitive advantage (Hunt & Morgan, 1995).

Aaker (1991) defines brand equity as comprising of a set of dimensions or assets associated with a brand. He identified these assets as being brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets such as patents, trademarks, and channel relationships. According to Aaker (1991) brand awareness is an important component of brand equity, as it refers to the strength of a brand's presence in consumers' minds. Brand awareness can be experienced by consumers at different levels, ranging from simple recognition of a brand, to brand dominance in which a particular brand is the only one recalled by a consumer. Nonetheless, brand equity is the total of all the dimensions to the

construct which add or subtract to the value of a firm through the given brand. Brand equity is the effects of the dimensions which exist in consumers' minds that are shaped over time through exposure to the brand, experience with the brand, and word-of-mouth (Aaker, 1996). Thus, brand equity becomes the stored value that is built up in a brand name (Aaker, 1991). While Aaker considers loyalty to be a dimension of brand equity, it is also a consequence, as all variables within the construct are considered to significantly contribute to enhanced loyalty (Aaker, 1991).

Yoo, Donthu & Lee (2000) developed a framework based on Aaker's (1991) dimensions of brand equity. Yoo et al. (2000) suggest that brand equity is a construct made up of three dimensions: brand awareness (which refers to a mix of brand associations and recognition), brand quality and brand loyalty. Brand awareness is defined as the ability of the consumer to remember and recognize a brand from a product category (Yoo et al., 2000; Keller, 1993). Brand quality is defined as consumers' perception of a brand's overall excellence (Yoo et al., 2000) and brand loyalty is defined as how attached and committed a consumer is to the specific brand (Aaker, 1991; Yoo & Donthu, 2001). All three dimensions in this consumer-based brand equity (CBBE) conceptualization increase a brand's equity (Yoo, et al., 2000).

Unlike Aaker (1991) and Yoo et al. (2000), Keller (1998) argues that brand equity is separate from customer loyalty. Keller (1993) defines the construct as "*the differential effect of brand knowledge on consumer response to the marketing of the brand*" (p. 2). Keller (1993) theorized brand knowledge into two dimensions: brand awareness and brand image, where awareness consists of both brand recognition and brand recall. While brand recall refers to consumers' ability to retrieve the brand from memory, brand recognition may be considered the most important aspect of the two dimensions of brand awareness since purchasing decisions are usually made in the purchase setting. Brand image contains consumer perceptions about a brand which are formed based on consumers' brand associations, i.e., what consumers mentally store in relation to what they have seen, felt, and heard about the brand (Keller, 1998). Keller (2003) emphasizes the importance of brand associations and explains that they have a crucial role in determining the customer response that makes brand equity, meaning that the impact of a brand varies according to the individual consumer's situation and context.

Keller considered brand equity to be the overall strength of the brand demonstrated through positive differences in consumer behavior (Hoeffler & Keller, 2003). He argued that when consumers react favorably to a brand specific product and the way that it is marketed as compared to when it is not, it leads the brand to possess positive CBBE. Consequently, the opposite also applies; that is, negative CBBE, which occurs when consumers react less favorably to the marketing activities of a brand as compared to an unnamed version of an identical product (Keller, 1993).

Further research has been conducted based on Keller's (1993) conceptualization of CBBE.

Erdem et al (1999) conceptualized brand equity as the effect consumer experiences with a brand has on their decision-making process. Thus, positive brand equity establishes a predisposition to favor a specific brand in a purchase situation. To emphasize the importance of marketing activities, Erdem et al. (2006) suggested that brand names act as signals to consumers, with that signal being the total of past and present marketing activities of the brand. If the marketing activities are strategically misdirected and provides irregular information, consumers will experience uncertainty towards the brand. Contrarily, strategically well-positioned and credible marketing activities can generate value to consumers by reducing perceived risk, reducing information search costs, and by creating favorable quality perceptions (Erdem & Swait, 1998). Thus, the quality of marketing activities determines the positive or negative brand signals that affect consumer perceptions. (Hoeffler & Keller (2002) likewise states that social marketing can contribute to building brand equity and suggests six measures of how to do so: building brand awareness, enhancing brand image, establishing brand credibility, evoking brand feelings, creating a sense of brand community, and eliciting brand engagement.

In modern literature, a substantial amount of research has attempted to document that the value of brand equity is present in consumer behavior, market benefits and financial performance (Pappu et al., 2005; Keller & Lehnmann, 2006; Voss & Mohan, 2016). While different stakeholders can affect the brand value (Iglesias et al., 2013), consumers are considered the primary source of brand equity (Keller & Lehmann, 2006), as it is the consumer valuation of a brand that contributes to the brand's superiority over competitors in the same product category (Torres & Tribó, 2001).

Most theoretical contributions to the studies of CBBE generally agrees that branding effects are related to consumer knowledge about the brand, which in turn affects consumer behavior (Hoeffler & Keller, 2002). The current research adopts Keller's (1993, 1998, 2003) and Aaker's (1991) view of CBBE and defines the construct as "*the stored value of a brand name built in consumers' minds through experiences with the brand*". In this context, experiences are not limited to purchase situations, but also refer to word-of-mouth, marketing activities, and any other exposure to a brand name, consumers might incur. Additionally, brand loyalty is for the purpose of the current research considered an aspect of CBBE, while the remaining dimensions to the construct are together considered to further enhance brand loyalty consistent with the view of Aaker (1991).

2.3 Consumer Engagement

Recently, a significant focus in marketing has been on the concept of consumer engagement (CE) as this is suggested to produce favorable consumer outcomes such as brand trust, affection, and future purchase intention (Ou et al., 2020; Vivek, Beatty & Morgan, 2012). However, a universally agreed definition of the construct of CE has yet to be established. To fully understand the concept and to reach a clear definition for the purpose of the current research, the following will present some of the major contributions to the conceptualization of the construct.

Classification

Until the 1990's, marketing was primarily concerned with customer transactions. A company's relationship with the customer revolved around purchases and ensuring long-term customer loyalty in the sense of repeat purchase intentions (Pansari & Kumar, 2018). Due to the evolving needs and expectations from consumers, the focus has since shifted onto relationship marketing. However, building the relationship between company and consumer based on merely satisfying consumers is no longer considered enough to make them loyal and profitable. Instead, the relationships need to be developed at a deeper level to create differentiation and competitive advantage. Therefore, the goal of firms is to engage consumers in different ways, giving rise to the concept of "engagement" in modern marketing (Pansari & Kumar, 2017). Various contributions to the conceptualization of CE exists in modern marketing literature; however, there is a general disagreement as to the content and nature of the concept.

Focusing on service organizations and drawing on organizational behavior research, Patterson, Yu & de Ruyter (2006) conceptualize CE as being the degree of customers' physical, cognitive, and emotional presence in their relationship with a company. The authors suggest CE to comprise of four elements. First is absorption, which refers to the level of customer focus on a specific object such as a brand or organization. Second, dedication, which is an individual consumer's sense of belonging to a brand or organization. Third, vigor, which refers to a consumer's degree of resilience in the interaction with a brand or organization, and the fourth being interaction, which pertains to the communication between the customer and the brand. The first two reflect the cognitive dimension of CE, where the latter two reflect the behavioral dimension (Patterson et al., 2006). Thus, this view of CE involves a quite stationary conceptualization of the elements within the construct.

Bowden (2009) draws from the literature in relationship marketing, organizational behavior, and cognitive psychology and in contrast to Patterson et al., (2006) describes CE as a repeat psychological process

starting with customer satisfaction and leading to customer loyalty; a process which includes both emotional and cognitive elements. Although CE is related to loyalty, it is not inclusive of it, as loyalty is the result of the CE process. Bowden emphasizes the role of both affective commitment, calculative commitment, trust, and involvement in his theorization of CE, and suggests that it is the relationship between these components that determines whether and how consumers develop bonds with a service brand or organization. Bowden (2009) propose that CE develops from customers experiencing a psychological process starting with the formation of calculative commitment for new customers, developing increased levels of involvement and concurrently trust for repeat customers, and finally developing affective commitment toward the brand which may ultimately progress to brand loyalty. This conceptualization of CE is not specifically concerned with the individual dimensions to the construct; rather it is concerned with understanding how they all together drive loyalty within a broader psychological context (Bowden, 2009).

Contrary to both Patterson et al., (2006) and Bowden (2009), van Doorn et al. (2010) focus on customer engagement behavior (CEB) and define the concept with reference to specific engagement activities toward a brand. They define CBE as "*customers' behavioral manifestations that have a brand- or firm-focus, beyond purchase, resulting from motivational drivers*" (p.254). The authors conceptualize CEB to comprise of modality, scope, valence, nature of impact and customer goals. These five dimensions define how and when a customer will engage with a brand and what the outcomes of such engagement will be. In this conceptualization, the individual goal of the consumer is one of the most influential variables to CEB (van Doorn, et al., 2010). The authors claim that if customer goals are aligned with organizational goals, then CEB will have a positive effect on the organization. Consequently, if the opposite applies, that is, if the goals of the customer and the organization are misaligned, CEB can have a negative effect on the organization.

Hollebeek (2011) draws from the literature of relationship marketing, social science and management research and refer to customer brand engagement (CBE) as the strong devotion of a customer to uphold their relationship with a brand or organization. She defines customer brand engagement as "*the level of a customer's motivational, brand-related, and context dependent state of mind characterized by specific levels of cognitive, emotional, and behavioral activity in brand interactions*" (p. 6). Hollebeek's (2011) conceptualization of CBE involves the concept of social exchange theory. Social exchange theory is based on the notion that consumers exchange thoughts and feelings with an organization to gain certain benefits from the relationship. Thus, a customer will do a 'favor' (e.g., provide feedback) for an organization with the expectation of receiving a future return (e.g., a better product). It is this transactional relationship that define the interactivity of CBE (Hollebeek, 2011). Building on Hollebeek's definition, Brodie, Hollebeek,

Juric & Ilic (2011) adds to the view of CE by suggesting the concept to entail a psychological state in the customer which develops based on interactive, co-creative experiences with a brand. The authors suggest that CE is context dependent, where the specific context generates a specific level of CE. Brodie et al., (2011) explain that relational concepts such as involvement are considered antecedents of the CE process, where commitment, trust, emotional brand attachment and loyalty may be considered consequences.

Vivek, Beatty & Morgan (2010) builds their multidimensional conceptualization of CE on organizational behavior research and views CE from a relationship marketing perspective. They define CE as "*the intensity of an individual's participation and connection with the organization's offerings and activities initiated by either the customer or the organization*" (p. 127). Vivek et al. (2010) view CE from a predominantly behavioral perspective with a focus on actions and interactions between customer and brand, and highlight the importance of establishing sustainable, interactive customer relationships and value co-creation. Vivek et al. (2012) views participation and involvement of both current and potential customers as antecedents of CE, while value, trust, affective commitment, word-of-mouth, loyalty, and brand-community involvement are related consequences. According to Vivek et al. (2010), CE relates to both cognitive, emotional, behavioral, and social elements. Vivek, Beatty, Dalela & Morgan (2014) adds to this understanding with a three-dimensional view of CE which includes conscious attention, enthused participation, and social connection. They emphasize the fact that CE goes beyond purchase and often involves others in the social network created around the brand (Vivek et al., 2014).

Contrary to Vivek et al., (2014), Kumar et al. (2010) conceptualize CE as being inclusive of purchases, as they consider purchases to be direct contributions to firm value. This conceptualization indicates that organizational benefits such as increased firm value can be a result of CE, depending on the motivators behind engagement. They define CE as "*the mechanics of a customer's value addition to the firm, either through direct or/and indirect contribution.*" (Pansari & Kumar, 2018, p. 4). The authors conceptualize CE as a multidimensional construct which comprises of the different consumer activities of that may contribute to organizational performance. These contributions include customer purchases, customer referrals, influence as well as knowledge, with the latter refering to the feedback customers provide the firm. While purchases are considered direct contributions, the remaining three dimensions are considered indirect contributions. Customer referrals in this conceptualization are considered a way to engage with customers for both B2C and B2B companies. The authors claim that this type of engagement can aid in the attraction of customers who would not be attracted by traditional marketing channels, as customers may influence other customers and thereby contribute to the overall CE (Kumar & Pansari, 2016). Influence relates to the impact customers can have through e.g., social media, as they may affect the

activities of others within different social networking platforms. Lastly, customer knowledge is achieved when customers are actively providing feedback to the company to improve products or services (Kumar & Pansari, 2016).

Pansari & Kumar (2017) suggest that when customers are satisfied with their relationship with a brand and experience an emotional connection to the brand, they are engaged customers. Pansari & Kumar (2018) state that consumers who are satisfied with their relationship with the brand will contribute via direct contribution (purchase) while consumers that are experiencing an emotional attachment with the brand will additionally contribute via indirect contribution. Moreover, the relationships between satisfaction and direct contribution and emotional attachment and indirect contribution are affected by various factors such as whether it is a service or product, the type of company, the level of involvement, brand value, and convenience level (Pansari & Kumar, 2018).

The various contributions to the conceptualization of CE include different perspectives to the construct. Some are focused on the consumer, some on the company or brand, while other focus on the context-based antecedents to CE. Some focus on the psychological process customers goes through to reach a certain level of engagement, while others focus on the behaviors of consumers which reflect the engagement.

The current research appreciates the conceptualization of CE from Kumar et al. (2010) and Pansari & Kumar (2017; 2018) where satisfied and emotionally attached consumers are considered engaged and will express their engagement through direct and/or indirect contributions, namely purchases, referrals, influence, and knowledge/feedback. The current research therefore adopts the definition expressed by Kumar et al. (2018, p.4), where CE is "*the mechanics of a customer's value addition to the firm, either through direct or/and indirect contribution*".

2.4 Customer Loyalty

Customer loyalty is considered to be a competitive asset for businesses today, as firms that have a large loyal customer base generally experience higher financial performance than that of competitors (Kumar et al., 2010). While achieving customer loyalty is a marketing goal for many companies, developing loyalty is a complex challenge. Accordingly, the concept of customer loyalty has received much attention in marketing literature (Karunaratna & Kumara, 2018). Various theoretical contributions toward the development of customer loyalty exists; however, few agree on the dimensions within the construct. To reach a comprehensive understanding of the concept of customer loyalty, the following will present some of the major contributions to the discussion of the construct.

Classification

Customer loyalty has been discussed using different terms. Brand loyalty, vendor loyalty, service loyalty, and store loyalty are a few of the terms used. Since the brand plays a key role in product differentiation from a consumer perspective, a significant focus has been on customer loyalty in relation to branding, thus making brand loyalty a prevalent concept in marketing (Aaker, 1991; Keller, 2013).

Customer loyalty can generally be operationalized into two distinct dimensions: attitudinal and behavioral loyalty (Chaudhuri & Hoolbrook, 2001). Several scholars argue that repeat purchase behavior is a sufficient measure of customer loyalty, while others argue that one must include both dimensions to fully understand the concept.

Repeat purchase behavior reflects the narrower research approach to understanding customer loyalty. This approach has typically been studied through purchasing patterns, defining loyalty according to the number of purchases of a particular brand over a specified time period (Too, Souchon & Thirkell, 2001). Jacoby & Kyner (1973) suggest that customer loyalty is the behavioral outcome of a customer's preference of a specific brand, which results from an evaluative decision-making process. Similarly, Yim (1999) theorized customer loyalty as a range between hard-core loyalty where the customer exclusively purchases a specific brand, to reinforcing loyalty where a customer will switch among repeat purchase of one or two brands. Neal (1999) likewise defines loyalty according to purchase patterns and suggests that customer loyalty is "*the proportion of times a purchaser chooses the same product or service in a category compared with his or her total number of purchases in the category, assuming that acceptable competitive products or services are conveniently available*" (p. 21). Similarly, Yi & Jeon (2003) define customer loyalty as the repeat purchase of a specific brand, while Assael (1992) and Keller (1993) state that loyalty is manifested in repeat buying behavior as a result of favorable attitudes towards the brand.

While the behavioral conceptualizations are widespread, an increasing number of scholars claim that the narrow definitions of loyalty do not adequately capture the depth of the loyalty construct. Fournier (1998, p. 343) state that "*although 'loyalty' itself is a fertile relationship concept, its nuances have been lost in traditional brand loyalty research. Operationalizations relying on sequence or proportion of purchase perhaps better reflect a notion of inertia than loyalty with its full relational significance*".

The movement from purchase loyalty toward more holistic definitions of the loyalty construct seems generally supported in recent literature. Keller (1998) recognizes that brand loyalty has previously often been measured behaviorally via repeat purchase behaviors and acknowledges that customer loyalty is more complex than reflected in simple purchase behavior measures. Amine (1998) supported this view

expressing that while repeat purchase behavior over a given period of time is suggestive of customer loyalty, it is considered insufficient without a positive attitude towards the brand, as it is the positive attitude that warrants customers' favorable purchase behavior to continue.

Aaker (1991) considers brand loyalty to reflect the level of attachment a consumer has with a brand, even if the brand makes changes in product or price. He proposes that attitudinal loyalty refers to cognitive elements of the consumer to repurchase the same brand, and therefore supports the notion that customer loyalty must be inclusive of both attitude and behavior. Consequently, he theorized a brand loyalty pyramid which includes five levels of loyalty ranging from not at all loyal to very loyal reflecting different types of loyalty with a different set of customer behaviors (Aaker, 1999).

Relatedly, Oliver (1999) believes that research which mainly focus on the behavioral outcomes of loyalty is insufficient. He suggests that customer loyalty is comprised of perceived product superiority, personal fortitude, social bonding as well as their synergistic effects and defines the construct as "*a deeply held commitment to rebuy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour*" (p. 34). Oliver's (1999) arguments supports the assertation that measures of loyalty which only focus on repurchase behavior generally fail to adequately capture the complexity of the loyalty construct. Similarly, Dick & Basu (1994) views customer loyalty as the strength of the relationship between a customer's attitude towards a brand and repeat purchase behavior. The authors specifically mention cognitive, affective, and conative precursors to attitude as major contributors to loyalty.

Building on the conceptualization provided by Oliver (1999), McMulland & Gilmore (2003) attempted to explore the interrelationship between attitudinal and behavioral loyalty. They distinguish between proactive loyalty which refers to customers who will frequently purchase a brand and will not substitute the brand for another regardless of circumstance, and situational loyalty, which refers to customers that purchase a specific brand, but only for special occasions. The authors therefore argue that loyalty is not only related to how often a specific product is purchased, as the need to purchase that specific product varies between consumers. McMullan & Gilmore (2003) propose that customers go through four phases to develop loyalty: cognitive, affective, conative, and action. Firstly, a customer may have a set of beliefs regarding the product, such as superior quality over similar brands which is the cognitive phase. The affective phase is characterized by consumers developing a favorable or unfavorable attitude toward the brand. Thirdly, the conative phase relates to customer's intentions to repurchase, which lastly develops into actions that refer to the actual behavior of the consumer. The framework of McMulland & Gilmore

(2003) suggests that the development of loyalty requires consumers to go through each of the proposed phases.

Baldinger & Rubinson (1996) advocate that the loyalty conceptualizations that include both attitudinal and behavioral dimensions will be superior in their predictive ability over definitions that solely include the behavioral dimension.

The current research adopts the view of customer loyalty in which both attitudinal loyalty and behavioral loyalty are dimensions of the loyalty construct, and defines customer loyalty as "*The attitudinal and behavioral favorability of a customer toward a focus brand or product*".

2.5 Fast-Moving Consumer Goods

Consumer goods are goods that are intended for everyday private purposes. They can further be divided into fast-moving consumer goods (FMCG) and slow-moving consumer goods (SMCG). SMCGs include products with a lifespan of more than a year, such as furniture and household appliances. On the contrary, FMCGs are products with a lifespan shorter than a year (Statista, n.d.a.) and include a multitude of product categories. Examples of such are food and beverages, personal care, cosmetics, oral care, dietary supplements, pet food, tobacco, and home care (Sabel, 2019). Products categorized as FMCG are bought frequently and tend to be sold in high volumes at relatively low costs (Statista, 2020).

While FMCGs generally have a low profit margin, they still account for more than half of all consumer spending (Chohan, n.d.). The industry was in 2017 valued at a little over $10.000 billion and is expected to reach more than $15.000 billion by 2025 (Sabel, 2019).

The FMCG industry is highly competitive. Some of the leading companies in the industry include Nestlé, Procter & Gamble (P&G), Unilever, Johnson & Johnson, Colgate-Palmolive, PepsiCo, Coca-Cola, and L´Oréal (Consultancy.uk). These companies invest substantial resources in developing new products to meet consumer demand (Statista, n.d.a.). However, as the product offerings between brands are quite similar, the success of these products depends on numerous factors including consumer trends, packaging, distribution channels, brand equity, and marketing strategies (Chohan, n.d.) Accordingly, it is crucial for these companies to develop customer loyalty towards their brands.

The growing consciousness among consumers toward the environmental impact of production and consumption, poses a challenge toward FMCG companies. In a 2018 sector survey published by Greenpeace International, it is found that FMCG companies are the predominant force behind the

throwaway economic model that drives plastic pollution (Greenpeace International, 2018). None of the companies participating in the survey indicated that they intended to decrease the production and marketing of single-use plastics. Additionally, a 2019 report concerning consumer spending tendencies in Europe showed that within the five categories consumers have spent more on in the past five years, 39% stated that they spend more on groceries, while 27% stated that they spend more on household goods (Nielsen, 2019). Moreover, of European consumers participating in the study, 31%, 27% and 24% stated that they are willing to pay a price premium for meat/seafood, coffee/tea, and dairy respectively (Nielsen, 2019), showing additional support for the importance of securing loyalty of these customers. Although buying behavior towards FMCGs can be categorized as low involvement, as there is generally little emotional attachment toward products such as cleaning supplies, consumers increasingly expect companies to be involved in sustainability practices (Pomering & Dolnicar, 2008). It is therefore crucial for companies within the industry to take measures to successfully meet these expectations. This combined with a rather homogenous product offering from FMCG companies, consequently posing a need to develop customer loyalty toward one's brand, indicates CSR as an underutilized strategic asset for product differentiation within the FMCG industry.

3. Research Gap

Although studies examining the relationship between CSR and its outcomes have recently expanded in literature, several scholars suggest that the current knowledge of the impact of CSR on branding and customer attitude and behavior is still insufficient (Liu, et al., 2014; Sen & Bhattacharya, 2001; Singh et al., 2008).

While consumer engagement has gained increasing interest among academics and practitioners, it has generally been overlooked in the CSR literature. Most research on customer engagement focus on identifying the elements that make up engagement (Brodie et al., 2011), as well as the theoretic antecedents and consequences of the construct. Thus, the influence of CSR on CE is theorized but lack practical exploration, and the actual behavioral outcomes of CE are largely unexplored.

Many contributions toward the conceptualization of CSR exist (e.g., Carroll, 1979; Bowen 1953; Freeman, 1984) and the strategic relevance of CSR for companies have been widely discussed (Hoeffler & Keller, 2002; Porter & Kramer, 2006; Schmeltz, 2012). Additionally, attention toward the relationship between CSR and brand equity (Hoeffler & Keller, 2002) and CSR and consumer reactions (Mohr et al., 2001; Sen & Bhattacharya, 2001) have been given. Moreover, CSR and loyalty outcomes (Liu et al., 2014; Bae et al., 2018; Liu & Fenglan, 2010) and brand equity and loyalty outcomes (Chalal & Bala, 2014; Taylor et al., 2004) have been studied. However, most of the research on the constructs mentioned are theoretical in nature, and those that are not, generally research isolated relationships such as the effect of CSR on brand equity or the effects of customer engagement on loyalty. Little research explores the relationships between the described constructs holistically, and knowledge regarding the effects of CSR on loyalty through constructs such as brand equity and customer engagement is therefore very scarce.

Despite the size and impact on society of companies within the FMCG industry, little research has been conducted regarding the strategic relevance of CSR for the companies operating within this industry. *Some* attention has been given to the impact of CSR initiatives on FMCG companies from a consumer perspective (Vethirajan & Ramu, 2019), consumer awareness of CSR initiatives (Manimalar & Sudha, 2015), the impact of CSR on corporate image (Soni, 2017) and CSR as a way of achieving ecological, social, and economic goals for companies within the industry (Kopcewicz, Mizera & Pyplacz, 2019). However, research on the actual consumer outcomes of strategic CSR initiatives in the FMCG industry is greatly insufficient. Additionally, very little research is focused on the European region in the FMCG industry, consequently presenting a knowledge gap in how to positively influence consumers to gain competitive advantage for FMCG companies in this region. Thus, further research is needed to understand

how and if companies in the industry can benefit from utilizing CSR initiatives to gain competitive advantage and affect customer behavior favorably.

With the aim of addressing some of these research gaps, this study examines how perceived CSR influences consumer-based brand equity, and how that in turn affects customer engagement leading to the outcome of customer loyalty for European consumers of FMCG products. This research hopes to contribute to the understanding of how CSR can lead to actual positive consumer outcomes, and how the constructs of brand equity and customer engagement fits in this context.

4. Hypothesis Development

Companies worldwide face an unprecedented degree of domestic and international competition. Strategic initiatives with the aim of gaining and maintaining competitive advantage are crucial for achieving market share. Simultaneously, the immense focus on environmental concerns and human rights from governments, consumers and non-governmental organizations have established new standards for sustainable and ethical business practices, to which said companies are being held accountable to an unparalleled degree (Porter & Kramer, 2006). As previously discussed, implementing CSR initiatives into a company's business strategy, may deliver a variety of benefits. Much research recognizes that CSR activities aid in improving the image and reputation of brands, and as a result such brands can leverage its CSR activities to create positive relationships with stakeholders (Porter & Kramer, 2006; Bae et al., 2018). For companies that are successful in meeting stakeholder expectations, CSR initiatives may provide positive influence on company reputation (Pedersen, 2015), be a source of opportunity, innovation, and competitive advantage (Porter & Kramer, 2006) and positively influence a brand's equity (Hoeffler & Keller, 2002) thereby contributing to long term organizational success (Kolodinsky et al., 2010).

The FMCG industry is highly competitive with multiple million-dollar brands leading the industry. The competitive environment makes it crucial to differentiate from competitors and to meet stakeholder expectations. The industry is characterized by high turnover rates and is thus generally considered environmentally unsustainable. Nonetheless, consumers increasingly hold companies accountable for sustainability practices (Podnar, 2008), consequently posing a challenge for companies within this industry. CSR initiatives may be favorable for FMCG companies in the differentiation from competitors that is needed to sustain long-term competitive advantage (Porter & Kramer, 2006) as it is considered to positively affect brand equity which generally refers to the value of a brand that is built up in a brand name (Aaker, 1991; Keller, 1998). Thus, the current research suggests that implementing and marketing CSR initiatives can be beneficial for FMCG companies as it can positively influence the brand equity of the company, leading to the following hypothesis:

H1: Consumer perceived CSR has a direct positive effect on Consumer-Based Brand Equity in the FMCG industry.

As a positive brand equity includes consumers' ability to recognize a brand from competitors and is considered to entail a favorable brand image (Aaker, 1991; Keller, 2003), CBBE may be considered a crucial competitive asset for companies operating in the FMCG industry, as uniqueness from the several other major brands leading the industry is necessary. A brand can additionally be considered an

organizational factor that influences consumer engagement behaviors, as brands with a high level of brand equity are likely to experience higher levels of positive consumer engagement (van Doorn et al., 2010). Consumer engagement may be an important asset for FMCG companies as it is suggested to lead to consumers spending more, shopping more frequently, and increasingly recommending the brand (Alvarez-Milan et al., 2018). Additionally, brand equity often signals value, quality and uniqueness, and consumers may therefore develop favorable attitudes and behaviors toward the brand (Ou et al., 2020). Importantly, the relationship between direct contributions made by engaged consumers in the sense of purchase, and the indirect contributions made by engaged consumers in the sense of referrals, influence and feedback is affected by several factors, such as type of product, type of industry, involvement level, brand value and convenience level (Kumar & Pansari, 2016). A brand is more important in a high-involvement purchase situation compared to low-involvement purchase situations, as brand equity comprise of brand associations in consumers' minds, which enhance their decision-making process (Keller, 2003). The FMCG industry is generally categorized by low-involvement, as little emotion is attached to the product types in the industry. However, as brand value is also considered to affect CE, the following hypothesis is suggested:

H2: Consumer-Based Brand Equity has a direct positive effect on Consumer Engagement in the FMCG industry

Additionally, the importance of CSR to stakeholders have been verified by many studies (Turker, 2009). CSR can have the potential to create stronger relationships between companies and customers. Communication of CSR initiatives not only increases awareness of CSR, thereby contributing to a higher brand image and equity, it is also a way of creating a bond between the company and consumers (Maignan & Ferrell, 2004). Consumers may be influenced by CSR activities of a company, as they are suggested to appreciate the socially responsible behavior of a company (Romani, Grappi & Bagozzi, 2013) and tend to associate themselves with a company that is involved in CSR because the social value of consumers and the social value of the company overlap. Therefore, a socially responsible company becomes more appealing to consumers, in turn producing credibility and positive feelings from consumers toward the company (Sen & Bhattacharya, 2001). Based on the perceived reliability, consumers are more likely to interact with the firm and to develop a relationship with it, which produces more engaged consumers (Leckie, Nyadzayo & Johnson, 2016; van Doorn et al., 2010). Thus, CSR is considered to induce engagement by creating feelings of affection and trustworthiness towards the brand. Based on the current discussion and the expectation of the two previously presented hypotheses being confirmed, the third hypothesis is as follows:

H3: Perceived CSR has an indirect positive effect on Consumer Engagement in the FMCG industry

The importance of consumer engagement to companies within the FMCG industry may be even more evident in the consequences that follows from engaged consumers. As mentioned, FMCG companies operate in a highly competitive environment with brands offering similar products. Therefore, it is important to create loyal customers, as companies that have a large loyal customer base are positioned better than their competitors that do not (Kumar et al., 2010).

Consumer engagement has been discussed as a psychological process which leads to customer loyalty (Brodie et al., 2011). It is considered a state of mind which affects consumers to assume behaviors supporting a company or brand. When customers are engaged with a brand, they are less likely to switch brands as they generally concentrate more of their attention on the focal brand than on the brand's competitors (Hapsari, Clemes & Dean, 2017), making customer loyalty an important outcome of consumer engagement (Bowden, 2009) along with commitment, trust, emotional brand attachment and word-of-mouth (Brodie et al., 2011; Vivek et al., 2012). Given that FMCG companies can create engaged customers based on their consumer-based brand equity and despite of the low-involvement nature of the industry, the following hypothesis is proposed:

H4: Consumer Engagement has a direct positive effect on Customer Loyalty in the FMCG industry

A strong brand that signals quality, value and uniqueness may create impulses for consumers that translates into actual behaviors and loyalty outcomes such as spending more, purchasing more often, and spreading positive word-of-mouth (Ou et al., 2020). Aaker (1991) conceptualized brand equity as the effect consumer experiences with a brand has on their decision-making process. Thus, positive brand equity establishes a predisposition to favor a specific brand in a purchase situation. Moreover, Taylor, Geluch & Goodwin (2004) found that brand equity appears to be one of the most influencing factors in the development of both attitudinal and behavioral loyalty. Many scholars consider customer loyalty a consequence of a strong brand equity (Keller, 2001; Lassar et al., 1995; Aaker, 1991; Chalal & Bala, 2014). If in fact consumer-based brand equity positively influences consumer engagement in the FMCG industry, and engagement does lead to a higher customer loyalty, the fifth hypothesis is as follows:

H5: Consumer-Based Brand Equity has an indirect positive effect on Customer Loyalty in the FMCG industry

Moreover, several studies demonstrate the positive impact CSR has on consumer attitudes and behaviors (Liu et al., 2014; Sen & Bhattacharya, 2001; Creyer & Ross, 1997; Kolondinsky et al., 2010). Creyer & Ross (1997) found that ethical behaviors by companies were typically favored by customers and that CSR was an important factor in their purchase decision. The study of Kolondinsky et al. (2010) indicate that when customers have positive attitudes towards a particular brand, their perceptions of and behaviors toward that brand are positively affected. Additionally, Porter & Kramer (2006) state that firms which engage in CSR efforts have the potential to utilize those efforts to create a brand that customers prefer over other brands, since customers tend to associate themselves with companies that are socially responsible. When customers associate with a brand, their repurchase intention and willingness to spread positive word-of-mouth is enhanced (Sen & Bhattacharya, 2001). Thus, customer attitudes and behavioral intentions are influenced by their perceptions of the CSR efforts of a company. Although the social initiatives might merely be propaganda, they still have a significant effect on customers, as it is the customer perception of the initiatives that matters, and not the initiatives themselves (Öberseder et al., 2011). Sen et al. (2006) found that customers who are aware of a company's CSR initiatives generally react positively to the focal brand by purchasing their products more often than consumers who are unaware of the initiatives. As FMCG companies' success are dependent on creating loyal consumers who will not easily switch to products from a competing brand, CSR may prove to be a useful strategic asset in doing so. Given that perceived CSR positively affects consumer-based brand equity which may be positively related to customer engagement, that is considered an antecedent to customer loyalty, it follows that perceived CSR leads to a higher level of customer loyalty through the constructs of brand equity and customer engagement, consequently leading to the sixth and final hypothesis:

H6: Perceived CSR has an indirect positive effect on Customer Loyalty in the FMCG industry

4.1 Conceptual Framework

Based on the proposed hypotheses a conceptual framework is presented. The framework illustrates the constructs discussed and provide an overview of the interrelations between them. The framework contains both the direct and indirect effects of perceived CSR on consumer-based brand equity, consumer engagement, and customer loyalty, as well as the relationships between the latter three constructs. Analyzing the results of the primary quantitative data collection, will either confirm or reject the proposed conceptual framework.
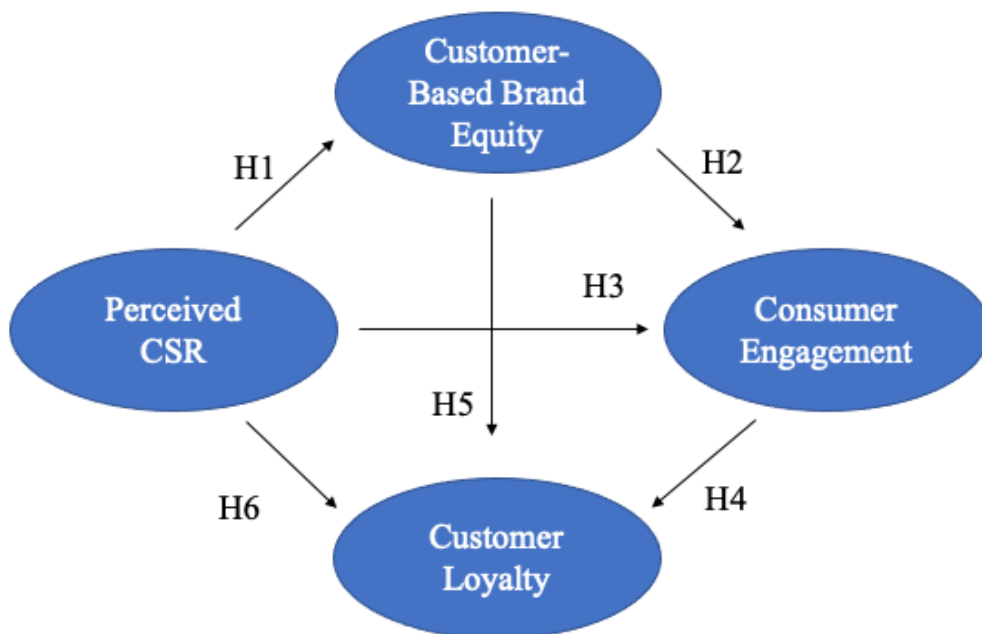
Figure 1. Conceptual Framework

5. Methodology

5.1 Philosophy of science

It is important to understand which research philosophy is employed in the current research, as the philosophical standpoint determines the choice of method, strategy and data collection used for the purpose of answering the research question (Saunders et al., 2019). Philosophy of science is occupied with how knowledge is developed and subsequently interpreted, ensuring consistency in the knowledge creation process throughout the research. Philosophy of science is generally considered to comprise of two main aspects: ontology and epistemology (Juul & Pedersen, 2012).

Ontology refers to the assumptions a researcher makes about the nature of reality, thus, determining how the researcher views the research object (Saunders et al., 2019). Two extremes on the ontology scale are the subjectivist and the objectivist view. The subjectivist view of ontology entails a belief that reality is purely based on perceptions by social actors, while the objectivist believes that reality is based on objective structures and logic and exists independent of the social actors in it (Saunders et al., 2019).

Epistemology is concerned with the matters of what constitutes knowledge, what type of knowledge is legitimate or true and how it is communicated to others (Saunders et al., 2019). The positivist views knowledge to be formed based on objective scientific methods, which means that it is generated through measurable facts, and can be considered generalizable as it is objectively true. Positivists use theory to develop objective and consistent measurements of the research objective (Malhotra et al., 2017). On the contrary, interpretivism finds theories too naïve in the sense that perceptions and interpretations forms knowledge, consequently meaning that true or legitimate knowledge is subjective in nature (Saunders et al., 2019).

The positivist philosophical stance typically adopts a deductive approach to research that is highly structured, predominantly quantitative with large samples for the purpose of knowledge creation. The interpretivist typically adopts an inductive approach to research and uses qualitative research with smaller samples in the search for the subjective truth (Saunders et al., 2019; Holden & Lynch, 2014).

The current research views knowledge creation and interpretation through the standpoint of the objectivist positivistic philosophy. This research seeks to accept or reject several hypotheses based on existing literature, and thereby contribute to the current understanding of the relationships between the constructs within the conceptual framework, namely perceived CSR, CBBE, CE & Customer loyalty. To answer the

presented hypotheses, measurable and concrete results are needed, which will be gained through scale items adapted from existing literature, quantitative data collection and statistical methods of analysis.

5.2 Research Approach

In congruence with the research philosophy, the research approach must also be established. The degree to which research is occupied with testing existing theory or building new theory, relates to the design of the research. The typical approaches to research are deductive and inductive (Saunders et al., 2019).

The inductive approach identifies the research object based on very limited theory, as this is seen to be restrictive of the research process and limiting in terms of creativity (Malhotra et al., 2017). Typically, induction entails observing a research area and attempting to draw conclusions based on subjectivity and context. Broad themes are identified, and qualitative data is collected to elaborate and establish patterns within those themes. Researchers using the inductive approach develop theory from phenomena or events, meaning that induction may result in conclusions being reached without complete evidence (Malhotra et al., 2017). Induction is often used when there is limited knowledge regarding the focus of research (Saunders et al., 2019).

In contrast, the deductive approach to research entails a conclusion to be derived based on theory. The deductive approach begins with theory and subsequently proposes hypotheses that are to be tested (Malhotra et al., 2017). It attempts to explain relationships between a set of variables using highly structured methods. This is done to ensure replication which is crucial for establishing reliability. The approach requires variables to be operationalized in such a way that facts can be measured (Saunders et al., 2019). The deductive approach is structured in nature and stresses quantification, generalizability and testable hypotheses and is most likely to be used by researchers adopting a positivist research philosophy (Saunders et al., 2019).

The current research adopts a deductive approach which is consistent with the positivist research philosophy. This research is based on established theory, from which a set of hypotheses is developed. Suitable measurement items are adapted from theory to test the relationship between the constructs within the conceptual framework and consequently reject or accept the proposed hypotheses.

6. Method

6.1 Research Design

The research design establishes the foundation for conducting research. It is a framework which entails the necessary practical procedures for gaining the knowledge needed to answer the research question. Having a good research design ensures that the current research is efficient and effective. In a broad sense, research design can be classified as either exploratory or conclusive (Malhotra et al., 2017).

Exploratory research is primarily occupied with providing insights into marketing phenomena in an unstructured and flexible manner. It is useful to achieve an understanding into a broad and unclear problem as it is flexible and subject to change as new information is collected during the research process. The flexible nature of exploratory research does not equal lack of direction of the research; rather, it presents a broad research area which progressively narrows during the research process as the researcher increasingly gains knowledge about the focus area (Saunders et al., 2019). Exploratory research is generally used when the research topic is not quantitively measurable and/or existing knowledge on the area is sparse. Therefore, the exploratory research design predominantly uses qualitative methods will small samples to achieve in-depth understanding of the problem at hand. Additionally, exploratory research can be used to further define a problem and to gain additional insights before progressing into confirmation of the study through a conclusive research design (Malhotra et al., 2017).

Conclusive research is highly structured as the aim is to describe specific topics, examine clearly defined relationships between variables and to test certain hypotheses. For conclusive research to be possible, the information needed for the research must be specified clearly. As opposed to exploratory research, conclusive research predominantly uses quantitative methods with large samples to arrive at an answer to the research question (Malhotra et al., 2017). Conclusive research can further be divided into descriptive or causal research. The object of descriptive research is as the name presents, to describe a marketing phenomenon, it being people, market characteristics or certain events. This is done based on clearly defined research questions or hypotheses with the purpose of determining the association between a set of variables (Saunders et al., 2019). While descriptive research can present the relationship between variables, it cannot explain causal relationships. This is done via causal research, which aims to explain the cause - effect relationships between a set of variables within the research topic (Malhotra et al., 2017).

The current research employs exploratory research in the sense of gathering relevant secondary data to increase the understanding of the variables within the research topic to clearly formulate the presented hypotheses. However, the predominant research design of the current research is conclusive-descriptive, as the object is to quantitatively measure and establish the relationships between the variables illustrated in the conceptual framework through a structured process with a larger sample size.

6.2 Data Collection

Consistent with the research philosophy and design, a quantitative data collection approach was chosen for the current research to identify possible relationships between the constructs within the conceptual framework and thereby test the previously presented hypotheses. While qualitative data collection includes methods such as in-depth interviews, a commonly used quantitative data collection form is the survey (Malhotra et al., 2017; Saunders et al., 2019).

Quantitative data collection includes various methods such as telephone surveys, online questionnaires, and face-to-face surveys (Malhotra et al., 2017). An online questionnaire was found appropriate for the purposes of the current research. This data collection method was considered beneficial as it allows for the collection of a relatively large amount of data in a quick and inexpensive way. Additionally, data obtained through a questionnaire is standardized and therefore support comparison of the variables within the questionnaire, making it possible to identify relationships between the variables (Saunders et al., 2019), which is the main purpose of the current research. This method is a structured way of collecting data as it presents the research participants with several fixed responses to choose from in an order predetermined by the researcher. The survey method therefore allows for consistent data which can be interpreted in a relatively simple way (Malhotra et al., 2017). Moreover, compared to many qualitative data collection methods, the questionnaire removes interviewer bias to a great extent as the survey participant is not subject to leading questions from the interviewer, which reduces inconsistency in the data collection process (Saunders et al., 2019; Malhotra et al., 2017).

Alongside the benefits of an online questionnaire, are several limitations. Disadvantages to this method may be the possibility of technical problems or choosing a misrepresentative survey sample (Malhotra et al., 2017). To mitigate the possible risks of technical restraint, the questionnaire was designed via the survey software Qualtrics which allowed for the survey to be compatible with mobile devices, providing participants with the ability to choose when and where they wished to answer the survey. Additionally, the current research focuses on the FMCG industry in Europe, meaning that the survey targets nearly every adult who lives in a European country, and the sample criteria are therefore very few. To ensure a relevant sample, the first question in the questionnaire acts as a screening question, making it simple to

filter out participants who do not meet the participant criteria. This will be further discussed in section 6.4.

6.3 Primary and Secondary Data

For the current research purpose, both primary and secondary data was collected. Secondary data refers to data that have already been acquired for other reasons than the current research problem. It can further be classified as internal or external secondary data. Internal data refers to information generated by the relevant organization, while external data refers to data generated external to the organization (Malhotra et al., 2017).

Internal secondary data were used for the current research only for the purpose of gaining knowledge in terms of FMCG companies' reported CSR efforts, which was used to present survey participants with examples of such. This will be elaborated in section 6.4. To a greater extent, the current research relied on external secondary data. Platforms used for external secondary data collection included Google Scholar and the online library of Copenhagen Business School. The choice of journals and articles to be used were based on number or citations and credibility of journals and authors. The use of secondary data is considered a prerequisite to collecting primary data (Malhotra et al., 2017) and the current research uses it as such. The secondary data was considered to provide a greater understanding of the variables within the conceptual framework as well as general background information on the research topic. Additionally, the secondary data enabled the presented hypotheses to be formulated and thus, was essential for the later primary data collection and hypothesis testing.

As secondary data have been collected for purposes other than the current research, it also holds some limitations. This includes the question of relevancy and accuracy and whether the information is current or outdated (Malhotra et al., 2017). The limitations were acknowledged, and the collection of secondary data was therefore done with attention towards relevance for the current research problem as well as consideration of literature being outdated or continuously cited in recent studies.

Primary data refers to data which have been collected by the researcher to directly answer the research problem (Malhotra et al., 2017). The current research collected quantitative primary data in the form of an online questionnaire with the purpose of gathering relevant information to either accept or reject the proposed hypotheses. The following section will present the questionnaire design as well as the reliability and validity of the scales used.

6.4 Questionnaire Design

The survey platform Qualtrics was used to design the survey as it was considered suited for the current purpose in terms of number of questions available and the option to code possible answers before distribution. The decision was made to create the survey both in English and Danish due to the expectation of many Danish survey participants. The full questionnaire in English and Danish can be seen in Appendix 1 and 2 respectively.

To increase trust and maximize response rate, the survey begins by introducing the participant to the purpose of the survey, the time it approximately takes to complete, as well as stating that answers will be anonymous and treated in confidence (Malhotra et al., 2017).

The first question of the questionnaire was the dichotomous question "Are you currently living in a European country?". This was a screening question, as the aim is to research the FMCG industry in Europe. Since the survey would be distributed on both private and public Facebook groups, and full control of which participants would answer the survey was improbable, this was considered a fairly simple way to quickly filter out participants who did not meet the specific criterion.

The next five questions related to the respondent's demographic profile. The participants were asked about their current country of residence, age, gender, occupation, and average monthly net income. The question relating to country of residence was the only open-ended question in the survey, where participants themselves could write the relevant country. The remaining demographic questions were either dichotomous or multiple-choice questions.

The information to be gained from these questions was considered relevant to identify possible correlations between participant's demographic profiles and their opinions toward the importance of companies' CSR efforts as well as their awareness of such.

The following section of the questionnaire was directed toward participants' knowledge and opinion about CSR. First, they were asked how well they knew the concept of Corporate Social Responsibility, followed by the question of how important it is to the participant that companies operate on a socially responsible level. Both questions were multiple-choice with five possible answers. This information was considered relevant for the purpose of identifying possible correlations between consumers' demographic profiles and their knowledge and opinion about CSR in general. Whether participants considered socially responsible conduct of companies to be important was considered specifically relevant in terms of aiding in answering the research question.

Participants were presented with a short explanation of the term Corporate Social Responsibility according to the current research's adapted definition of the construct. This explanation included a distinction between internal and external stakeholders, and participants were subsequently asked the multiple-choice question of which stakeholder group (if any) they considered to be most important for companies to focus on in their CSR efforts. Answers to this question were considered particularly relevant as they can indicate how FMCG companies can focus their CSR initiatives and communication to better meet the expectations of consumers.

The next section of the questionnaire concerns the FMCG industry. First, participants were presented with a short explanation of what Fast-moving Consumer Goods are, along with examples of industry leaders and their brands. This was considered necessary to remove doubt in terms of exactly was is meant by Fast-moving consumer goods. They were then asked to focus their attention on one brand and to remember the brand, as the remaining questions would be answered based on it. Subsequently, a set of social initiatives that leading FMCG companies are involved in based on the companies' sustainability reports and websites (Unilever, 2020; Procter & Gamble, 2020; The Coca-Cola Company, n.d.; Nestlé Global n.d.; Colgate-Palmolive, n.d.; L'Oréal Group, 2020) were stated. This information was considered necessary for participants to be able to continue the survey process on an informed basis, and to make the next question possible. The following dichotomous question was "*Prior to be given this information, were you aware of the majority of these efforts from FMCG companies?*" where participants could choose either "*Yes*", "*No*" or "*Uncertain*". The purpose of this question was to evaluate the level of CSR awareness among consumers.

The final block of the questionnaire is divided into four sections. Each section relates to a construct of the conceptual framework; Perceived CSR, CBBE, CE and Customer Loyalty. All four sections ask participants to *"… please choose to what extent you agree or disagree with the following statements*" on a 5-point Likert scale ranging from "*Strongly Agree*" to "*Strongly Disagree*". Several statements are then provided related to the four constructs respectively based on scale items adapted from existing literature. The scale items will be presented in full in section 6.4.1.
This block of the questionnaire is directly aimed at testing the previously presented hypotheses, with the goal of revealing direct and/or indirect relationships between the constructs within the conceptual framework.

Finally, participants are thanked for their time spent taking the survey and told that their responses have been recorded.

6.4.1 Measurements

As discussed, scale items from existing literature were employed for the purpose of correctly measuring the four constructs Perceived CSR, CBBE, CE and Customer Loyalty. Table 1 illustrates the constructs, their respective scale items, the source of the items and type of scale used for the measurement.

Measurements			
Construct	**Item**	**Source**	**Scale**
Perceived CSR	This company is likely to contribute to campaigns and projects that promote the well-being of society	Turker, D. (2009). Measuring corporate social responsibility: a scale development study. *Journal of Business Ethics, 85*(4), 411-427.	5-point Likert Scale
	This company is likely to make investments to create a better life for future generations		
	This company implements special programs to minimize its negative impact on the natural environment		
	This company respects consumer rights beyond legal requirements		
	This company provides full and accurate information about its products to customers		
	This company provides a safe and healthy working environment for employees		
Consumer-Based Brand Equity	I am aware of this brand	Guzmán, F. & Davis, D. (2017). The impact of corporate social responsibility on brand equity: consumer responses to two types of fit. *Journal of Product and Brand*	5-point Likert Scale
	I know what this brand looks like		
	I can quickly recall the symbol or logo of this brand		
	I can recognize this brand among other competing brands		
	This brand is of high quality		

	The likely quality of this brand is very high	*Management, 26*(5), 436-446.	
	The likelihood that this brand is reliable is very high		
	I consider myself loyal to this brand		
	Even if another brand has the same features, I will prefer to buy this brand		
	I will not buy other brands if this brand is available at the store		
Consumer Engagement	I will continue buying this brand in the near future	Kumar, V. & Pansari, A. (2016). Competitive Advantage Through Engagement. *Journal of Marketing Research, 53*(4), 497-514.	5-point Likert Scale
	My purchase of this brand makes me content		
	I refer my friends and relatives to this brand		
	I promote the brand to others		
	I discuss the benefits that I get from this brand with others.		
	If possible, I discuss this brand on social media		
	I provide feedback about my experiences with the brand to the firm.		
	I provide suggestions for improving the performance of the brand to the firm.		
Customer Loyalty	I expect to stay with this brand	Too, L.H.Y, Souchon, A.L. & Thirkell, P.C. (2001). Relationship	5-point Likert Scale
	For me this brand is the best alternative		

	I would recommend this brand to others	Marketing and Customer Loyalty in a Retail Setting: A Dyadic Exploration. *Journal of Marketing Management, 17*, 287-319	
	I buy this brand on a regular basis		
	I have used this brand for a period of time		
	This brand motivates me to continue to buy it		

Table 1. Measurements

Perceived CSR

In terms of perceived CSR, literature predominantly agrees on two distinct categories; stakeholder and society (Clarkson, 1995; Matten & Crane, 2005; Mohr et al., 2001; Liu et al., 2014; Turker, 2009; Pedersen, 2010). The current research recognizes this distinction, however, in the terminology of internal and external stakeholders, as it follows Smith's (2001) suggestion of stakeholders being everyone affected by a business' endeavors; in this study society is therefore considered an external stakeholder. CSR in the current research is defined as "*going beyond shareholder obligations & legal requirements, by fulfilling the organization's ethical responsibility to manage its impact on both internal and external stakeholders*". Internal stakeholders refer to the employees, shareholders, and customers while external stakeholders refer to communities, society and the natural environment affected by the conducts of the organization.

To measure perceived CSR in accordance with the presented definition, the current research employs three scale items related to internal stakeholders and three scale items related to external stakeholders, all adapted from the study of Turker (2009). Turker's CSR scale show an inter-item correlations value of 0,35, which is above the minimum requirement of 0,30 (Hair et al., 2006), while Cronbach's alpha was 0,9013 portraying internal consistency of the scale items (Turker, 2009).

Consumer-Based Brand Equity

The lack of a generally agreed definition of brand equity has produced numerous methods for its measurement. As previously presented, the current study views brand equity from the perspective of the consumer and follows the definition of brand equity being "*the stored value of a brand name built in consumers' minds through experiences with the brand*" predominantly inspired by Aaker (1991) and Keller (1993, 1998). The measurements follow the conceptualizations of these authors, and includes brand loyalty, brand awareness, perceived quality, and brand associations with eight scale items equally distributed amongst these dimensions. The items are all adapted from the study of Guzmán & Davis

(2017) and have a composite reliability of ≥ 0.90 and an average variance extracted of ≥ 0.70 showing internal consistency and discriminant validity of the items.

Consumer Engagement

The current research views CE through a set of behaviors which express the level of satisfaction and emotional attachment a customer has with a brand. It follows the definition of CE being "*the mechanics of a customer's value addition to the firm, either through direct or/and indirect contribution*" from Kumar et al. (2018, p.4). In this classification, engagement is expressed through various customer contributions, either directly in terms of purchases or indirectly through referrals, influence, and feedback/knowledge. The measurement of the construct therefore follows this definition, where eight items equally distributed amongst the four dimensions of CE are adapted from the study of Kumar & Pansari (2016) to fit the current context. The scale items show a Cronbach alpha of ≥ 0.80 presenting reliability of the scale items.

Customer Loyalty

Various measurements of loyalty exist in literature, most of which focus on the behaviors of the loyal consumer. However, the current research adopts the understanding of customer loyalty in which attitudinal loyalty and behavioral loyalty are both dimensions of the loyalty construct and defines customer loyalty as "*The attitudinal and behavioral favorability of a customer toward a focus brand or product*". Accordingly, the scale items used for the current research include both attitudinal loyalty and behavioral loyalty and adapts six scale items from the study of Too, Souchon & Thirkell (2001), in which the initial three items are employed for attitudinal measurement, while the latter three relate to behavioral loyalty. The Cronbach alpha of Too et al.'s (2001) loyalty scale is 0.82 showing reliability of the scale.

6.5 Reliability and Validity

The scale items used for the current research are as discussed adapted from existing literature where the reliability of the scales have already been established. However, it was considered necessary to shorten some of the scales used to fit the questionnaire. Therefore, establishing reliability and validity of the adapted scales were considered necessary to ensure that the scale items used were in fact still internally consistent.

A commonly used method for testing the internal consistency of scale items is the Cronbach's alpha. The alpha is an estimate of the correlation or interrelatedness between scale items, meaning that the alpha expresses the extent to which the items measure the same construct (Cronbach, 1951; Tavakol & Dennick, 2011). Cronbach's alpha is expressed as a number between 0 and 1, which presents how much of the variance between the scale items is consistent. This means that a Cronbach's alpha value of 0.95 represents

95% reliability and therefore 5% unreliability (Brown, 2002). According to existing research, there is no consensus on the cutoff for acceptable Cronbach's alpha values. However, many studies view this limit as being 0.60 (Taber, 2018) and the current research will consequently accept Cronbach alpha values of ≥ 0.60 throughout this research.

To test the reliability and validity of the scale items within the questionnaire, a pilot survey was distributed to 12 people. The participants were all Danish residents between the age of 22 and 36 with various educational backgrounds and current occupations. The participants were asked to provide feedback on whether the wording was clear and understandable and whether they noticed any errors or experienced any general problems with the survey. This resulted in minor rephrasing and a few grammatical alterations. The questionnaire design as presented in the previous section, is the final questionnaire design after implementation of the mentioned corrections.

The possible responses to each question in the survey was coded in the chosen survey platform Qualtrics before distribution. The questions regarding the constructs of perceived CSR, CBBE, CE and Customer loyalty were as described all measured using a 5-point Likert scale. The possible answers were given values ranging from 1 to 5 representing the options of 'Strongly agree' to 'Strongly disagree'. The responses from the pilot survey were exported into the software IBM SPSS® Statistics, where the scales relating to each construct were separately subject to a Cronbach's alpha test. The results are depicted in Table 2.

Cronbach's alpha	
Perceived CSR	0.931
Consumer-based Brand Equity	0.843
Consumer Engagement	0.710
Customer Loyalty	0.883

Table 2. Pilot survey Cronbach's alpha

Consistent with this research's threshold of ≥ 0.60 all scales show adequate Cronbach's alpha values. It was expected that the adapted scales for the current research would show lower values than the original scales, as the alpha is affected by the number of items in a scale (Tavakol & Dennick, 2011). Fewer scale items may show lower alpha values, as is evident in this situation. The values from the pilot survey show internal consistency of the scales, and the questionnaire was therefore considered to be ready for distribution to a larger sample. The questionnaire was distributed online via Facebook groups relating to survey distribution as well as the researcher's private Facebook profile, where it was shared by friends and family. Facebook was considered an appropriate platform, as gathering survey respondents could be done efficiently and effectively, particularly regarding the minimum participant requirements.

7. Analysis

The following section will present the findings of the primary data collection, including the respondent's demographic profiles and general knowledge and awareness of Corporate Social Responsibility. The data generated by the online questionnaire will be presented using frequency distributions and cross-tabulations. The frequency distributions in this context will be presented in terms of number of respondents and as a percentage of the total respondent pool using tables and figures. This is done as it allows for increased understanding into possible central tendencies. Following the description of single variables, cross-tabulation will be used as it can aid in identifying possible relationships between a set of variables. This type of descriptive analysis is considered important as it lays the foundation for further statistical testing (Malhotra et al., 2017). The statistical testing in the current research will include Exploratory Factor Analysis and Confirmatory Factor Analysis with Structural Equation Modeling, which will be elaborated and discussed in section 7.2 and 7.3.

7.1 Findings

The questionnaire was online for approximately two weeks from April 6th, 2021 until April 18th, 2021. During this timeframe, 394 responses were gathered. The data gained from the 394 responses was exported into the software IBM SPSS® Statistics where it was subject to data cleaning. This included filtering out data from non-European participants, removing incomplete survey responses as well as consistency checks, i.e., removing responses where participants had for example answered "strongly agree" to every question. The result after the data cleaning process were 328 responses. Out of the total number of responses, 190 or 58% were Danish residents and 101 or 31% were residents of the United Kingdom. The remaining 11% were distributed among 14 other European countries. This was to be expected considering the researcher's primary network being Danish and UK based. A frequency distribution of respondent's country of residence can be seen in Appendix 3.

Additionally, out of the 328 responses, 117 were male while 211 were female. No respondents identified as "non-binary/other" or preferred to not answer this question. A frequency distribution as well as a cross-tabulation of country of residence and gender can be seen in Appendix 4 and 5.

No specific age requirements were set for the questionnaire. Half of the respondents were between the ages of 25 to 34 with the age group of 18 to 24 representing almost 19%. Like country of residence, this was to be expected based on the researcher's network belonging to the two age groups as well as the questionnaire being distributed in Facebook groups where most group members were university students.

Respondents with the age between 35 and 44 represented 17%, while respondents with the age of under 18 or 45 and above constituted 13.7% in total. A frequency distribution of respondents' age is shown in Table 3.

Age		
	Frequency	**Percent**
25-34	166	50.6
18-24	61	18.6
35-44	56	17.1
45-54	23	7.0
55-64	14	4.3
65-74	6	1.8
Under 18	2	0.6
Total	**328**	**100**

Table 3. Frequency distribution: Age

In terms of respondents' primary occupation almost half were full-time employees while 32% were students. Only 8% and 7% were part-time employees and unemployed respectively, and 3.7% fell under the category "other". A frequency distribution of occupation can be seen in Appendix 6, while a frequency distribution of average monthly income can be seen in Appendix 7, which shows consistency between occupation and income.

Corporate Social Responsibility

The respondents' general knowledge of Corporate Social Responsibility shows a somewhat even distribution between responses. Specifically, 25% answered that they did not know the term, 13.7% answered that they had heard the term, but did not know exactly what it was, 26.5% had a moderate understanding of the term, while 18.9% and 15.9% answered that they were familiar with the concept or well-versed in the concept respectively. A frequency distribution can be seen in Appendix 8.

Most respondents considered it important that companies operate on a socially responsible level. Specifically, 63.4% considered it either very or extremely important, 30.8% considered it moderately important while only 5.8% considered it slightly important or not important at all. A frequency distribution can be seen in Appendix 9.

The two most represented countries amongst the questionnaire respondents were Denmark with 190 respondents and the United Kingdom with 101 respondents. Comparing the two shows a slight difference when asked about corporations' socially responsible behavior. While 90.1% of the UK based respondents

answered that was either moderately, slightly, or extremely important, 95.8% of Danish respondents answered the same. The cross-tabulation is illustrated in Table 4.

Country	Companies' socially responsible behavior					
	Extremely important	Very important	Moderately important	Slightly important	Not at all important	Total
United Kingdom	21.8%	39.6%	28.7%	7.9%	2.0%	100%
Denmark	15.8%	47.9%	32.1%	4.2%	0.0%	100%

Table 4. Cross-tabulation: Country; Companies' socially responsible behavior

When comparing respondents' knowledge of the concept of Corporate Social Responsibility with how important they consider it for companies to operate on a socially responsible level, it seems to have no significant relation. The cross-tabulation of knowledge of CSR and importance of companies' socially responsible behavior can be seen in Appendix 10.

Respondents were given a short explanation of the concept of Corporate Social Responsibility and subsequently asked the question *"which stakeholder group do you consider the most important to focus on for companies in their social initiatives?".* The answers are shown in Table 5.

Most important stakeholder group		
	Frequency	Percent
Internal stakeholders (employees, shareholders, customers)	49	14.9
External stakeholders (local communities, the natural environment, society at large)	60	18.3
I believe that they are equally important	208	63.4
None of them	11	3.4
Total	328	100

Table 5. Frequency distribution: Most important stakeholder group

The vast majority, or 63.4%, answered that internal and external stakeholders are equally important. Only 3.4% answered that none of them are important, which is consistent with the number or respondents who do not consider it important for companies to operate on a socially responsible level. The remaining respondents are almost equally divided between external and internal stakeholders. Comparing the two

largest countries represented, being Denmark and the United Kingdom, a slightly higher percentage of UK residents were divided between external and internal stakeholders compared to Danish residents where a larger percentage of respondents believed the two stakeholder groups to be equally important. The cross-tabulation is illustrated in Table 6.

Country	Most important stakeholder group				
	Internal stakeholders	External stakeholders	Equally important	None of them	Total
United Kingdom	18.8%	20.8%	51.5%	8.9%	**100%**
Denmark	13.7%	17.4%	67.9%	1.1%	**100%**

Table 6. Cross-tabulation: Country; Most important stakeholder group

When cross-tabulating gender with which stakeholder group respondents consider to be most important to focus on in companies' CSR efforts, it is evident that a larger proportion of females consider the two stakeholder groups to be of equal importance, while male respondents to a greater extent consider either internal or external stakeholders to be the most important as a corporate focus. However, more than half of male respondents still consider the two stakeholder groups to be of equal importance. The cross-tabulation is shown in table 7.

Gender	Most important stakeholder group				
	Internal stakeholders	External stakeholders	Equally important	None of them	Total
Female	9.5%	16.1%	70.1%	4.3%	**100%**
Male	24.8%	22.2%	51.3%	1.7%	**100%**

Table 7. Cross-tabulation: Gender; Most important stakeholder group

The participants were presented with several CSR initiatives in which leading FMCG companies are involved according to their respective sustainability reports. They were then asked if they prior to be given this information, were aware of the initiatives presented. 59.5% answered that they were not aware of the initiatives, 31.7% were already aware of them, while 8.8% were uncertain. Despite 63.4% of the respondents considering it either very or extremely important that companies operate on a socially responsible level, only 31.7% were aware of the initiatives, showing a relatively low level of awareness among participants despite a general interest in the subject. A frequency distribution of respondents' awareness of CSR initiatives can be seen in Appendix 11.

Comparing the two most represented countries amongst the questionnaire participants, residents of the United Kingdom appear to be more aware of the CSR initiatives, with 37.6% of UK residents answering "*Yes*" to already knowing about the initiatives, where only 26.8% of Danish residents answered the same. The cross-tabulation is presented in Table 8.

	Were you aware of the CSR initiatives?			
Country	**Yes**	**No**	**Uncertain**	**Total**
United Kingdom	37.6%	46.5%	15.8%	100%
Denmark	26.8%	68.4%	4.7%	100%

Table 8. Cross-tabulation: Country; Awareness of CSR initiatives

7.2 Exploratory Factor Analysis

As discussed, the survey software Qualtrics was used to create the questionnaire, which provided the option of coding possible responses prior to distribution. In addition, when using Qualtrics it is possible to directly export the gathered data into the statistical program IBM SPSS® Statistics. Apart from its relevance for quantitative data analysis, SPSS was chosen for the current research purpose due to accessibility and its relative simplicity.

Due to the large number of variables related to the current research topics of perceived CSR, consumer-based brand equity, consumer engagement and customer loyalty, it was considered necessary to conduct factor analysis. Factor analysis is used for the purpose of simplifying interrelated variables to identify patterns among them (Child, 2006), where related variables are reduced into groups, i.e., factors (Yong & Pearce, 2013). Reducing the 30 variables related to the four constructs within the conceptual framework, makes the data easier to interpret and allows for further testing of the conceptual framework using the software SmartPLS to directly determine whether the proposed hypotheses should be rejected or accepted. The relevant variables for factor analysis were in this case the scale items directly related to each of the constructs, which were all ordinal Likert scale questions. The variables used for factor analysis can be seen in Appendix 12.

The two main factor analysis techniques are Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). EFA seeks to discover structure and identify patterns by exploring and grouping variables, whereas CFA chooses specific variables represented in path analysis diagrams to confirm the structure/hypotheses (Child, 2006; Yong & Pearce, 2013). For the current research purpose, SPSS was used for EFA to group the variables into factors, which were subsequently subject to CFA using SmartPLS

to confirm the conceptual relationships. As the recommended sample size for EFA is a minimum of 300 (Yong & Pearce, 2013) the current sample with 328 participants were considered appropriate for EFA.

KMO & Bartlett's Test

A prerequisite of conducting factor analysis is determining the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and the Bartlett's Test of Sphericity. The KMO value, which must be above 0.5, determines whether the sample can produce distinct and reliable factors, i.e., whether it is suitable for EFA. Additionally, Bartlett's Test of Sphericity, which must be significant ($p < 0.05$), shows whether the sample has patterned relationships (Yong & Pearce, 2013). As illustrated in Table 9, the KMO Measure of Sampling Adequacy for the current sample was 0.916, while the Bartlett's Test of Sphericity showed significance, meaning the sample was suited for factor analysis.

KMO & Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.916
Bartlett's Test of Sphericity	Approx. Chi-Square	6584.389
	df	435
	Sig.	0.000

Table 9. KMO & Bartlett's Test

Principal Axis Factoring

Since unrotated factors are considered ambiguous, factors are rotated for better interpretation. The purpose of rotation techniques is to have variables load on as few factors as possible while maximizing high loadings on each of the variables. Each factor will then define a group of variables that are interrelated, simplifying interpretation of the variables (Rummel, 1970; Yong & Pearce, 2013).

Two distinct rotation methods within principal axis factoring are orthogonal and oblique rotation. Orthogonal rotation is used when factors are assumed to be uncorrelated (Costello & Osbourne, 2005). Contrarily, oblique rotation is used when factors are assumed to correlate. Orthogonal rotation methods are considered to produce results which are easier to interpret, making it the most common method used. However, in social sciences it is more common to have factors that correlate to some extent, making orthogonal rotation unfavorable as it might cause loss of crucial information (Costello & Osbourne, 2005). Oblique rotation should thus provide a more accurate factor representation, making this rotation technique more relevant in the current context. Consequently, all 30 variables were subject to the oblique rotation method Direct Oblimin, as it attempts to simplify the structure of the output (Yong & Pearce, 2013).

The chosen rotation produced a table of *Communalities*, which shows the proportion of the variance of each variable that is accounted for by the common factors (Hogarty et al., 2005). As the aim of factor analysis is to explain as much of the variance through common factors as possible (Yong & Pearce, 2013), variables with low communalities must be removed. According to Yong & Pearce (2013) variables have low communalities when the value is below 0.20, while Hogarty et al. (2005) suggest that values of 0.2, 0.3 and 0.4 are all considered low. Variables may show low communality values due to low reliability or the fact that it is unrelated to the relevant construct, and should therefore be avoided (Fabrigar et al., 1999). When conducting the rotation, it was decided to set a cut-off value at 0.3 to avoid variables with low communalities. The communalities output can be seen in Appendix 13.

To determine the number of factors to retain, *eigenvalues* and *scree plot* were used in conjunction. The current research follows the Kaiser-criterion which suggests keeping factors with an eigenvalue higher than 1 (Kaiser, 1960; Yong & Pearce, 2013). Factors with eigenvalues lower than 1 are considered to hold less value than a single variable as each variable has a variance of 1 due to standardization (Malhotra et al., 2017). The output of *Total Variance Explained* shows that there are four factors to be retained. The *scree plot*, which consists of eigenvalues and factors (Yong & Pearce, 2013) confirms that there are four relevant factors as the point of inflexion occurs just below the fourth factor. The initial and rotated eigenvalues are presented in Table 10, while the extraction sums of squared loadings as well as the scree plot can be seen in Appendix 14 and 15 respectively.

Total Variance Explained				
	Initial Eigenvalues			Rotation Sums of Squared Loadings
Factor	Total	% of Variance	Cumulative %	Total
1	9.874	32.915	32.915	8.167
2	5.165	17.218	50.133	4.613
3	2.517	8.389	58.521	6.243
4	1.475	4.915	63.437	4.986

Table 10. Total Variance Explained

The oblique rotation additionally produced a *Structure Matrix* which illustrates the correlations between the variables and the factors, a *Pattern Matrix* which shows the factor loadings as well as a *Factor Correlation Matrix* that shows the correlation between factors (Yong & Pearce, 2013). When examining the pattern matrix, it is important to look for any cross-loadings, i.e., variables which loads at 0.32 or higher on more than one factor. When such a situation occurs, the researcher must determine whether to

keep the variable due to the cross-loading being a result of the latent nature of the variable or to discard the variable if interpretation is considered difficult. Additionally, it can be decided to increase the cut-off value to simplify interpretation (Yong & Pearce, 2013). While the structure matrix and factor correlation matrix can be seen in Appendix 16 and 17 respectively, the pattern matrix is presented in Table 11.

Pattern Matrix				
	Factor 1	Factor 2	Factor 3	Factor 4
CL_4	0.782			
CL_1	0.775			
CE_1	0.770			
CBBE_8	0.735			
CL_6	0.729			
CL_5	0.700			
CBBE_10	0.636			
CL_2	0.627			
CBBE_9	0.585			
CE-2	0.534			
CL_3	0.526			
CE_3	0.507			0.356
CBBE_2		0.918		
CBBE_4		0.836		
CBBE_3		0.816		
CBBE_1		0.645		
CBBE_6		0.366	0.362	
CSR_2			0.809	
CSR_3			0.763	
CSR_1			0.734	
CSR_4			0.666	
CSR_5			0.661	
CSR_6			0.580	
CBBE_7		0.352	0.524	
CBBE_5			0.378	
CE_6				0.893
CE_7				0.820
CE_8				0.771
CE_5				0.693
CE_4	0.429			0.576

Table 11. Pattern Matrix

As evident in Table 11, a few items load at 0.32 or higher on more than one factor. It was decided to adjust the cut-off value to 0.43 to avoid ambiguousness and to simplify interpretation. This resulted in item CBBE_6 and CBBE_5 being dropped completely, while items CE_3, CBBE_7 and CE_4 were kept on their highest loading factor. The pattern matrix after adjusting the cut-off value can be seen in Appendix 18 and shows no cross-loadings between the four factors.

The structure matrix after adjusting the cut-off value can be seen in Appendix 19, and the factor correlations matrix is presented in Table 12 illustrating correlations between factors when the value is greater than -0.32 or 0.32 (Tabachnick & Fidell, 2007).

Factor Correlation Matrix				
Factor	**1**	**2**	**3**	**4**
1	1.000	0.323	0.450	0.246
2	0.323	1.000	0.115	-0.365
3	0.450	0.115	1.000	0.295
4	0.246	-0.365	0.295	1.000

Table 12. Factor Correlation Matrix

Cronbach's alpha

Now that four factors and their respective variables have been identified, it is important to check for interrelatedness within the factors. To do so, all four factors generated through the oblique rotation were individually subject to a Cronbach's alpha test, and the results are presented in Table 13. The four factors show acceptable alpha values, as they are all above the predetermined cut-off value of 0.6, meaning that all four factors are kept. Factor 1 includes items relating to *Customer loyalty*, Factor 2 is *Consumer-based Brand Equity*, Factor 3 are items relating to *Perceived CSR* while Factor 4 concerns *Customer Engagement*.

Cronbach's Alpha	
Factor 1	0.923
Factor 2	0.873
Factor 3	0.868
Factor 4	0.892

Table 13. Cronbach's alpha of the four factors

Often EFA and CFA are used in collaboration. EFA is this context have been purposeful in identifying relationships between the variables from the primary data collection, with the result being four composite factors. These factors can now form the basis for CFA with the purpose of testing the relationships and thereby rejecting or accepting the proposed hypotheses (Hair et al., 2014b; Fabrigar et al., 1999).

7.3 Confirmatory Factor Analysis

7.3.1 Structural Equation Modelling

Structural equation modeling (SEM) is an analytical method which enables researchers to simultaneously examine several relationships between various constructs, while also accounting for errors in measurements. It has therefore become a mainstream method for hypotheses testing, particularly in marketing (Sarstedt et al., 2014; Hair et al., 2011).

When conducting SEM, researchers can choose to either adopt a covariance-based approach (CB-SEM) or a variance-based partial least squares technique (PLS-SEM) (Hair et al., 2014a). The objective of CB-SEM is to reproduce the theoretical covariance matrix without explaining the variance. The method develops a covariance matrix which is based on a set of specific structural equations, focusing on minimizing the difference between the theoretical and the estimated covariance matrix. This method requires a certain sample size and the multivariate normality of data. If the research objective is to test theory and confirm data, while having a sample suited for this method in terms of normal data and sample size, the CB-SEM method is appropriate (Hair et al., 2011). Contrary to CB-SEM's objective of theory testing and confirmation, the objective of PLS-SEM is prediction and theory development. PLS-SEM is focused on maximizing the explained variance in the dependent constructs, while also accounting for measurement quality. PLS-SEM is additionally useful when the collected data does not meet the requirements of CB-SEM, as PLS-SEM is effective with various sample sizes, constructs with few items, as well as being inclusive of non-normal data. Thus, PLS-SEM can generally assess a more complex and broader range of data compared to CB-SEM (Hair et al., 2011). Due to its broader range of application, and its compatibility with the software SmartPLS, PLS-SEM was chosen for the purpose of the current research.

Structural Equation Modelling – Partial Least Squared

A structural equation model consists of an inner and outer model. The inner model (structural model) illustrates the relationships between the latent constructs, while the outer models (measurement models) are the predictive relationships between the latent constructs and their respective indicators (Hair et al., 2011). The process of model specification and evaluating the inner and outer model will be presented in the following sections.

7.3.2 Model Specification

To conduct PLS-SEM, the software SmartPLS was used. The conceptual framework presented in section 4.1 was drawn in SmartPLS according to the constructs of the framework, representing the inner model. Subsequently, the variables computed by the EFA process was added to the model as indicators of the respective constructs, where the relationships between the constructs and the indicators represent the outer models. The constructs in the inner model can either be exogenous or endogenous. While exogenous constructs are those with no arrows pointing toward them, endogenous constructs do have arrows pointing towards them, meaning that they are explained by other constructs (Hair et al., 2011). In this context, the independent construct of *perceived CSR* is exogenous and is placed to the left in the model, while the dependent construct of *customer loyalty* is endogenous and is placed on the right side of the model. The constructs of *CBBE* and *CE* have arrows pointing both toward and away from them, and are considered endogenous (Hair et al., 2011), being placed in the middle of the model.

Additionally, one must distinguish between formative and reflective measurements in the outer models. Reflective indicators have arrows pointing from the construct toward the indicator variables, as they are considered functions of the construct, meaning that a change in the construct is reflected in a comparable change in the indicators. Reflective indicators are therefore correlated, as a change in the construct leads to a simultaneous change in all indicators (Hair et al., 2014b). Formative indicators have, in contrast, arrows pointing from the indicators toward the construct, as the construct is a result of the indicator, meaning that a change in the indicator results in a change in the construct (Hair et al., 2011). In this context, all indicators are reflective of their construct, as the construct causes the indicators according to the literature used in the current research. Therefore, all latent constructs in the model have arrows pointing from them toward the indicators. The model is presented in Figure 2.
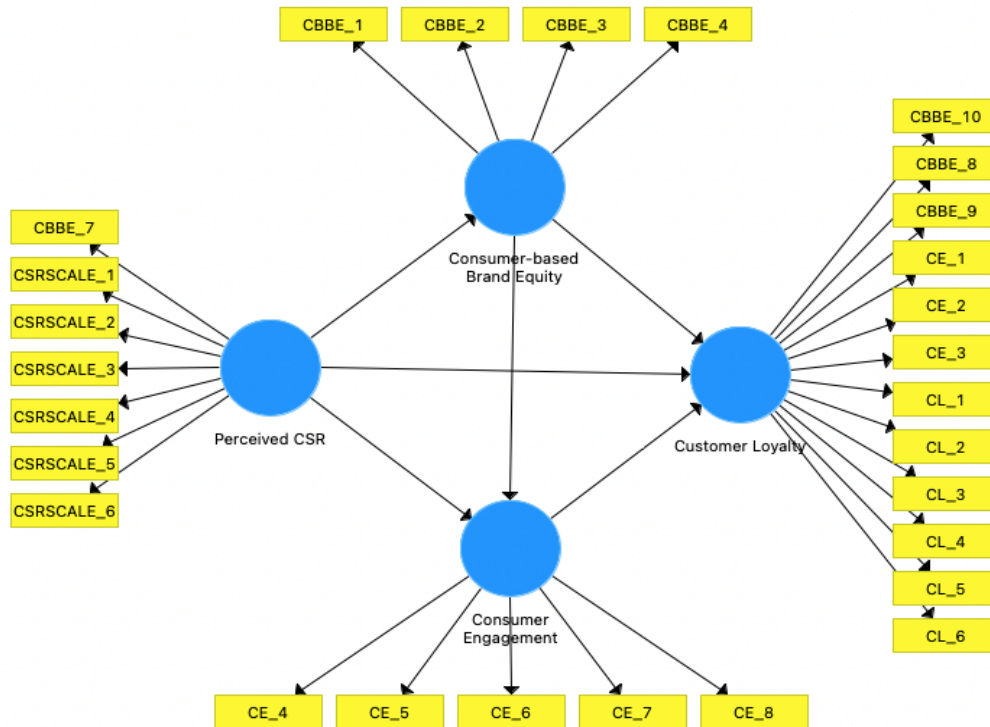
Figure 2. Structural Equation Model

7.3.3 Outer model evaluation

A PLS model is usually interpreted in two stages. First is the evaluation of the reliability and validity of the outer model, followed by the assessment of the inner model. These assessments ensure that the construct measures are reliable and valid before attempting to draw any conclusions about the relationships between them (Hulland, 1999). Reflective measurement models (outer models) are evaluated on their internal consistency reliability and validity. To assess this, the *Composite Reliability*, *Convergent Validity* and *Discriminant Validity* must be assessed (Hair et al., 2014a; Hulland, 1999).

Composite Reliability

The most common method for establishing internal consistency reliability is the Cronbach's alpha as previously discussed. However, Cronbach's alpha is affected by the number of indicators and assumes that all indicators are equally reliable, resulting in a general underestimation of the internal consistency reliability. PLS-SEM prioritizes indicators according to their reliability, making the usefulness of Cronbach's alpha limited. Due to this, it is considered more appropriate to apply the composite reliability, as this reliability measure considers the variations in the indicators' outer loadings (Hair et al., 2014a).

The composite reliability is presented as a number between 0 and 1, where values closer to 1 indicates a higher reliability. Values ranging from 0.60-0.70 are considered acceptable, while values between 0.70 and 0.90 are satisfactory. One does not want values above 0.95, since this indicates that all the variables are measuring the exact same thing, meaning that they may not capture the full complexity of the construct, and are therefore unreliable (Hair et al., 2014b). The composite reliability of each latent construct is presented in Table 14, showing values that are all considered satisfactory.

Composite Reliability	
CSR	0.898
CBBE	0.914
CE	0.918
CL	0.934

Table 14. Composite Reliability

Convergent Validity

Convergent validity shows how much a measure (indicator) correlates positively with the other measures of the same construct. Since the structural model is reflective, all indicators are different variables measuring the same construct. Therefore, the indicators associated with a construct should share a high proportion of variance. To establish convergent validity, the *Indicator Reliability* (outer loadings) and the *Average Variance Extracted* (AVE) is assessed (Hair et al., 2014a).

Indicator reliability

Indicator reliability is established by evaluating the correlations of a construct and its indicators. A general rule is to accept items with loadings of 0.7 or higher, meaning that there is more shared variance between the construct and the item than there is error variance (Hair et al., 2014b). However, researchers usually find several items with loadings lower than 0.7. It may be that items were poorly phrased in the questionnaire, which leads to low reliability, or the item is simply inappropriate to the context which leads to poor construct validity. Thirdly, the transfer of items from the questionnaire dataset to the SmartPLS software might have been done incorrectly which means that it is difficult to generalize the results across contexts (Hulland, 1999). Due to this, items with low loadings of 0.4 or 0.5 should be excluded from analysis, and items with values between 0.5 and 0.7 should be carefully reviewed (Hulland, 1999; Hair et al., 2014b). The decision was made to drop all items with loadings lower than 0.7 due to the desire of avoiding any ambiguity concerning the reliability and validity of the individual items. This resulted in the removal of five items, three of which were related to the construct of customer loyalty, and two of which

were related to the construct of perceived CSR. The indicator reliability (outer loadings) can be seen in Table 15.

Indicator Reliability (Outer Loadings)				
	CE	CBBE	CL	CSR
CBBE1		0.721		
CBBE2		0.915		
CBBE3		0.880		
CBBE4		0.884		
CE4	0.810			
CE5	0.852			
CE6	0.847			
CE7	0.854			
CE8	0.795			
CBBE10			0.683	
CBBE8			0.810	
CBBE9			0.709	
CE1			0.716	
CE2			0.688	
CE3			0.740	
CL1			0.769	
CL2			0.800	
CL3			0.785	
CL4			0.733	
CL5			0.609	
CL6			0.784	
CSR1				0.814
CSR2				0.820
CSR3				0.793
CSR4				0.738
CSR5				0.749
CSR6				0.665
CBBE7				0.631

Table 15. Individual Item Reliability (Outer Loadings)

After removing the mentioned items, the composite reliability increased slightly with values ranging from 0.900 to 0.927. The model after exclusion of items with low loadings and the new composite reliability can be seen in Appendix 20 and 21 respectively. The new indicator reliability (outer loadings) shows loadings ranging from 0.704 to 0.915, which is considered satisfactory, and can be seen in Appendix 22.

Average Variance Extracted

A frequently used measure for assessing convergent validity is additionally the Average Variance Extracted (AVE). The AVE shows the mean value of the squared loadings of the indicators associated with a construct, meaning that the AVE is corresponding with the communality of a construct. The AVE

should be 0.50 or higher, as this value indicates that more than half of the variance of the indicators is explained by the construct (Hair et al., 2014a). The AVE for all four constructs is depicted in Table 16, showing values ranging from 0.587 to 0.728, which are all above the minimum requirement of 0.50.

Average Variance Extracted	
Perceived CSR	0.644
Consumer-based Brand Equity	0.728
Consumer Engagement	0.693
Customer Loyalty	0.587

Table 16. Average Variance Extracted

Discriminant Validity

The discriminant validity measures the degree to which the constructs are in fact distinct from the other constructs, i.e., that a specific construct is unique and measures an object that the other constructs do not. There are two common measures of discriminant validity: *cross-loadings* and the *Fornell-Larcker* criterion (Hair et al., 2014a).

Cross-loadings

An indicator's outer loadings on its associated construct, should be higher than any of its loadings on the other constructs (cross-loadings). As shown in Table 17, all indictors load higher on their respective constructs than on the remaining constructs, indicating that discriminant validity is established through this criterion.

Discriminant Validity - Cross loadings				
	CE	CBBE	CL	CSR
CE4	0.806	-0.089	0.640	0.388
CE5	0.851	-0.115	0.545	0.406
CE6	0.850	-0.334	0.250	0.284
CE7	0.856	-0.423	0.246	0.272
CE8	0.798	-0.429	0.169	0.240
CBBE1	-0.127	0.719	0.237	0.027
CBBE2	-0.290	0.915	0.156	0.014
CBBE3	-0.285	0.883	0.176	-0.036
CBBE4	-0.303	0.883	0.126	0.041
CBBE8	0.378	0.117	0.802	0.395
CBBE9	0.385	0.046	0.704	0.358
CE1	0.200	0.246	0.718	0.249
CE3	0.529	0.116	0.757	0.361
CL1	0.214	0.258	0.771	0.313
CL2	0.392	0.151	0.801	0.484
CL3	0.507	0.118	0.810	0.471
CL4	0.293	0.175	0.733	0.285
CL6	0.321	0.186	0.790	0.381

CSR1	0.412	-0.035	0.414	0.848	
CSR2	0.328	-0.002	0.371	0.848	
CSR3	0.266	0.068	0.394	0.820	
CSR4	0.338	-0.096	0.352	0.746	
CSR5	0.227	0.122	0.432	0.744	

Table 17. Discriminant Validity – Cross Loadings

Fornell-Larcker

The Fornell-Larcker criterion is a more conservative approach to establishing discriminant validity. This method compares the square root of the AVE values with the correlations of the latent variable. The square root of the AVE for each separate construct should be higher than its greatest correlation with any other construct, since a construct should share more variance with its indictors than it should with the remaining constructs (Hair et al., 2014a). Table 18 illustrates that the square root of the AVE associated with each construct is indeed higher than its correlations with the other constructs, validating the discriminant validity established via the cross-loadings.

Fornell-Larcker				
	CE	**CBBE**	**CL**	**CSR**
CE	0.832			
CBBE	-0.303	0.853		
CL	0.486	0.197	0.766	
CSR	0.396	0.011	0.490	0.803

Table 18. Fornell-Larcker

7.3.4 Inner model evaluation

Having established the reliability and validity of the outer model with satisfying results, the inner model must be assessed. PLS-SEM does not have a standard goodness-of-fit measure as opposed to CB-SEM. Therefore, the quality of the inner model is evaluated on its ability to predict the endogenous constructs. In the current research the endogenous constructs are CBBE, CE and Customer loyalty. The assessment includes the *coefficient of determination* (R squared), the *cross-validated redundancy* (Q squared) and the *path coefficients* (Sarstedt et al., 2014).

Coefficient of determination (R squared)

The R squared values show the exogenous construct's effect on the endogenous constructs, meaning that it is a measure of the predictive accuracy of the model. The R squared values are presented as a number between 0 and 1, with 0 showing no predictive accuracy and 1 meaning complete predictive accuracy (Hair et al., 2014b). While there is no consensus toward acceptable R squared values, Hair et al., (2014a)

suggest values of 0.75, 0.50 and 0.25 to be substantial, moderate, and weak respectively. Chin (1998) views lower values as acceptable, stating 0.67, 0.33 and 0.19 to be considered substantial, moderate, and weak, while Cohen (1988) describes values of 0.26, 0.13 and 0.02 using the same terms. Following Cohen's (1988) definition of appropriate R squared values, the predictive accuracy of CE is moderate/substantial, Customer loyalty is substantial, while there is no predictive accuracy for CBBE. The R squared values are shown in Table 19.

Coefficient of Determination (R squared)		
	R square	**R square Adjusted**
Consumer Engagement	0.252	0.247
Consumer-based Brand Equity	0.000	-0.003
Customer Loyalty	0.441	0.436

Table 19. Coefficient of Determination (R squared)

The lack of predictive accuracy for the endogenous construct CBBE shows that the construct does not account for any of the variance explained by the exogenous construct Perceived CSR, meaning that the model does not explain the data well according to this measure (Hair et al, 2014a). In order to examine the model fit further, the Q squared is assessed.

Cross-validated redundancy (Q squared)

The Q squared measure indicates the predictive relevance of the model. In other words, when predictive relevance is established, it means that the model accurately predicts the data points of indicators associated with endogenous constructs. Q squared values larger than 0 indicate the path model's predictive relevance for the construct in question (Hair et al., 2014a). Table 20 depicts the Q squared values for each endogenous construct, where the values relating to CE and Customer loyalty are both above 0, while CBBE again shows a value of 0, meaning that the structural model does not have predictive relevance for this construct.

Cross-validated redundancy (Q squared)	
Consumer Engagement	0.176
Consumer-based Brand Equity	0.000
Customer Loyalty	0.245

Table 20. Cross-validated redundancy (Q squared)

Effect Size (F squared)

Additionally examining the effect size shows the change in R squared values when the exogenous construct is included relative to when it is omitted from the model. This explains whether that construct has a meaningful impact on the endogenous constructs (Hair et al., 2014a). According to Cohen (1988), effect sizes of 0.02, 0.15 and 0.35 indicate small, medium, and large effects respectively. The current primary concern is assessing the effect sizes related to CBBE, as this construct appears problematic according to its R squared and Q squared values. The effect size of perceived CSR and CBBE is 0, showing that the construct of perceived CSR has no substantial impact on the construct of CBBE. The effect sizes can be seen in Appendix 23.

Model fit indicators

Since the construct of CBBE shows unsatisfactory results, it is considered relevant to examine additional model fit indicators.

SRMR is a standardized root mean square residual measure. It converts the residuals into a standardized metric, where the residual is being estimated in proportion to the variables estimated, meaning that it measures the difference between the hypothesized correlation matrix and the observed correlation matrix. Values of 0 means that the model is a perfect fit, while a value of 1 indicates a very poor fit. A general rule is that the SRMR value should be lower than 0.08 (West, Taylor & Wu, 2012; Malhotra et al., 2017). The *Normed Fit Index* (NFI) compares the specified model to the null model with assumed uncorrelation between variables. NFI values should be higher or equal to 0.90 (West et al., 2012; Malhotra et al., 2017). As shown in Table 21, both the SRMR and the NFI values fall outside of the acceptable thresholds, indicating that the model fit is poor.

Model Fit Indicators	
SRMR	0.103
NFI	0.779

Table 21, Model Fit Indicators

Having established the poor model fit, and that the issue with the model appears to be the construct of CBBE due to its unacceptable R squared, Q squared and non-existing effect size, it was decided to remove the construct from the structural model, as the model when inclusive of the CBBE construct can yield no definite reliable and valid results. The construct and its indicators were therefore removed from the model drawn in SmartPLS. The new model is presented in Figure 3.
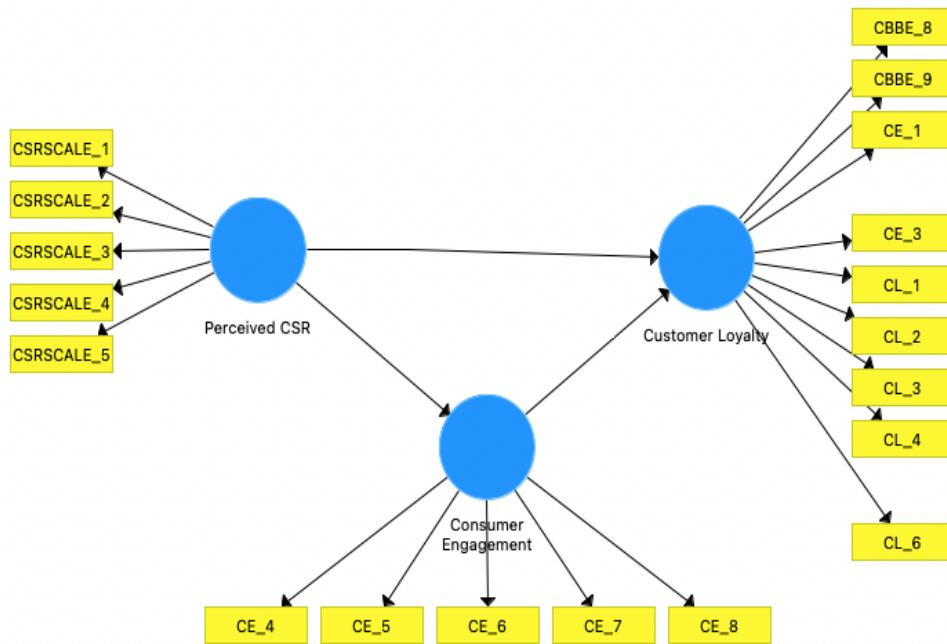
Figure 3. Structural model without CBBE

Having excluded CBBE, the remaining constructs are the independent exegonous construct *perceived CSR*, the dependent endegonous construct *customer loyalty* and the endegonous construct of *consumer engagement* which act as both a dependent and independent construct. The indicators are still considered to be reflective, as all indicators remain a result of their respective constructs opposed to being the cause of the constructs.

Having significantly changed the structural model, the outer and inner model must be re-assesed.

Outer model evalution

As previously discussed, reflective measurement models (outer models) are evaluated on their internal consistency reliability and validity. To do this, the *composite reliability*, *convergent validity*, and *discriminant validity* are assessed (Hair et al., 2014a; Hulland, 1999).

Composite Reliability

The evaluation of the composite reliability is based on the same criteria as previously discussed, with values ranging from 0.70 to 0.90 being considered satisfactory (Hair et al., 2014a). The new composite reliability for each latent construct is presented in Table 22, and all show satisfactory values.

Composite Reliability	
Consumer Engagement	0.855
Customer Loyalty	0.904
Perceived CSR	0.861

Table 22. Composite Reliability of the new model

Convergent Validity

Convergent validity shows how much a measure (indicator) correlates positively with the other measures of the same construct. The indicators associated with a construct should share a high proportion of variance. To establish convergent validity of the altered path model, the Indicator Reliability (outer loadings) and the Average Variance Extracted (AVE) is re-assessed (Hair et al., 2014a).

Indicator reliability

Indicator reliability is assessed by evaluating the correlations/loadings of a construct and its indicators. Consistent with the previous threshold, the decision was made to exclude items with outer loadings lower than 0.7. One exception was made to the item CL_6 to avoid dropping too many items, as its value is nearly at the threshold of 0.7 (0.685). The result is the removal of six items in which three are related to the construct of consumer engagement and three to the construct of customer loyalty. The outer loadings of the new model is shown in Table 23.

Indicator Reliability (Outer Loadings)			
	Consumer Engagement	**Customer Loyalty**	**Perceived CSR**
CBBE_8		0.747	
CBBE_9		0.711	
CE_1		0.455	
CE_3		0.875	
CE_4	1.114		
CE_5	0.996		
CE_6	0.522		
CE_7	0.507		
CE_8	0.382		
CL_1		0.519	
CL_2		0.839	

CL_3		0.946	
CL_4		0.574	
CL_6		0.685	
CSR_1			0.858
CSR_2			0.727
CSR_3			0.703
CSR_4			0.708
CSR_5			0.718

Table 23. Indicator Reliability (Outer Loadings) of the new model

The outer loadings after removal of the mentioned items can be seen in Appendix 24, while the new composite reliability can be seen in Appendix 25, still showing satisfactory values.

Average Variance Extracted

The AVE shows the mean value of the squared loadings of the indicators associated with a construct, meaning that the AVE is corresponding with the communality of a construct. The AVE for all three constructs is depicted in Table 24, showing values ranging from 0.554 to 0.723, which are all above the minimum requirement of 0.50 (Hair et al., 2014a).

Average Variance Extracted	
Consumer Engagement	0.723
Customer Loyalty	0.555
Perceived CSR	0.554

Table 24. Average Variance Extracted of the new model

Discriminant Validity

Cross-loadings

An indicator's outer loadings on its associated construct, should be higher than any of its loadings on the other constructs (cross-loadings). As depicted in Table 25, all indicators load higher on their respective construct than on the remaining constructs, indicating that discriminant validity is established.

Discriminant Validity (Cross-Loadings)			
	Consumer Engagement	**Customer Loyalty**	**Perceived CSR**
CBBE_8	0.525	0.690	0.425
CBBE_9	0.490	0.635	0.383
CE_3	0.724	0.829	0.390
CE_4	0.898	0.706	0.417
CE_5	0.801	0.619	0.436
CL_2	0.537	0.760	0.522
CL_3	0.685	0.870	0.508
CL_6	0.492	0.655	0.412
CSR_1	0.470	0.458	0.841
CSR_2	0.357	0.430	0.722
CSR_3	0.341	0.433	0.713
CSR_4	0.336	0.400	0.675
CSR_5	0.346	0.478	0.761

Table 25. Discriminant Validity (Cross-Loadings) of the new model

Inner Model Evaluation

Having established the reliability and validity of the outer model with satisfying results, the inner model must be assessed. After adjusting the structural model, the endogenous constructs are *consumer engagement* and *customer loyalty*. The inner model evaluation, like before, includes the *coefficient of determination* (R squared), the *cross-validated redundancy* (Q squared), the *effect sizes* (F squared) as well as the *path coefficients* (Sarstedt et al., 2014).

Coefficient of determination (R squared)

Still following Cohen's definition of R squared values of 0.26, 0.13 and 0.02 being substantial, moderate, and weak respectively, Table 26 shows that there is substantial predictive accuracy for both consumer engagement and customer loyalty.

Coefficient of Determination (R Squared)		
	R Square	**R Square Adjusted**
Consumer Engagement	0.250	0.248
Customer Loyalty	0.663	0.661

Table 26. Coefficient of Determination (R Squared) for the new model

Cross-validated redundancy (Q squared)

Q squared values larger than 0 indicate the path model's predictive relevance for the construct in question (Hair et al., 2014a). Table 27 depicts the Q squared values for both endogenous constructs, with values above 0, indicating predictive relevance of both the consumer engagement and customer loyalty constructs.

Cross-validated redundancy (Q squared)	
Consumer Engagement	0.154
Customer Loyalty	0.319

Table 27. Cross-validated Redundancy (Q Squared) of the new model

Effect Size

The effect size (F Squared) is used to evaluate the effects within the path model. It explains whether the exogenous construct has a meaningful impact on the endogenous constructs (Hair et al., 2014a). Using the previously established criteria, the effect sizes of both perceived CSR on customer engagement and perceived CSR on customer loyalty shows large effects, which can be seen in Appendix 26.

Path Coefficients

The path coefficients represent the hypothesized relationships between the constructs. The estimated path coefficients are shown as a number between -1 and +1, where values closer to +1 indicates a strong positive relationship and values closer to -1 indicates a strong negative relationship (Hair et al., 2014a). The path coefficients between the constructs in the current model is depicted in Table 28, showing that there are medium to strong relationships between the three constructs. The structural model with the path coefficients included can be seen in Appendix 27.

Path Coefficients			
	Consumer Engagement	Customer Loyalty	Perceived CSR
Consumer Engagement		0.647	
Customer Loyalty			
Perceived CSR	0.500	0.267	

Table 28. Path Coefficients

7.3.5 Hypothesis testing

Since PLS-SEM does not assume the data to be normally distributed, a bootstrapping procedure is conducted to test coefficients for significance. Bootstrapping entails drawing a large number of random samples from the original sample to estimate the samples within a larger population (Hair et al., 2014b). Bootstrapping reports the standard error of each path model's coefficient, which can be used to determine the significance of the path model relationships, and consequently reject or fail to reject the null hypothesis (Hair et al, 2011). The recommended number of bootstrap samples to use, is 5000 (Hair et al., 2014b).

To not exclude any possible negative significant relationships, it was decided to conduct a two-tailed bootstrapping procedure with 5000 subsamples as recommended.

A significance level (p value) must be determined, which is the probability of the null hypothesis being rejected. A common level of significance is 0.05 (Hair et al., 2014a), which was also applied in this context. For interpretation of the bootstrapping report, the *t* value represents the difference between the mean of subsamples and the hypothesized value, reported as a number of standard errors. For a two-tailed test with a significance level of 0.05, the critical *t* value is 1.96, meaning that when the *t* value is higher than 1.96 the null hypothesis can be rejected with 5% probability of error and consequently 95% certainty (Hair et al., 2014a).

Initially, the current research proposed six hypotheses based on existing theory. However, as the construct of CBBE was removed from the model due to unacceptable values of predictive accuracy, predictive relevance as well as a poor model fit, only three hypotheses remain which relate to the constructs of *perceived CSR*, *Consumer engagement* and *Customer loyalty*. The result of bootstrapping can be seen in Table 29, showing the significance of each path coefficient, which represents the direct effects between the three constructs (Hair et al., 2014a). Additionally, the path model with the values from the bootstrapping procedure can be seen in Appendix 28.

Bootstrapping (Path Coefficients)					
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H1: CSR → Engagement	0.500	0.501	0.054	9.248	0.000
H2: Engagement → Loyalty	0.647	0.646	0.057	11.363	0.000
H3: CSR → Loyalty	0.267	0.270	0.065	4.100	0.000

Table 29. Bootstrapping (Path Coefficients)

In addition to examining the path coefficients and their significance, the total effects which represent the sum of the direct and indirect effects, are evaluated. The total effects are shown in Table 30.

Bootstrapping (Total Effects)					
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H1: CSR → Engagement	0.500	0.501	0.054	9.248	0.000
H2: Engagement → Loyalty	0.647	0.646	0.057	11.363	0.000
H3: CSR → Loyalty	0.591	0.593	0.057	11.260	0.000

Table 30. Bootstrapping (Total Effects)

The result of bootstrapping shows that all three null hypotheses are rejected, consequently accepting the alternative hypothesis. The hypotheses are individually discussed in the following sections.

Perceived CSR and Customer Engagament

H0: Perceived CSR has no effect on Consumer Engagement in the European FMCG Industry.

H1: Perceived CSR has a positive effect on Consumer Engagement in the European FMCG Industry

Since existing literature suggested that perceived CSR would possibly lead to a higher level of consumer engagement, the alternative hypothesis was proposed in order to research whether European FMCG companies could benefit from the strategic use of CSR initiatives to gain increased consumer engagement and the positive consequences that follow. As the total effect depicted in Table 30 is the sum of direct and indirect effects, and the path relationship between the constructs of perceived CSR and consumer engagement is direct with no variable intercepting the relationship, the direct and total effect are equal. The result of the bootstrapping procedure shows an empirical *t* value of 9.248 which is much higher than the critical (theoretical) *t* value, at a significance level (p value) of 0.000, leading to a rejection of the null hypothesis. Consequently, it can be concluded that perceived CSR has a positive direct effect on consumer engagement. The strength of the relationship is 0.500, which means that when the level of perceived CSR increases by one 'unit', consumer engagement increases by half a unit (Hair et al., 2014b).

Customer Engagement and Customer Loyalty

H0: Consumer Engagement has no effect on Customer Loyalty in the European FMCG Industry

H1: Consumer Engagement has a positive effect on Customer Loyalty in the FMCG Industry

Based on existing literature a high level of consumer engagement is suggested to produce loyal customers. Therefore, the alternative hypothesis was proposed in order to examine whether the theoretical postulation of the nature of this relationship could practically be of benefit to companies operating in the European FMCG industry. The path relationship between consumer engagement and customer loyalty is direct with no intervening variables, meaning that the direct and total effects are equal. The result of the bootstrapping

procedure shows an empirical *t* value of 11.363, which is much higher than the critical *t* value of 1.960, at a significance level of 0.000, meaning that the null hypothesis is rejected. Therefore, it can be concluded that consumer engagement has a positive direct effect on customer loyalty. Examining the strength of the relationship, shows a quite large effect of 0.647, meaning that a one unit increase in consumer engagement leads to a 0.647 unit increase in customer loyalty (Hair et al., 2014b).

Perceived CSR and Customer Loyalty

H0: Perceived CSR has no effect on Customer Loyalty in the European FMCG Industry

H1: Perceived CSR has a positive effect on Customer Loyalty in the European FMCG Industry

Existing literature suggests that higher levels of perceived CSR can consequenly lead to more loyal customers. Additionally, assuming that the first and second null hypotheses would be rejected, it was proposed that perceived CSR would indirectly affect customer loyalty through the construct of consumer engagement. The path coefficient as a result of the bootstrapping procedure, shows an empirical *t* value of 4.100, which is larger than the critical *t* value of 1.960, at a significance level of 0.000, meaning that the null hypothesis is rejected. Therefore, it can be concluded that perceived CSR has a *direct* positive effect on customer loyalty. The strength of the effect, however, is relatively small with a value of 0.267, meaning that when perceived CSR increases by one unit, customer loyalty only increases by 0.267 units (Hair et al., 2014b). Additionally examining the total effects, which is the sum of the direct and indirect effects, shows that the total effect of perceived CSR on customer loyalty is 0.591. Since there is a total effect of 0.591 and a direct effect of 0.267, the indirect effect is 0.324. The indirect effect is depicted in Table 31, showing an empirical *t* value of 7.076 at a significance level of 0.000. The null hypothesis is again rejected, consequently concluding that perceived CSR has a positive *indirect* effect on customer loyalty through the variable consumer engagement. The strength of the indirect effect is 0.324, while the strength of the direct effect is 0.267, meaning that the effect between perceived CSR and customer loyalty is amplifyed by the construct of consumer engagement.

Bootstrapping (Indirect Effects)					
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
CSR → Engagement →Loyalty	0.324	0.324	0.048	7.076	0.000

Table 31. Bootstrapping (Indirect Effects)

7.4 Discussion of findings

The purpose of the following section is to highlight and discuss the major findings from the analysis as well as answering the sub questions asked in the problem statement. Based on existing literature six hypotheses were proposed with the aim of testing the relationship between the constructs of perceived CSR, consumer-based brand equity, consumer engagement and customer loyalty. Specifically, how the latter three were affected by and related to the independent construct of perceived CSR.

The primary data collection for the current research consisted of an online questionnaire, which resulted in 328 useful responses after the data cleaning process. Of those 328 responses, 190 were from Denmark, 101 were from the United Kingdom and the remaining 37 participants were distributed amongst 14 other European countries. Out of the total number of respondents 117 were male while 211 were female with 69% representing the age group of 18-34. Additionally, almost half were full-time employees and approximately one third were students.

The questionnaire data showed a rather heterogenous distribution among respondents' knowledge of the term Corporate Social Responsibility. 25% did not know what it was, almost 14% knew the term but did not know what it precisely meant, 26.5% had a moderate understanding of the term, while the remaining approximately 34 % were either familiar with the term or well-versed within the concept. Considering that Europe has a long history of 'implicit' CSR practices opposed to 'explicit' CSR, which has historically been more common in countries such as the USA (Matten & Moon, 2004) this number was considered a quite substantial percentage of respondents with a medium/high knowledge level of CSR. The respondents' knowledge of the term CSR did not seem to have an impact on whether they considered socially responsible business conduct to be important. Only 5.8% considered it slightly important or not important at all, while 30.8% considered it to be moderately important with the remaining 63.4% considering it either very or extremely important. Existing literature on the topic suggests that socially responsible behavior from companies is becoming increasingly expected from consumers, and the results from the current research show that this also applies to the FMCG industry.

Additionally, almost two thirds of the questionnaire participants considered internal and external stakeholders to be of equal importance in companies' CSR efforts. The result is consistent with Freeman's (2010) stakeholder theory and Smith's (2011) addition, in which stakeholders are everyone affected by a business' conducts. Thus, FMCG consumers expect companies within the industry to act socially responsible in terms of consumers, employees, shareholders, local communities, the natural environment, and society at large. This indicates that CSR initiatives solely aimed at for example mitigating harm to the natural environment, are not considered sufficient in meeting consumer expectations.

Despite 63.4% of the respondents considering socially responsible business conduct to be either very or extremely important, only 31.7% were aware of CSR efforts in which FMCG companies were involved. This result shows a low level of CSR awareness amongst FMCG consumers, suggesting that companies within the industry fail to sufficiently and/or correctly inform consumers about their social efforts.

Exploratory factor analysis was conducted with the scale items directly relating to the constructs of the conceptual framework, resulting in four factors. The factors and indicators were subsequently subject to confirmatory factor analysis to either reject or accept the proposed hypotheses. However, the construct of consumer-based brand equity showed no predictive accuracy nor predictive relevance, and the model fit proved to be poor. Therefore, the construct was removed from the structural model, as it was determined that no reliable and valid conclusion could be made based on this construct. Unfortunately resulting in one sub question from the problem statement being left unanswered, and three of the six hypotheses being excluded from testing. The remaining three hypotheses were subject to bootstrapping for the purpose of assessing the relationship between perceived CSR, customer engagement and customer loyalty. The result from the analysis were rejection of all three null hypotheses, consequently concluding that consumer perceived CSR can be of strategic importance to FMCG companies.

Perceived CSR was found to have a significant direct effect on consumer engagement. Despite the low involvement nature of the FMCG industry, the results suggest that while consumers may not be engaged with the product itself, engagement is an important aspect in the brand differentiation within the industry. An aspect that is impacted by the extent to which the brand is involved in CSR initiatives.
Additionally, consumer engagement was found to have a significant direct effect on customer loyalty. Meaning, consumers with a high level of engagement with a brand is more loyal to that brand compared to consumers with low levels of engagement. As previously discussed, the FMCG industry is highly competitive, with companies offering rather homogenous products, and customer loyalty is therefore important for brands within the industry. The results show that developing engaged consumers will facilitate attitudinal and behavioral loyalty among consumers.

Perceived CSR was also found to have a direct significant effect on customer loyalty, although the magnitude of the effect proved relatively small. The indirect effect, however, shows that perceived CSR has a large indirect effect on customer loyalty through the construct of consumer engagement. The results reveal that perceived CSR can enhance the level of engagement among FMCG consumers which in turn produces loyal consumers.

In conclusion, if FMCG consumers perceive companies as socially responsible, they will be engaged with the brand. The higher the level of engagement, the more inclined they are to continuously purchase the brand and consequently ignore competing brands with similar product offerings. However, the direct and indirect effects between CSR, engagement, and loyalty are dependent on consumers' awareness of the CSR initiatives to which the companies are involved. The analysis revealed that consumers are generally unaware of FMCG companies' social efforts, indicating the need to improve or change the methods of CSR communication to gain the described benefits.

8. Theoretical Implications

As previously discussed, the aim of the current research was to reduce the knowledge gap in existing literature created by the lack of practical exploration of the relationship between perceived CSR and consumer outcomes. Additionally, contributing to the scarce literature focusing on the FMCG industry, particularly in Europe. Although CSR and loyalty outcomes have been theorized and, in some cases, explored practically, very little research is aimed at the FMCG industry. Moreover, research that studies the CSR and customer loyalty relationship mainly focuses on the direct effect between the two constructs, and seldom include a mediator or moderator into the framework.

Freeman (2010) and Smith (2011) suggest CSR to be the measure of meeting the expectations of stakeholders through the actions of the firm, with stakeholders being everyone affected by the business conduct. Results of the current research supports these statements and concludes this to be true of companies within the FMCG industry as well. The results show that consumers find it very, if not extremely, important for companies to operate on a socially responsible level, and all stakeholders of the firm should be prioritized equally in the CSR efforts consumers expect companies to be involved in. Additionally, Porter & Kramer (2011) state that economically and socially contributing to the welfare of stakeholders can lead to positive stakeholder attitudes toward the company. This is consistent with the current research which found corporate involvement in social efforts to lead to increased levels of attitudinal and behavioral loyalty among consumers. The current research additionally supports the statement made my Kotler & Lee (2005) in which consumers increasingly include companies' CSR efforts in their purchase decisions, as well as Battacharya & Sen (2004) and Mohr et al. (2010) saying that consumers will favor a socially responsible company. The results showed a statistically significant positive effect between consumers' perceived CSR and loyalty to a brand, meaning that FMCG consumers do in fact appear to include CSR in their purchase decision, and will favor a FMCG brand that is involved in social initiatives.

However, the positive effect of perceived CSR on customer loyalty is only relevant if consumers are aware of them. Morsing, Schultz & Nielsen (2008) suggest a subtle, implicit approach to communicating CSR initiatives, as it is considered to decrease the level of skepticism. Additionally, Morsing & Schultz (2006) found that consumers favor CSR information to come from channels such as annual reports and company websites. However, the results of the current research show that when CSR is only communicated through annual reports and company websites, FMCG consumers are not aware of the initiatives. Consumers are found to not actively seek out the information provided through these channels, contributing to a very low

awareness level of FMCG companies' CSR activities. The results indicate that the subtle approach to communicating CSR initiatives is not effective within this industry, consequently concluding Morsing & Schultz' (2006) findings to not apply in the current context.

While consumer engagement has gained increasing interest among academics, it has generally been overlooked in CSR literature. Most research on consumer engagement focus on the dimensions to the construct and/or the theoretical antecedents and consequences of engagement. The actual behavioral and attitudinal outcomes of the concept is largely unexplored. The current research contributes to existing theory by empirically exploring whether perceived CSR has a positive effect on consumer engagement and whether that in turn will positively affect customer loyalty. The results show that FMCG consumers' level of engagement is directly affected by a companies' perceived CSR initiatives, and that the level of engagement significantly directly affects the extent to which consumers favor a specific brand. The current research consequently empirically supports Brodie et al. (2011), Bowden (2009), Hapsari et al. (2017) and Vivek et al (2012) in the theorization that consumer engagement can lead to customer loyalty, as engaged consumers are less likely to switch brands because they generally concentrate more of their attention on the focal brand.

Since the FMCG industry is vastly under researched, a major theoretical contribution of the current research is contributing to existing knowledge of how companies within the industry can strategically induce favorable consumer outcomes. The results show that perceived CSR has a positive direct effect on customer loyalty and that this effect is amplified by the construct of consumer engagement. Prior research has focused on the theoretical CSR – loyalty relationship, while the current research contributes to an empirical understanding of the process from perceived CSR to achieving customer loyalty. The current research therefore contributes with an understanding of consumer behavior in the European FMCG industry. Specifically, how companies within the industry can use CSR as a strategic asset to produce favorable consumer outcomes and thereby gain competitive advantage.

9. Managerial Implications

Apart from theoretical implications, the current research additionally provides knowledge which may be useful for managers in the FMCG industry. The managerial implications will be discussed in the following.

The FMCG industry is highly competitive with some of the world's largest companies leading the industry. The product offering across brands is quite similar, presenting the need for market differentiation through other means. With low profit margins and a high turnover rate, companies within the industry may fare better against competitors if successful in creating customer loyalty. The current research found involvement in CSR initiatives to lead to more positive consumer attitude and behavior. The results show that FMCG consumers consider it very important for companies to operate on a socially responsible level. Consumers increasingly include companies' social efforts in their purchase decisions, consequently favoring socially responsible companies. Managers should therefore continuously include CSR initiatives into their business strategy to meet consumers' social expectations and create shared value.

Smith (2001) suggested stakeholders of a company to include all that are affected by a business' conduct. This is consistent with the current research which shows that FMCG consumers consider internal and external stakeholders to be of equal importance in companies' social responsibility. Managers within the industry will consequently need to ensure that the CSR efforts of the company meet these expectations by including social initiatives directed at both stakeholder groups into the business strategy.

While it is advised for FMCG companies to include CSR initiatives into their business strategies, it is perhaps even more crucial that the marketing of those initiatives is correctly done. If consumers are unaware of the social efforts of a company, engaging in them will have no positive effect, as it is the consumer perception of such initiatives that produce the desired outcomes. The current research found that merely communicating CSR initiatives through channels such as annual reports and company websites is insufficient. The results show that consumers are generally unaware of FMCG companies' social efforts despite the information being provided by the respective websites and sustainability reports. Consumers find it very important for companies to engage in socially responsible business conduct; however, they are found to not actively seek out the information from the mentioned channels. Therefore, managers of FMCG companies will need to reevaluate the methods used for marketing CSR. McWilliams & Siegel (2001) and Morsing et al. (2008) state that overly communicating CSR initiatives can lead to skepticism toward the trustworthiness of the provided information, meaning that a balance must be found between marketing CSR aggressively and insufficient.

The current research shows that perceived CSR directly affect a consumer's level of engagement with the brand. Additionally, the level of engagement significantly affects customer loyalty, which is desired for FMCG companies operating in a highly competitive environment. However, when CSR initiatives are not properly communicated, the perceived CSR will be low, and the level of engagement and loyalty will consequently be low according to the current research. FMCG companies are therefore neglecting a strategic opportunity to create engaged and loyal customers, merely due to the lack of correct CSR marketing, consequently presenting an underutilized economic opportunity.

Despite the FMCG industry entailing a generally low involvement purchase setting, the current research found that it is possible to induce customer engagement. While the level of engagement may not necessarily concern the product itself in this context, perceived CSR was found to have a direct positive effect on engagement with the brand. The research showed that when consumers are aware of CSR efforts, they will be more engaged with the brand which significantly directly affects their level of loyalty. Brands with a high level of customer loyalty generally fare better against competitors that do not, meaning that managers within the industry need to focus on creating engaged consumers to achieve the related benefits.

The current research contributes with insight into producing favorable consumer outcomes for managers within the FMCG industry by exploring the relationship between perceived CSR, consumer engagement and customer loyalty. By engaging in CSR initiatives and correctly informing consumers of such, managers can create consumers which are engaged with the brand and will consequently favor that brand in their future purchase decisions. While not offering a detailed solution to all challenges within the FMCG industry, the current research can through its results suggest the mentioned focal points to managers as a way of utilizing the strategic potential of CSR efforts.

10. Conclusion

Companies across industries are progressively implementing CSR initiatives into their business strategy in an effort to achieve favorable consumer outcomes and gain competitive advantage. While the topic of CSR has received increased attention in modern literature, scholars suggest that the research on CSR's effect on consumer behavior is still greatly insufficient. Particularly, the FMCG industry is widely under researched, despite accounting for half of all consumer goods spending. The aim of the current research was to reduce this knowledge gap and contribute to existing literature through an exploration of the effect of consumer perceived CSR on customer outcomes in the European FMCG industry by answering the research question *"How can companies within the European FMCG industry strategically benefit from the implementation of Corporate Social Responsibility initiatives?"*.

To answer the research question, a conceptual framework was created, illustrating the proposed relationships between the constructs of *perceived CSR*, *Consumer-based brand equity*, *Consumer engagement*, and *Customer loyalty*.

A quantitative data collection method was chosen using the online survey platform Qualtrics. The data collection from the questionnaire was subject to exploratory factor analysis using the program IBM SPSS® Statistics and confirmatory factor analysis with the use of bootstrapping, through the software SmartPLS to reject of confirm the proposed theoretical relationships between the described constructs. The construct of consumer-based brand equity proved to have a low predictive accuracy and relevance and was excluded from the structural model.

The results of the statistical analysis showed that perceived CSR directly affects consumer engagement and consumer engagement directly affects customer loyalty. Perceived CSR additionally directly affects customer loyalty; however, the effect is amplified by customer engagement, meaning that perceived CSR has a significant indirect effect on customer loyalty. The results therefore indicate that by engaging in initiatives which aim to minimize harm and maximize positive impact on all stakeholders affected by corporate conduct, FMCG companies can, in the European market, utilize CSR as a strategic asset to create engaged consumers which will favor the socially responsible brand. Thus, achieving competitive advantage through the proper use of pro-societal marketing.

11. Limitations

The first question of the online questionnaire functioned as a screening question, which made it simple to filter out responses from non-European residents. However, as the questionnaire was distributed via various Facebook groups, the age and gender of participants were not controlled. Many of the Facebook groups used for distribution were mainly inclusive of students, which is reflected in the age distribution of participants, where 69% represented the age group of 18 to 34. Additionally, 64.3% of participants were female. The sample is therefore not representative of the age and gender distribution within the European population, and the current research findings can consequently not be generalized to the entirety of European consumers. The same applies for represented countries. The majority of participants did either reside in Denmark or the United Kingdom, with only 11.3% of participants representing other European countries and generalizability was therefore not achieved.

The questionnaire was designed in English and subsequently translated to Danish for the purpose of hindering a potential language barrier for Danish participants, as they were expected to be highly represented in the sample. However, the scale items used were originally formulated in English, and despite best efforts to correctly translate them to Danish, it is difficult to assess whether the essence of the scale items were fully captured through translation. Participants answering the questionnaire may therefore have placed a slightly different meaning to the questions asked depending on the language of the survey.

Due to timeframe and scope of the current research it was not considered feasible to conduct qualitative in-depth interviews. The current research would have benefitted from the additional insight that interviews with questionnaire participants could have provided. Had interviews been conducted for the current purpose, knowledge regarding participant's understanding of the questions as well as the reasoning for choosing a specific answer would have been gained. Additionally, interviews would have provided beneficial knowledge regarding differences between product categories. It is possible that participants who answered that they would not purchase a different brand if their chosen brand was not available at the store, were considering 'nice-to-have products' such as Ben&Jerry's ice-cream, while participants who would purchase a different brand if their chosen brand was unavailable were considering 'need-to-have products' such as toothpaste. The interview method would have led to a deeper understanding of the current findings, as well as further validation of the results.

Due to the size of the FMCG industry, it was not possible to include every brand from the industry in the questionnaire. Instead, 20 brands evenly distributed between the five largest FMCG companies were selected for the current research. Additionally, not every product category was represented, meaning that the results only apply to the brands that were in fact included in the research.

The current research adapted pre-validated measurement scales from existing literature consistent with the applied definitions of the respective constructs in the conceptual framework. However, it was considered necessary to shorten some of the scales, consequently excluding scale items. The scale items employed were thoroughly tested for reliability and validity with satisfying results. Nonetheless, excluding scale items may result in the adapted scales not capturing the full complexity of the constructs.

12. Further Research

Although studies examining the relationship between CSR and its outcomes have recently expanded in the literature, several scholars suggest that the current knowledge regarding the impact of CSR on branding and customer attitude and behavior is still insufficient (Liu, et al., 2014; Sen & Bhattacharya, 2001; Singh et al., 2008). The current research contributes to an increased understanding of the effect of perceived CSR on consumer outcomes in the European FMCG industry; however, it also clarifies the need for further research on the topic of utilizing CSR as a strategic asset to induce favorable consumer outcomes.

Further research should include a sample which represents the age and gender of the countries of interest. Additionally, the region in question should have equal representation of the relevant countries to achieve generalizability. Future research could further benefit from a comparative study in which the European FMCG industry is investigated in relation to for example the North American region to search for inconsistencies and/or similarities across markets. This would contribute to an increased understanding of the global FMCG industry, which could potentially provide managers with beneficial knowledge of when to regionalize marketing efforts, and when to spare the resources.

The participants of the current research considered internal and external stakeholders to be of equal importance in companies' CSR efforts. Future research should explore this further by separating social initiatives into those aimed at internal and external stakeholders respectively and present them to a sample to assess whether participants respond differently to the two groups of CSR initiatives. While the current sample believed both stakeholder groups to be equally important, it would be beneficial to investigate whether they would in fact respond similarly to both types of CSR initiatives. The results would be favorable for managers in determining the focus of companies' CSR marketing to fully exploit it strategically.

Further research should additionally research consumer outcomes according to product groups. While the current research aimed at gaining knowledge about the general FMCG industry, future research should conduct a similar study with brands separated into their respective product group to evaluate whether any differences and/or similarities exist between them in terms of consumer outcomes. Consumer attitude and behavior may differ between cleaning supplies and confectionary items, and the results would provide beneficial knowledge of where to prioritize social marketing resources.

It was found that communicating social initiatives through annual reports and company websites is insufficient for companies within the FMCG industry, as consumers do not actively seek out information from these channels. For companies to benefit from the strategic use of CSR efforts, further research should focus on determining FMCG consumers' preferred CSR information source to identify how to properly communicate social initiatives. Excessive pro-societal marketing may lead to skepticism and reservations about the company (Morsing et al., 2008) and it is therefore crucial to understand where the balance lies from a consumer perspective.

Unfortunately, the construct of consumer-based brand equity was removed from the conceptual model due to inadequate predictive relevance and accuracy. Future research should attempt to evaluate this further by separating the construct into the dimensions which constitute the construct: brand awareness, brand associations, brand image, and brand loyalty, where each dimension would be its own construct with related scale items. The questionnaire process should be repeated with the new scale items, and the results would show how the respective variables associated with consumer-based brand equity is affected by perceived CSR as well as how they affect the remaining constructs of the conceptual framework. Alternatively, if the new model yields no reliable or significant results, the construct should be replaced by a different one, such as *perceived value* to gain further understanding of the process from perceived CSR to positive consumer outcomes from a consumer perspective.

Further research would additionally benefit from a qualitative aspect to gain an increased understanding of participants' reasoning for selecting specific answers to the questionnaire. Additionally, interviews with a selected number of participants would clarify how respondents understand the questions asked and would lead to further validation of the study. Future research should therefore follow the quantitative data collection process with a qualitative method such as interviews to increase the understanding and validation of the results.

Finally, the current research considered customer loyalty as being inclusive of both the attitudinal and behavioral aspect to loyalty. Further research could separate the construct into the two dimensions to study whether the effect of perceived CSR is more prominent on attitude or behavior. If the effect of perceived CSR proves to be predominantly attitudinal, further research is needed to assess how to close the attitude-behavior gap consequently existing in the FMCG industry.

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Appendix

1. English Questionnaire

English ⬍

Dear Participant

Thank you for participating in this thesis research on the effects of Corporate Social Responsibility on consumer behaviour in the Fast-moving Consumer Goods industry.

Filling out this survey should take approximately 5-6 minutes of your time and is highly appreciated. Your answers will be anonymous and kept completely confidential.

Sincerely,

Camilla Dahl

→

Do you currently live in a European country?

Yes

No

If your answer was "Yes", which country?

What is your age?

Under 18

18 - 24

25 - 34

35 - 44

45 - 54

55 - 64

65 - 74

75 - 84

85 or older

I prefer not to say

What is your gender?

Male

Female

Non-binary / other

Prefer not to say

What is your primary occupation?

Student

Part time employee

Full time employee

Unemployed

Other

What is your average monthly net income?

0-15.000 DKK/ 0-2000 Euro

15.001-30.000 DKK/ 2001-4000 Euro

30.001-45.000 DKK/ 4001-6000 Euro

45.001-60.000 DKK/ 6001-8000 Euro

More than 60.000 DKK/ 8000 Euro

I prefer not to say

How well do you know the concept of Corporate Social Responsibility (CSR)?

I don't know what it is

I have heard of the term but I don't know what it is exactly

I have a moderate understanding of what it is

I am familiar with the concept

I am well versed in the concept

How important is it to you that companies operate on a socially responsible level?

Extremely important

Very important

Moderately important

Slightly important

Not at all important

Corporate Social Responsibility (CSR) is defined as corporations' responsibility to go beyond the economic and legal interest of the firm, by seeking to reduce harm and maximise positive impact on all stakeholders affected by the companies' actions.

In this context, stakeholders are divided into two groups: internal and external.
Internal stakeholders include employees, shareholders and customers, while external stakeholders include communities, the natural environment and society at large.

Which stakeholder group do you consider the most important to focus on in a companies' CSR efforts?

Internal stakeholders (employees, shareholders, customers)

External stakeholders (communities, the natural environment, society at large)

I believe that they are equally important

None of them

The following section will be about the Fast-Moving Consumer Goods (FMCG) Industry.
FMCGs are products that are consumed relatively fast, and include items such as cleaning supplies, personal hygiene products, food and beverages, pet food, cosmetics and oral care. The industry is dominated by companies such as Nestle, Procter & Gamble, Unilever, Coca-Cola, Colgate-Palmolive, and L'Oreal. Below are some of the brands from these companies. Please focus on one (1) brand that you have experience with and remember that brand.

The following are examples of initiatives that these FMCG companies are involved in:

- Implementation of HR-policies for a proper work/life balance for employees
- Investing in projects aiming at reducing water usage
- Funding community development initiatives
- Investing in sustainable packaging solutions to reduce plastic waste
- Increasing the use of renewable energy
- Decreasing sugars and artificial flavours in food items
- Investing in farmers from the corporate supply chain to better their circumstances
- Investing in recycle programs
- Increasingly providing consumers with a quality guarantee on products

Prior to be given this information, were you aware of the majority of these efforts from FMCG companies?

Yes

No

Uncertain

Based on the provided CSR information, and with your chosen brand in mind, please chose to what extent you agree or disagree with the following statements

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
This brand is likely to contribute to campaigns and projects that promote the well-being of society	◯	◯	◯	◯	◯
This brand is likely to make investments to create a better life for future generations	◯	◯	◯	◯	◯
This brand implements special programs to minimize its negative impact on the natural environment	◯	◯	◯	◯	◯
This brand respects consumer rights beyond legal requirements	◯	◯	◯	◯	◯
This brand provides full and accurate information about its products to customers	◯	◯	◯	◯	◯
This brand provides a safe and healthy working environment for employees	◯	◯	◯	◯	◯

Based on the same brand, please state to what extent you agree or disagree with the following statements

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
I am aware of this brand	○	○	○	○	○
I know what this brand looks like	○	○	○	○	○
I can quickly recall the symbol or logo of this brand	○	○	○	○	○
I can recognize this brand among other competing brands	○	○	○	○	○
This brand is of high quality	○	○	○	○	○
The likely quality of this brand is very high	○	○	○	○	○
The likelihood that this brand is reliable is very high	○	○	○	○	○
I consider myself loyal to this brand	○	○	○	○	○
Even if another brand has the same features, I will prefer to buy this brand	○	○	○	○	○
I will not buy other brands if this brand is available at the store	○	○	○	○	○

Still considering the same brand, please state to what extent you agree or disagree with the following statements

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
I will continue buying this brand in the near future	○	○	○	○	○
My purchase of this brand makes me content	○	○	○	○	○
I refer my friends and relatives to this brand	○	○	○	○	○
I promote the brand to others	○	○	○	○	○
I discuss the benefits that I get from this brand with others.	○	○	○	○	○
If possible, I discuss this brand on social media	○	○	○	○	○
I provide feedback about my experiences with the brand to the firm.	○	○	○	○	○
I provide suggestions for improving the performance of the brand to the firm.	○	○	○	○	○

Finally, with the same brand in mind, please state to what extent you agree or disagree with the following statements

	Strongly agree	Somewhat agree	Neither or	Somewhat disagree	Strongly disagree
I expect to stay with this brand	○	○	○	○	○
For me this brand is the best alternative	○	○	○	○	○
I would recommend this brand to others	○	○	○	○	○
I buy this brand on a regular basis	○	○	○	○	○
I have used this brand for a period of time	○	○	○	○	○
This brand motivates me to continue to buy it	○	○	○	○	○

2. Danish Questionnaire

Dansk ⬍

Kære deltager

Mange tak for din hjælp i forbindelse med min specialeafhandling omhandlende Corporate Social Responsibility og dets effekt på kunders opførsel i Fast-Moving Consumer Goods industrien.
Det tager cirka 5-6 minutter at udfylde denne survey. Dit svar er anonymt og vil blive behandlet fortroligt.

Med venlig hilsen

Camilla Dahl

Bor du i Europa?

Ja

Nej

Hvis du svarede "Ja", hvilket land bor du i?

Hvor gammel er du?

Under 18

18 - 24

25 - 34

35 - 44

45 - 54

55 - 64

65 - 74

75 - 84

85 eller ældre

Jeg foretrækker ikke at svare

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Hvad er dit køn?

Mand

Kvinde

Non-binary / andet

Jeg foretrækker ikke at svare

Hvad er din primære beskæftigelse?

Studerende

Deltidsansat

Fuldtidsansat

Ledig

Andet

Hvad er din gennemsnitlige månedlige indtægt efter skat?

0 -15.000 DKK

15.001-30.000 DKK

30.001 - 45.000 DKK

45.001-60.000 DKK

Mere end 60.000 DKK

Jeg foretrækker ikke at svare

Hvad er din viden om emnet Corporate Social Responsibility (CSR)?

Jeg ved ikke hvad det er

Jeg har hørt om det, men jeg ved ikke præcist hvad det indebærer

Jeg er bekendt med emnet

Jeg har en grundlæggende forståelse for emnet

Jeg har en god forståelse for emnet

Hvor vigtigt er det for dig, at virksomheder handler på en socialt ansvarligt måde?

Ekstremt vigtigt

Meget vigtigt

Moderat

Lidt vigtigt

Overhovedet ikke vigtigt

Corporate Social Responsibility (CSR) er defineret som virksomheders ansvar for ikke alene at fokusere på deres økonomiske og juridiske interesser, men også at minimere skade og øge positiv indflydelse på alle der er påvirket af virksomhedens handlinger.
I denne kontekst, deles de, der er påvirket af virksomhedens handlinger op i to grupper: interne og eksterne.
De interne refererer til virksomhedens medarbejdere, aktionærer og kunder. De eksterne referer til lokalsamfund, det naturlige miljø og samfundet som helhed.

Hvilken af disse grupper synes du er vigtigts for virksomheder at fokuserer på i deres CSR initiativer?

De interne (medarbejdere, aktionærer, kunder)

De eksterne (lokalsamfund, miljøet, samfundet som helhed)

Jeg synes de er lige vigtige

Ingen af dem

Det følgende vil handle om Fast-Moving Consumer Goods (FMCG) industrien.

FMCGs er produkter der omsættes hurtigt, og inkluderer ting som rengøringsprodukter, personlig hygiene, fødevarer, drikkevarer, dyrefoder, kosmetik og tandpleje.

FMCG industrien er domineret af virksomheder så som Nestle, Procter & Gamble, Unilever, Coca-Cola, Colgate-Palmolive og L'Oreal. Du vil nu blive præsenteret for en række brands fra disse virksomheder. Venligst fokuser på et (1) brand du har erfaring med, og husk dette brand.

Det følgende er eksempler på initiativer der er indført af disse virksomheder:

- Implementering af HR politikker for at skabe balance i arbejdsliv/privatliv for medarbejdere
- Investering i projekter omhandlende reducering af vandforbrug
- Finansiering af samfundsudviklings initiativer
- Investering i bæredygtig indpakning for at reducere brugen af plastik
- Øge brugen af vedvarende energi
- Mindske brugen af sukker og kunstige farvestoffer i fødevarer
- Investere i landbrug fra virksomhedens forsyningskæde for at bedre deres omstændigheder
- Investering i genbrug og cirkulær økonomi
- I stigende grad give kunder kvalitetsgaranti på produkter

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Var du klar over de fleste af disse initiativer fra FMCG virksomheder før du læste om dem i denne survey?

Ja

Nej

Jeg ved det ikke

Baseret på den præsenterede information omhandlende CSR initiativer, angiv venligst hvor enig eller uenig du er i de følgende udsagn.

Husk at basere dine svar på det ene brand du valgte før.

	Meget enig	Lidt enig	Hverken enig eller uenig	Lidt uenig	Meget uenig
Dette brand vil sandsynligvis bidrage til projekter der har til formål at øge trivsel i samfundet	◯	◯	◯	◯	◯
Dette brand vil sandsynligvis investere i initiativer der har til formål at skabe bedre trivsel for fremtidige generationer	◯	◯	◯	◯	◯
Dette brand implementerer specielle initiativer der har til formål at mindske skaden på miljøet	◯	◯	◯	◯	◯
Dette brand respekterer kunders rettigheder udover de juridske rettigheder alene	◯	◯	◯	◯	◯
Dette brand giver retvisende information om sine produkter til kunder	◯	◯	◯	◯	◯
Dette brand har et sikkert og sundt arbejdsmiljø	◯	◯	◯	◯	◯

Baseret på det samme brand som før, angiv venligst hvor enig/uenig er du i følgende udsagn

	Meget enig	Lidt enig	Hverken uenig eller enig	Lidt uenig	Meget uenig
Jeg kender til dette brand	◯	◯	◯	◯	◯
Jeg ved hvordan dette brand ser ud	◯	◯	◯	◯	◯
Jeg kan se dette brands logo for mig	◯	◯	◯	◯	◯
Jeg kan genkende dette brand iblandt konkurrende brands	◯	◯	◯	◯	◯
Dette brand er af høj kvalitet	◯	◯	◯	◯	◯
Dette brand er sandsynligvis af høj kvalitet	◯	◯	◯	◯	◯
Sandsynligheden er høj for at dette brand er pålideligt	◯	◯	◯	◯	◯
Jeg betragter mig selv som værende loyal til dette brand	◯	◯	◯	◯	◯
Hvis et andet brand har de samme egenskaber som dette brand, ville jeg stadig foretrække at købe dette brand	◯	◯	◯	◯	◯
Jeg køber ikke andre brands hvis dette brand er i butikken	◯	◯	◯	◯	◯

Baseret på samme brand, angiv venligst hvor enig eller uenig du er de følgende udsagn

	Meget enig	Lidt enig	Hverken uenig eller enig	Lidt uenig	Meget uenig
Jeg kommer til at købe dette brand i næreste fremtid	○	○	○	○	○
Jeg har det godt med at købe dette brand	○	○	○	○	○
Jeg anbefaler dette brand til venner og familie	○	○	○	○	○
Jeg promoverer dette brand til andre	○	○	○	○	○
Jeg taler om den gavn jeg får af dette brand med andre	○	○	○	○	○
Hvis muligt, diskuterer jeg gerne dette mærke på sociale medier	○	○	○	○	○
Jeg giver min feedback omkring mine erfaringer med dette brand til virksomheden	○	○	○	○	○
Jeg giver gerne forslag til at forbedre dette brand til virksomheden	○	○	○	○	○

Sidst men ikke mindst, med det samme brand i tankerne, angiv venligst hvor enig eller uenig du er i de følgende udsagn

	Meget enig	Lidt enig	Hverken uenig eller enig	Lidt uenig	Meget uenig
Jeg forventer at blive ved med at købe dette brand	◯	◯	◯	◯	◯
For mig er dette brand det bedre alternativ	◯	◯	◯	◯	◯
Jeg anbefaler gerne dette brand til andre	◯	◯	◯	◯	◯
Jeg køber dette brand jævnligt	◯	◯	◯	◯	◯
Jeg har brugt dette brand i noget tid	◯	◯	◯	◯	◯
Dette brand giver mig grund til fortsat at købe det	◯	◯	◯	◯	◯

3. Frequency distribution: Country of Residence

Country of Residence		
	Frequency	**Percent**
Denmark	190	57.9
United Kingdom	101	30.8
Germany	12	3.7
Netherlands	4	1.2
Norway	4	1.2
Hungary	3	0.9
Czech Republic	2	0.6
Greece	2	0.6
Italy	2	0.6
Poland	2	0.6
France	1	0.3
Luxembourg	1	0.3
Portugal	1	0.3
Slovakia	1	0.3
Slovenia	1	0.3
Sweden	1	0.3
Total	**328**	**100**

4. Frequency distribution: Gender

Gender		
	Frequency	**Percent**
Male	117	35.7
Female	211	64.3
Total	**328**	**100**

5. Cross-tabulation: Country of residence; Gender

Country	Gender		Total
	Male	Female	
Denmark	63	127	190
United Kingdom	41	60	101
Germany	4	8	12
Netherlands	2	2	4
Norway	2	2	4
Hungary	2	1	3
Czech Republic	1	1	2
Greece	0	2	2
Italy	0	2	2
Poland	0	2	2
France	0	1	1
Luxembourg	0	1	1
Portugal	0	1	1
Slovakia	1	0	1
Slovenia	0	1	1
Sweden	1	0	1
Total	117	211	328

6. Frequency distribution: Occupation

Occupation		
	Frequency	Percent
Student	105	32
Part-time employee	27	8.2
Full-time employee	160	48.8
Unemployed	24	7.3
Other	12	3.7
Total	328	100

7. Frequency distribution: Monthly net income

Average monthly net income		
	Frequency	Percent
0-15.000DKK/0-2000Euro	147	44.8
15.001-30.000DKK/2001-4000Euro	114	34.8
30.001-45.000DKK/4001-6000 Euro	35	10.7
45.001-60.000DKK/6001-8000Euro	17	5.2
More than 60.000DKK/8000Euro	1	0.3
I prefer not to say	14	4.3
Total	328	100

8. Frequency distribution: Knowledge of CSR

Knowledge of CSR		
	Frequency	Percent
I don't know what it is	82	25
I have heard of the term, but I don't know what it is exactly	45	13.7
I have a moderate understanding of what it is	87	26.5
I am familiar with the concept	62	18.9
I am well versed in the concept	52	15.9
Total	**328**	**100**

9. Frequency distribution: Importance of Companies' Socially Responsible Behavior

Importance of Companies' Socially Responsible Behavior		
	Frequency	Percent
Extremely Important	60	18.3
Very Important	148	45.1
Moderately Important	101	30.8
Slightly Important	17	5.2
Not at all Important	2	0.6
Total	**328**	**100**

10. Cross-tabulation: Knowledge of CSR; Importance of companies' socially responsible behavior

	Companies' socially responsible behavior					
Knowledge of CSR	Extremely important	Very important	Moderately important	Slightly important	Not at all important	Total
I don't know what it is	13	31	30	6	2	**82**
I have heard of the term but don't know what it is exactly	7	21	15	2	0	**45**
I have a moderate understanding of what it is	16	34	28	9	0	**87**
I am familiar with the concept	12	34	16	0	0	**62**
I am well versed in the concept	12	28	12	0	0	**52**
Total	**60**	**148**	**101**	**17**	**2**	**328**

11. Frequency distribution: Respondents' awareness of CSR initiatives

Were you aware of the CSR initiatives?		
	Frequency	Percent
Yes	104	31.7
No	195	59.5
Uncertain	29	8.8
Total	**328**	**100**

12. Variables used for Factor Analysis

Variables used for Factor Analysis	
Perceived CSR	
Q11	To what extent do you agree with the following statements
Q11.1	This brand is likely to contribute to campaigns and projects that promote the well-being of society
Q11.2	This brand is likely to make investments to create a better life for future generations
Q11.3	This brand implements special programs to minimize its negative impact on the natural environment
Q11.4	This brand respects consumer rights beyond legal requirements
Q11.5	This brand provides full an accurate information about its products to consumers
Q11.6	This brand provides a safe and healthy working environment for employees
Consumer-based Brand Equity	
Q12	To what extent do you agree with the following statements
Q12.1	I am aware of this brand
Q12.2	I know what this brand looks like
Q12.3	I can quickly recall the symbol or logo of this brand
Q12.4	I can recognize this brand among competing brands
Q12.5	This brand is of high quality
Q12.6	The likely quality of this brand is very high
Q12.7	The likelihood that this brand is reliable is very high
Q12.8	I consider myself loyal to this brand
Q12.9	Even if another brand has the same features, I will prefer to buy this brand
Q12.10	I will not buy other brands if this brand is not available at the store
Consumer Engagement	
Q13	To what extent do you agree with the following statements
Q13.1	I will continue buying this brand in the near future
Q13.2	My purchase of this brand makes me content
Q13.3	I refer my friends and relatives to this brand
Q13.4	I promote this brand to others
Q13.5	I discuss the benefits that I get from this brand with others
Q13.6	If possible, I discuss this brand on social media
Q13.7	I provide feedback about my experiences with this brand to the firm
Q13.8	I provide suggestions for improving this brand to the firm
Customer Loyalty	
Q14	To what extent do you agree or disagree with the following statements
Q14.1	I expect to stay with this brand
Q14.2	For me this brand is the best alternative
Q14.3	I would recommend this brand to others
Q14.4	I buy this brand on a regular basis
Q14.5	I have used this brand for a period of time
Q14.6	This brand motivates me to continue to buy it

13. Communalities Output

Communalities		
	Initial	**Extraction**
CSRSociety	0.653	0.601
CSRFutureGen	0.658	0.632
CSREnvironment	0.560	0.566
CSRConsumerRights	0.501	0.479
CSRProductInfo	0.511	0.490
CSREmployees	0.420	0.374
CBBEAwareofBrand	0.489	0.422
CBBEBrandLooks	0.738	0.787
CBBEBrandLogo	0.711	0.679
CBBERecognizeBrand	0.670	0.693
CBBEQuality	0.661	0.525
CBBELikelyQuality	0.638	0.494
CBBEReliableBrand	0.544	0.536
CBBEBrandLoyalty	0.631	0.622
CBBEBrandPreference	0.514	0.446
CBBEBuyThisBrandOnly	0.597	0.506
CEContinue	0.580	0.553
CEContent	0.529	0.509
CEReferBrand	0.662	0.549
CEPromoteBrand	0.696	0.647
CEDiscussBenefits	0.660	0.648
CEDiscussSOME	0.743	0.766
CEFeedbackFirm	0.764	0.759
CESuggestImproveFirm	0.741	0.687
CLStayWithBrand	0.638	0.609
CLBestAlternative	0.646	0.601
CLRecommendBrand	0.666	0.595
CLRegularPurchase	0.571	0.556
CLPriorUsage	0.563	0.533
CLMotivatePurchase	0.616	0.601

14. Extraction Sums of Squared Loadings

Total Variance Explained: Extraction Sums of Squared Loadings			
Factor	**Total**	**% of Variance**	**Cumulative %**
1	9.441	31.47	31.47
2	4.827	16.09	47.56
3	2.067	6.89	54.45
4	1.134	3.78	58.23

15. Scree Plot
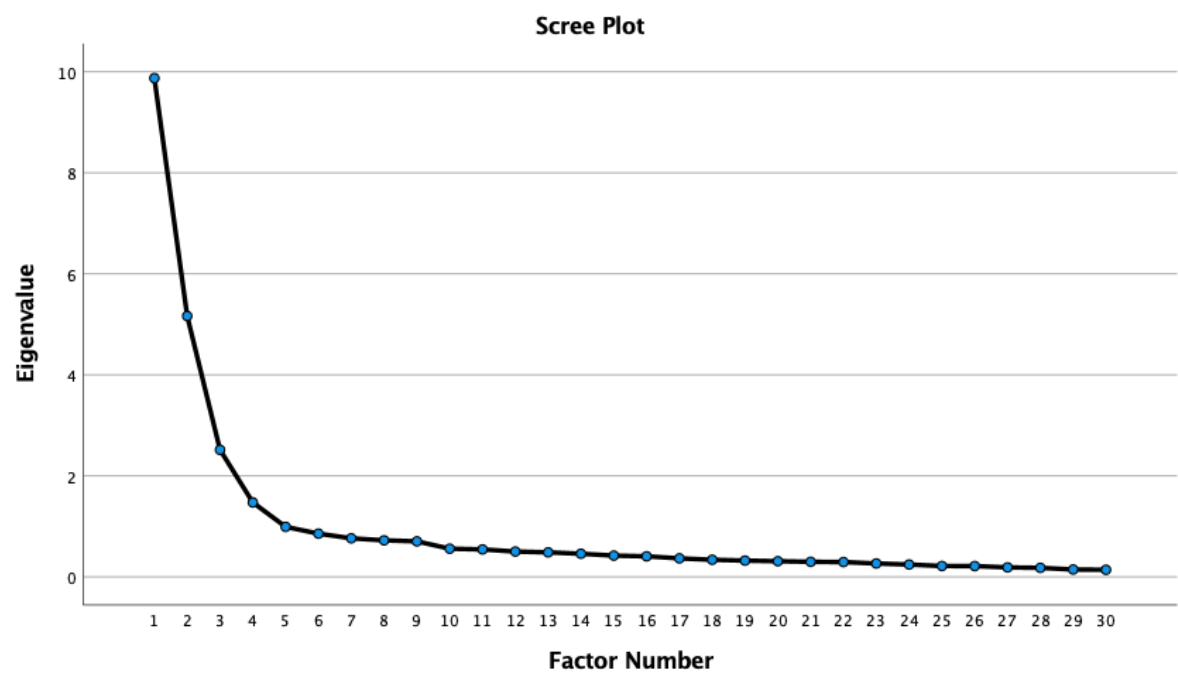
16. Structure Matrix

Structure Matrix				
	Factor 1	**Factor 2**	**Factor 3**	**Factor 4**
CBBEBrandLoyal	0.776		0.443	
CLStayWithBrand	0.773			
CLMotivatePurchase	0.771		0.416	
CLBestAlternative	0.744		0.517	
CLRegularPurchase	0.743			
CEContinuePurchase	0.735			
CLRecommendBrand	0.705		0.499	0.426
CEReferBrand	0.670		0.404	0.437
CLPriorUsage	0.657	0.446		
CEContent	0.652		0.512	
CBBEBrandPreference	0.637		0.392	
CBBEBuyThisBrandOnly	0.627			0.439
CBBEQuality	0.536	0.513	0.516	
CBBEBrandLooks		0.882		-0.353
CBBERecognizeBrand		0.824		-0.371
CBBEBrandLogo		0.817		-0.351
CBBEAwareofBrand		0.645		
CBBELikelyQuality	0.468	0.542	0.458	
CSRFutureGen			0.789	
CSRSociety			0.766	0.355
CSREnvironment			0.751	
CSRProductInfo	0.388		0.690	
CSRConsumerRights			0.674	
CSREmployees			0.596	
CBBEReliableBrand	0.449	0.481	0.593	
CEDiscussSOME				0.871
CEFeedbackFirm		-0.414		0.864
CESuggestImproveFirm		-0.439		0.811
CEDisgussBenefits	0.474		0.385	0.741
CEPromoteBrand	0.591		0.385	0.673

17. Factor Correlation Matrix

Factor Correlation Matrix				
Factor	**1**	**2**	**3**	**4**
1	1.000	0.323	0.450	0.246
2	0.323	1.000	0.115	-0.365
3	0.450	0.115	1.000	0.295
4	0.246	-0.365	0.295	1.000

18. Pattern Matrix no. 2

Pattern Matrix				
	Factor 1	**Factor 2**	**Factor 3**	**Factor 4**
CLRegularPurchase	0.782			
CLStayWithBrand	0.775			
CEContinuePurchase	0.770			
CBBEBrandLoyal	0.735			
CLMotivatePurchase	0.729			
CLPriorUsage	0.700			
CBBEBuyThisBrandOnly	0.636			
CLBestAlternative	0.627			
CBBEBrandPreference	0.585			
CEContent	0.534			
CLRecommendBrand	0.526			
CEReferBrand	0.507			
CBBEBrandLooks		0.918		
CBBERecognizeBrand		0.836		
CBBEBrandLogo		0.816		
CBBEAwareofBrand		0.645		
CBBELikelyQuality				
CSRFutureGen			0.809	
CSREnvironment			0.763	
CSRSociety			0.734	
CSRConsumerRights			0.666	
CSRProductInfo			0.661	
CSREmployees			0.580	
CBBEReliableBrand			0.524	
CBBEQuality				
CEDiscussSOME				0.893
CEFeedbackFirm				0.820
CESuggestImproveFirm				0.771
CEDisgussBenefits				0.593
CEPromoteBrand				0.576

19. Structure Matrix no. 2

Structure Matrix				
	Factor 1	**Factor 2**	**Factor 3**	**Factor 4**
CBBEBrandLoyal	0.776		0.443	
CLStayWithBrand	0.773			
CLMotivatePurchase	0.771			
CLBestAlternative	0.744		0.517	
CLRegularPurchase	0.743			
CEContinuePurchase	0.735			
CLRecommendBrand	0.705		0.499	
CEReferBrand	0.670			0.437
CLPriorUsage	0.657	0.446		
CEContent	0.652		0.512	
CBBEBrandPreference	0.637			
CBBEBuyThisBrandOnly	0.627			0.439
CBBEQuality	0.536	0.513	0.516	
CBBEBrandLooks		0.882		
CBBERecognizeBrand		0.824		
CBBEBrandLogo		0.817		
CBBEAwareofBrand		0.645		
CBBELikelyQuality	0.468	0.542	0.458	
CSRFutureGen			0.789	
CSRSociety			0.763	
CSREnvironment			0.751	
CSRProductInfo			0.690	
CSRConsumerRights			0.674	
CSREmployees			0.596	
CBBEReliableBrand	0.449	0.481	0.593	
CEDiscussSOME				0.871
CEFeedbackFirm				0.864
CESuggestImproveFirm		-0.439		0.811
CEDisgussBenefits	0.474			0.741
CEPromoteBrand	0.591			0.673

20. Structural Model No.2
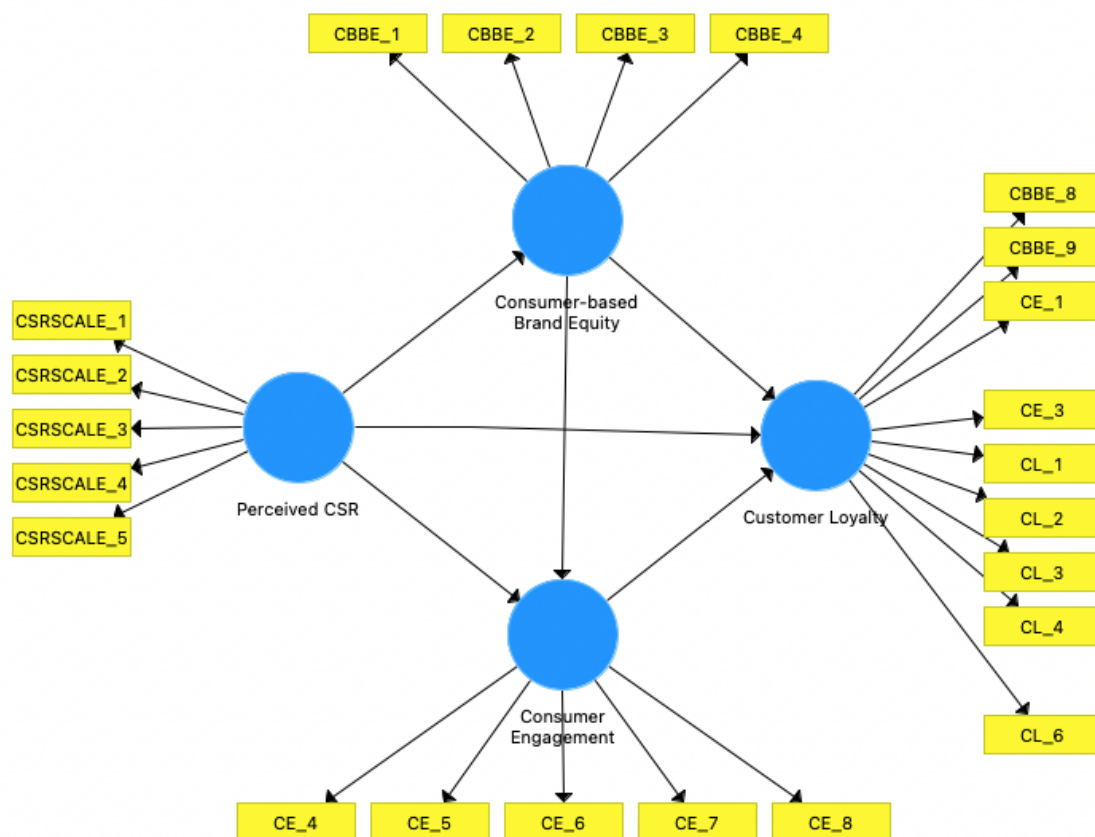
21. Composite Reliability No.2

Composite Reliability	
CSR	0.900
CBBE	0.914
CE	0.919
CL	0.927

22. Individual Item Reliability (Outer Loadings) No.2

Individual Item Reliability (Outer Loadings)				
	CE	**CBBE**	**CL**	**CSR**
CE4	0.806			
CE5	0.851			
CE6	0.850			
CE7	0.856			
CE8	0.798			
CBBE1		0.719		
CBBE2		0.915		
CBBE3		0.883		
CBBE4		0.883		
CBBE8			0.802	
CBBE9			0.704	
CE1			0.718	
CE3			0.757	
CL1			0.771	
CL2			0.801	
CL3			0.810	
CL4			0.733	
CL6			0.790	
CSR1				0.848
CSR2				0.848
CSR3				0.820
CSR4				0.746
CSR5				0.744

23. Effect size (F squared)

Effect Size (F Squared)				
	Consumer Engagement	**Consumer-based Brand Equity**	**Customer Loyalty**	**Perceived CSR**
Consumer Engagement			0.294	
Consumer-based Brand Equity	0.126		0.179	
Customer Loyalty				
Perceived CSR	0.214	0.000	0.132	

24. Indicator Reliability (outer loadings) of the new structural model no.2

Indicator Reliability (Outer Loadings)			
	Consumer Engagement	Customer Loyalty	Perceived CSR
CBBE_8		0.690	
CBBE_9		0.635	
CE_3		0.829	
CE_4	0.898		
CE_5	0.801		
CL_2		0.760	
CL_3		0.870	
CL_6		0.655	
CSR_1			0.841
CSR_2			0.722
CSR_3			0.713
CSR_4			0.675
CSR_5			0.761

25. Composite Reliability of the new structural model no.2

Composite Reliability	
Consumer Engagement	0.839
Customer Loyalty	0.881
Perceived CSR	0.861

26. Effect Size (F Squared) of the new structural model

Effect Size (F Squared)			
	Consumer Engagement	Customer Loyalty	Perceived CSR
Consumer Engagement		0.931	
Customer Loyalty			
Perceived CSR	0.334	0.159	

27. Structural model with path coefficients
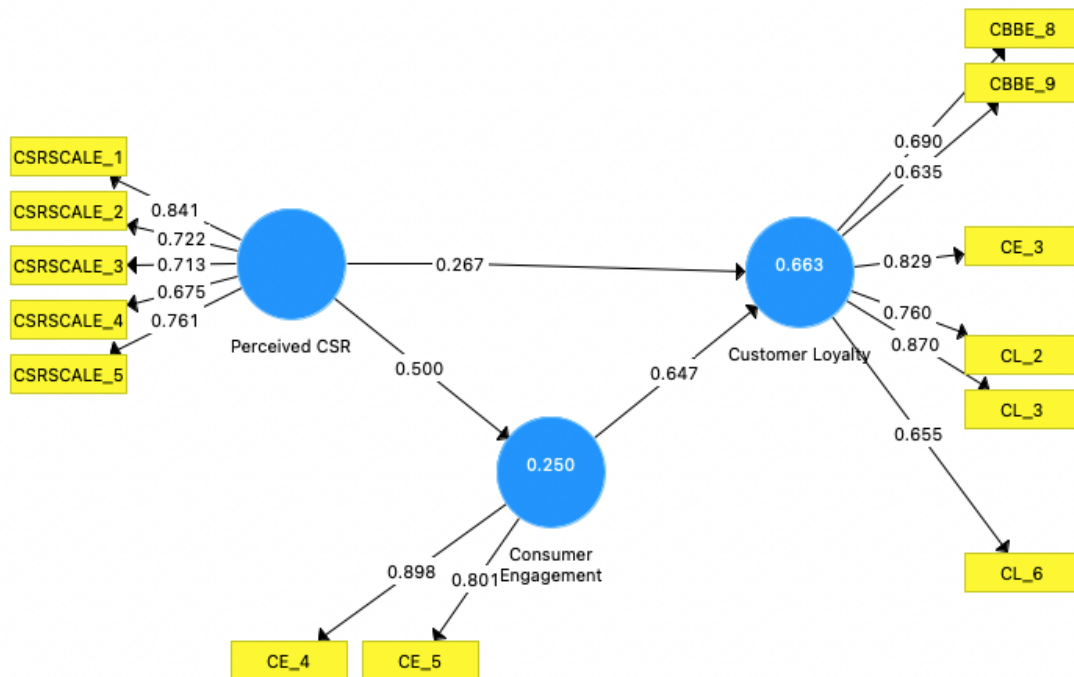
28. Path model (Bootstrapping)