SSR
Social Science Review Volume 3 (Issue No. 2), 205-214. August-December, 2024

Corporate Social Responsibility and Consumer Buying Behaviour in the Soft Drink Industry

Onyeka R. Fidelis[1] and Adebowale Olalekan Asaolu[2]
Business Administration Department, Federal University Otuoke, Nigeria[1&2]
onyekafidelis90@gmail.com[1]

Abstract
The study investigates the influence of corporate social responsibility (CSR) activities within the soft drinks industry on the consumers buying behaviour. The research uses qualitative method- focus groups interview in order to effectively answer three key research questions. The findings showed that large proportion of the focus group member where of the opinion that CSR has significant influence on their perception and purchase behaviour. The study recommends that soft drinks players should embark on a two-way communication so as to awaken CSR interest of the consumer which was found to be dormant part of human.

Introduction

Companies today are forced to engage in Corporate Social Responsibility (CSR) to increase their recognition among customer, boost employee productivity and overcome regulatory obstacles (Hartman, 2011). Smith (2003) attests that the strategic use of philanthropy powerful competitive advantage. The battle over obesity, diabetics and other health issues affecting the soft drinks industry spur companies in the industry to engage in philanthropy in order to gain public support and maintain relevance in the market while contributing to the social good thus using CSR to gain a convergence on interest between economic and social responsibility. For example, in 2010 Pepsi donated $20 Million (£15m) to the projects that got the most vote and also Coca-Cola CSR activities occur under the live positively company. Other campaigns like the educational campaign that encourages "Balance living" or "Exercise is medicine" for consumers to live an active healthy lifestyle was widely accepted by the general public (Sifferlin, 2012).

However, CSR activities in the soft drink industry as regards to philanthropy have been deeply criticized (Dorfman, 2012). CSR activities in the soft drink industry is viewed with skepticism as result of the health issues such as obesity and diabetics which health practitioners and government have accused the soft drinks companies as a major contributor to these health epidemics due to the sugar content their products. This has resulted in some consumers limiting their intake of soft drinks. (Mintel, 2018; Keynote, 2018). Lowe and Hacker (2013) argue that philanthropy in the soft drinks industry is used to pursue the profit making for the business rather than the sincere concern towards the welfare of the society. In this era, it is therefore important to find out if the CSR activities engage in by the companies in the industry can help rejuvenate the reputation of the industry and help companies gain a competitive advantage. Also, communication in the 21st century is decentralized, personal, fast, cheap and capable of becoming exponentially viral, the bad performance on an organisation can a long-term negative impact on the company in very short period of time (Richerson, 2012). Consumer wants their product to be of good quality, affordable and readily available, they also want the companies they do business with to be responsible for how they treat the environment, local community as well as their employees. Against the background, the study focuses on corporate social responsibility and consumer buying behaviour in the soft drink industry

Literature Review

Stakeholder Theory

The stakeholder theory is propounded by Edward Freeman in 1984 and it stressed that management actions should not take account of shareholder alone but the stakeholders such as consumers, employees and suppliers who are affected by the organisation operations (Freeman, Wicks and

Parmar, 2004, Smith 2009). The stakeholder theory attempted to describe, prescribe and derive an alternative to corporate governance that includes balance multitude interest (Carroll 1991 Jenson 2002). Obviously, businesses does not rely solely on the contribution of share shareholders but much wider constituent to be successful therefore, they have a duty to be responsible to the stakeholder as well as the shareholders (Kanovich 2007). The business is not solely responsible to the shareholders. Each member on figure 2 above contributes to the success of the business and without their contribution there is no profits for shareholders (Nwanji and Howell 2004, Freeman 1984)

Source: Nwanji and Howell 2004
Figure 1: Identifies the various Stakeholder of an Organisation

Methodology
To gain understanding and insights qualitative research method was adopted. Qualitative research seeks to explore and understand peoples, attitude, perceptions, motivations and behaviour by constructing and then analysing data that are largely qualitative in nature. Focus group, a type of qualitative method was used to gather qualitative data for this research. Focus group is defined as technique involving the use of indebt group interviews in which participants are selected because they can fulfill a certain purpose, although not necessarily representative of the population. Focus group interviews have become more widely used in research because it produces credible result at reasonable cost (Krueger & Casey, 2000; Malhotra, Birks & Wills, 2012). Focus group was chosen for this research rather than in-depth interviews because of its group dynamics, the data generated through the social interaction of the group are often deeper and richer than in-depth interviews (Thomas et al. 1995, Bryman & Bell, 2015). Three focus group sessions were conducted in this research because as a rule three or four group sessions are usually sufficient. However, exception to this occurs if there are distinct segment to be covered such as regional differences, gender differences and marital differences etc. which was not applied to this research (Aaker, Kumar, & day 2002). Also, a total of 3 focus group with 4-6 members in each group was interviewed because smaller group show greater potentials (Krueger & Cassey 2000). Each focus group interview takes about thirty minutes because time is sufficient to gather the required data (Housden, 2010; Malhotra, Birks & Wills 2012).

Carroll pyramid of Corporate Social Responsibility
The role of Carroll pyramid is useful for this research because it has enduringly used for research in CSR for the past 25 years (Carroll and Shabana 2010). Carroll (1991) advocated that for CSR to be acceptable to a meticulous business individual, it has to be planned in a way that all range of business responsibility is embraced. Carroll's "pyramid of corporate social responsibility" is arguably the

most famous example of the early models on CSR. This model's graphical representation implied a hierarchy of responsibilities moving from economic and legal through to more socially oriented ones of ethical and philanthropic responsibilities (Richards 2006). Carroll (1991) suggested that total CSR responsibility which can be depicted as a pyramid comprises of four components-economic, legal, ethical and philanthropic.

Source: Carroll 1991
Figure 2: Depicts the Carroll pyramid

Corporate Social Responsibility Activities

An organisation may adopt a given set of policy that will have a positive social and environmental impact. According to Green gap of European Commission on CSR (2001) CSR activities is categorised into internal and external dimension. These CSR practices can be categorised into an external and an internal dimension, leading to reputational and social capital (Arshad and Saeed 2012, European Commission 2015).

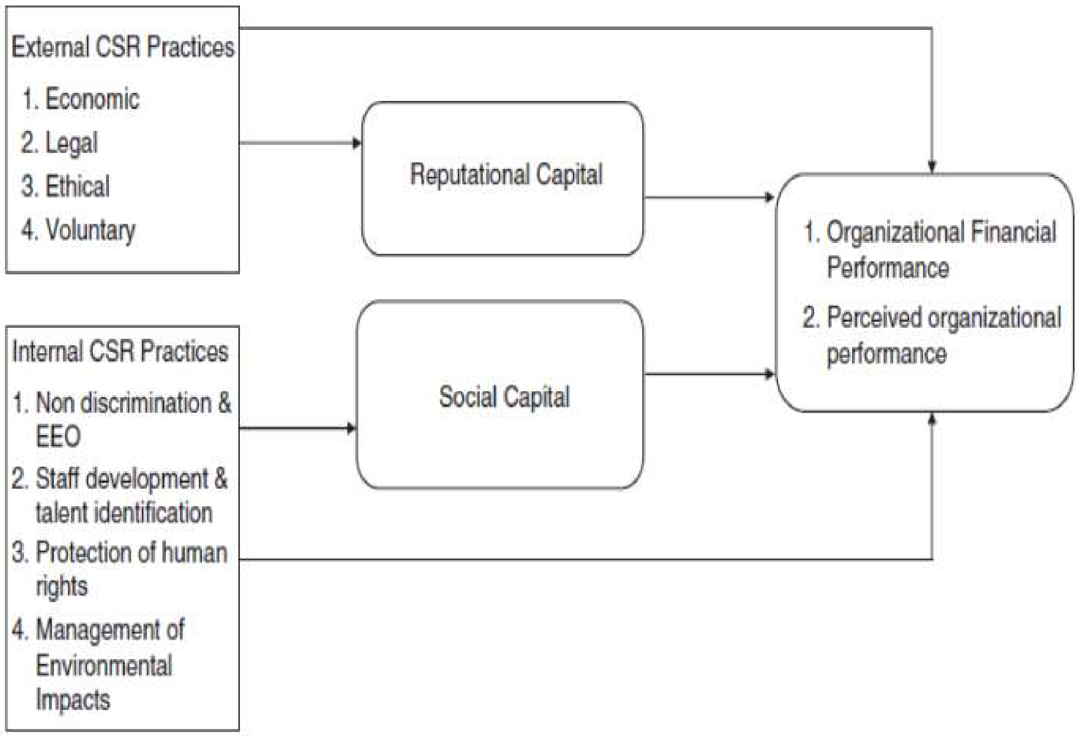


Figure 3: CSR as a Source of Competitive Advantage

Internal dimension includes human resource management, health and safety at work and environment inputs management. While eternal dimension involves customers, human rights and supply chain issue. (Calveras & Balears, 2013)

Corporate Social Responsibility activities in the soft drinks industry
As large corporations, Coke, Pepsi and DPS, all undertake corporate social responsibility (CSR) activities. One key issue of CSR is how firm respond to it, since the level of CSR involvement is discretionary (Carroll 1979), there is no uniform way to identify and measure the CSR activities of organisations. However, CSR is taken seriously by the soft drink industry. The Soft Drink Association (SDA) developed sustainable road map which aims to enhance the sustainability of the sector and secure future prosperity. The road map focuses on five key issues; water efficiency, packaging and litter, raw material, carbon reduction and reducing waste (SDRM 2014). The table 8 summarise focused on the road map.

Consumer buying behavior
The consumer buying decision is defined as the process people engage in when they are searching for, selecting, purchasing, using, evaluating and dispensing the product in other to satisfy their needs and desires (Kotler and Armstrong 2006). Been aware of the consumer attitude is helpful to marketers to understand the way the consumer thinks and feels towards their brand, products and company. It also helps the business to develop appropriate marketing strategies to meet the customer needs. When customer buying understands the consumer buying decision process, then they know how consumer get information about what they want to buy, what motivates them to buy and what factors influence their buying decision. Thus, it is importance to understand the consumer buying behavior help the soft drink industry players market their product successfully (Vahdati, Mousavi and Tajik 2015). Maslow (1943) categorised needs that motivates a person into five broad groups, physiological, security, social need, self-esteem and self-actualisation. At bottom of the pyramid lays the physiological needs such as food and water which is needed for survival, while at top of the

pyramid is the self-actualisation that describes the desire to realise one's full-potential. According to Maslow, satisfying one's need activates the next need above hierarchy and so on.

Corporate Social Responsibility and the consumer

Endeavours have been made to understand CSR and the consumer. The first global survey to determine consumer expectations from businesses, was conducted in 1999 by Environics was named "The millennium pool on CSR". This study involved over 1000 citizen from over 23 countries worldwide. The survey found that two third of the respondent expected organisations to contribute to the broader society, exhibit a higher ethical standard as well as help to create an organisation a better society. Moreover, twenty percent (20%) of the consumers during the past twelve months had either rewarded or punished companies on the basis of their social performance and almost the same number of consumers have considered doing same. Furthermore, the survey also found that over 50% of respondent agreed that CSR initiative of organisation influences their perception of that company (Papafloratos, 2013).

Another research was conducted by MORI in 2003 on the UK public views of CSR on over 2000 adults, a majority of the respondents thinks that most companies do not listen and respond to public concern on social and environmental concerns, yet this remains a very important issue to them. Thirty-eight (38%) of the respondent stated that when they decide to purchase, it is very important that they buy from a company that demonstrate a high degree of social responsibility (Pomering and Dolnicar 2006, Papafloratos 2013). Despite, all these findings predicting actual behaviour of consumer in response to CSR initiative remains complex to understand (Smith 2003). Yet, the direction organisations' CSR will take will in part depend on market responses to their initiatives, hence the need to understand the consumer CSR behavioural response in order to help soft drink industry players in developing CSR initiative for optimal response from the consumers (Pomering and Dolnicar 2006).

Endeavours have been made to understand CSR and the consumer. The first global survey to determine consumer expectations from businesses, was conducted in 1999 by Environics was named "The millennium pool on CSR". This study involved over 1000 citizen from over 23 countries worldwide. The survey found that two third of the respondent expected organisations to contribute to the broader society, exhibit a higher ethical standard as well as help to create an organisation a better society. Moreover, twenty percent (20%) of the consumers during the past twelve months had either rewarded or punished companies on the basis of their social performance and almost the same number of consumers have considered doing same. Furthermore, the survey also found that over 50% of respondent agreed that CSR initiative of organisation influences their perception of that company (Papafloratos, 2013).

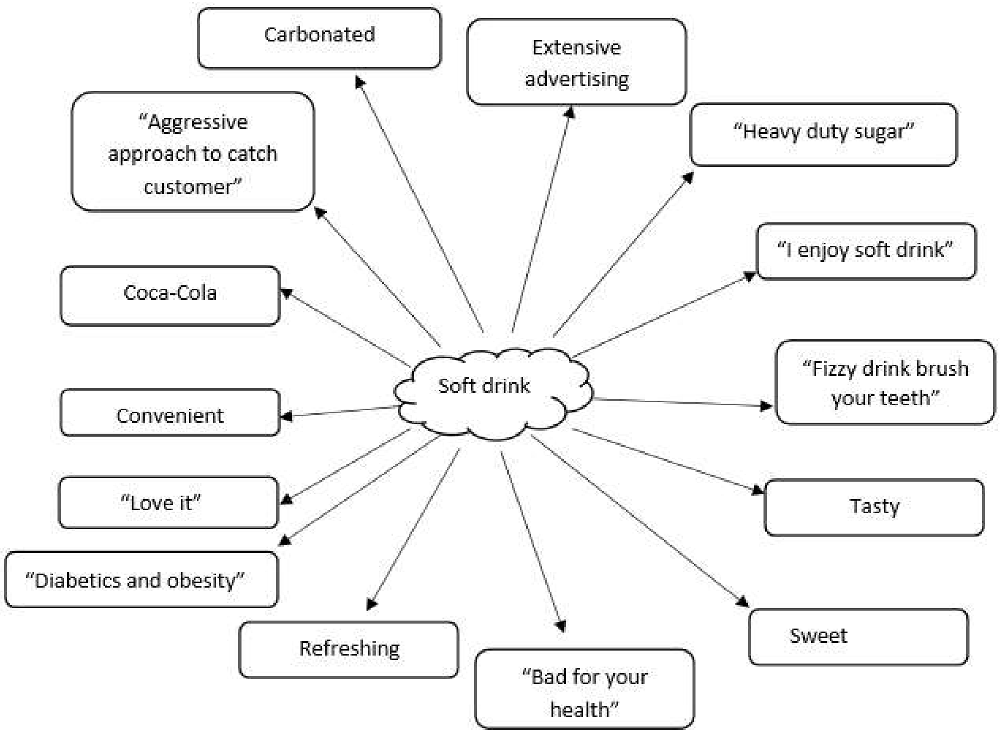
Another research was conducted by MORI in 2003 on the UK public views of CSR on over 2000 adults, a majority of the respondents thinks that most companies do not listen and respond to public concern on social and environmental concerns, yet this remains a very important issue to them. Thirty-eight (38%) of the respondent stated that when they decide to purchase, it is very important that they buy from a company that demonstrate a high degree of social responsibility (Pomering and Dolnicar 2006, Papafloratos 2013). Despite, all these findings predicting actual behaviour of consumer in response to CSR initiative remains complex to understand (Smith 2003). Yet, the direction organisations' CSR will take will in part depend on market responses to their initiatives, hence the need to understand the consumer CSR behavioural response in order to help soft drink industry players in developing CSR initiative for optimal response from the consumers (Pomering and Dolnicar 2006).

Data Analysis and Discussion

The qualitative data from the focus group is analysed in order to answer the research questions. Three fundamental questions research Questions (RQ) highlighted in Table 2 below.

Table 2: Research questions
RQ1. Are you aware of CSR activities?
RQ2. Does CSR this does affects you're your perception and purchase behaviour of a product?
RQ3. Do you consider CSR when you purchase a product?

In order to gain an overall perception of the soft drink industry as well as prepare the focus group participants for more intense discussion, they were asked what they think of brands in the soft drink industry. The answers from participants from the three focus groups were full with mixed feelings. While some focus group participants said it's sweet, tasty, they enjoyed soft drinks and it's convenient, others highlighted that it is bad for your health, packed with sugar and some associated it with diabetics and obesity.



Source: Author Computation, 2019
Figure 4: Overall Perception of the Soft Drink Brands

The industry has suffered from negative media publicity as a result of pressure from health practitioners and the government, this has impacted negatively on the soft drinks industry (Mintel 2018; Keynote, 2018). From wide names used to brand the soft drink industry the negative report about the industry is highly reflected. However, all perception is not negative some participants highlighted they enjoy soft drinks. Also, the members of the three focus groups were asked if they are aware of the concept of CSR, most of them were aware of it and give descriptions what they think it means. All definitions continue to reoccur in the three focus groups by different participants. Themes like "giving back" and "caring for the environment and community" continue to reoccur in every group.

From these answers, it is interesting that wide range of the participant have knowledge of the concept of CSR. Giving that the definitions which are closely related Elkington (1994) to "3BL" approach which argued that the business should take the people, planet and profit into consideration in their decisions as well as the stakeholder theory that contend that not only shareholders but stakeholders should be put into considerations (Freeman 1984). However, most of the respondents did not recognize a wide range of stakeholder identified by freeman which include customers, employees and government, most definitions were geared towards "Carroll pyramid" discretionary responsibility of the organisation which includes charitable donations (Carroll 1991). Overall, member of all groups has fairly good knowledge of the concept CSR.

Furthermore, in order to focus specifically on the industry of interest in this research, the respondent was asked if they are aware of any soft drink brand/ company CSR activities. While some participants from some focus groups are very much aware of some brands in soft drinks industry, others had little or no awareness. However, the members of the group that were aware were able to trigger more intense thought from those who taught they are unaware, thus some members that were unaware were able to recall CSR activities of a soft drink brands. A member from focus group highlighted Innocent as soft drink brand that engages in CSR, this was largely supported by another member.

Another member identified "one water" giving free water to the society that did not have that was something that strike him as been ethical. Nevertheless, the focus group participants were largely of the opinion when buying a soft drink, you do not really consider CSR. This finding is contrary other research that highlighted by CSR has a positive impact on consumer buying behaviour (Pomering & Dolnicar 2006, Papafloratos 2013). Generally, members of focus groups acknowledge their awareness of CSR but stated that it does not affect their perception or purchase behaviour and that they still see soft drink as unhealthy.

Conclusion

The corporate social responsibility and consumer buying behavior in the soft drink industry The CSR does not a strong influence their perception and purchase behaviour. It was highlighted CSR in lays 'dormant part of human and need to awaken'. The positive influence on the respondent perception and purchase intention seems to be low, couple with the negative perception of soft drink brand base on its 'healthiness' as well as mistrust for the motive that drive soft drink companies to engage in CSR.

Recommendations

The study recommends:

1. Provide healthier options of soft drinks for consumers to choose from in order minimise the contradiction of CSR activities in the industry.
2. Communicate CSR activities to the consumers more effectively in order to increase awareness and reap the benefits attributable to CSR.
3. Engage in two-way communication before embarking on CSR initiative so as to gain consumer interest and enhance purchase behaviour.
4. Engage in CSR activities that genuinely combat the health crises caused by the industry in order to win the consumer's trust.
5. Consider re-inventing current products in the market to become more health friendly to wipe out negative perception of the industry.

References

Arshad, F. & Saeed, M. (2012). Corporate social responsibility as a source of competitive advantage: The mediating role of social capital and reputational capital. *Journal of Database Marketing and Customer Strategy Management, 19*(4), 219–232.

Bryman, A. & Bell, E. (2015). *Business research methods* (4th ed.). Oxford University Press. BSDA (2015). The UK soft drink annual report. London.

Buchholz, K., Amason, C., & Rutherford, A., (1999). Beyond resources: The mediating effect of top management discretion and values on corporate philanthropy. *Business & Society, 38,*167-187.

Calveras, A., & Balears, U., (2013). External and internal corporate social responsibility: complements through product quality. Evidence from the hotel industry. [online].http://www.webmeets.com/files/papers/earie/2013/339/CSR%20and%20product%20quality%20EARIE%202013.pdf [Accessed 25 February 2018].

Carroll, B. (1979). A three-dimensional model of corporate performance. *Academy of Management Review, 4(*4), p. 497-505

Carroll, A. (1991). The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons, 34*, 39– 48.

Carroll, B., & Shaban, A, M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International* Journal *for Management, 12*(1), 85-105.

Cramer, J., Jonker, J., & Heijden, A. (2004). Making sense of corporate social responsibility. *Journal of Business Ethics, 55*, 215-222.

Dorfman, E. A. (2012). Soda and tobacco industry corporate social responsibility campaigns: How do they compare? [online] PLoS Med. Available from: http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1001 24

Elkington, J. (1994). Towards the sustainable corporation: Win-win- win strategies for sustainable development. *California Management Review, l36*(2), 90-100.

European Commission. (2015). Corporate social responsibility. [online]European Commission. http://ec.europa.eu/growth/industry/corporate-Social responsibility/index_en.htm [Accessed 12 December 2019].

Fang, et al. (2015). Relationship between Customer Perception about CSR activities and Purchase Intention: The Role of CSR Communication Channels. [online]: http://uu.diva-portal.org/smash/get/diva2:823272/FULLTEXT01.pdf

Freeman. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.

Freeman, E., Wicks, C., & Parmar, B., (2004). Stakeholder theory and the corporate objective revisited. *Organization Science, 15*(3), pp. 364-369.

Freeman, R. (2001). Stakeholder theory of the modern corporation. *General issues in business ethics.* 38-48.

MINTEL (2015). Altitude towards premium soft drinks Market drinks.

Hartman, M. (2011). Corporate social responsibility in the food sector. *European Review of Agricultural Economics, 38* (3), pp. 297–324.

Jensen, C. (2002). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly, 12*(2), pp. 235-256.

Kotler, P., & Armstrong, G. (2006). *Principle of marketing* (11th ed.). Person publisher. New Jersey.

Krueger, A. & Casey, A., 2000. *Focus groups: A practical guide for applied research* (3rd ed). Thousand Oaks, CA: Sage Publications.

Lee, P., 2008. A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International Journal of* Management *Reviews, 10*(1), pp. 53-73

Lowe, A., & Hacker, G., 2013. Selfish Giving-How the Soda Industry Uses Philanthropy to sweeten its Profits [online] Centre for Science in public interest. https://cspinet.org/new/pdf/cspi_soda_philanthropy_online.pdf

Malhotra, K., Birks, D. F., & Wills, P. (2012). *Marketing research. An applied* approach (4th ed.). *Harlow*. Pearson.

Maslow, A., (1943). Theory of human motivation hierarchy of need. *Psychological* Review*, 50*, 370-396.

Papafloratos, T. (2013). Do Corporate social responsibility initiatives influence the consumers? http://www.lse.ac.uk/europeanInstitute/research/hellenicObservatory/pdf/4th_%20Symposium/PAPERS_PPS/POLITICAL%20ECONOMY/PAPAFLORATOS.pdf [Accessed 5 March 20

Pomering, A., & Dolnicar, S. (2006). The limitations of consumer response to CSR: an empirical test of Smith's proposed antecedents. [online]. http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1284&context=commpape rs (accessed on 30 November 2019).

Porter, E., & Kramer, R., (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review, 80*(12), 56–68.

Richards, J. (2006). Corporate social responsibility: the 3C-SR model", *International Journal of Social Economics,33* (5), 386–398.

Richerson, S., (2014). Beyond 'profits-only': 3 trends that will affect your bottom Line. *Insurance Journal.* [online] http://www.insurancejournal.com/magazines/ features/2012/10/08/265188.htm

Sifferlin. A., (2012).Study: How Soda companies' social responsibility campaigns are harming your health. [online].Time. http://healthland.time.com/2012/06/22/study-soda-companies-corporatesocial-responsibility-campaigns-are-harming-your-health/[Accessed 8 May 2020].

Smith, J. (2003). The shareholders vs. stakeholders debate. *MIT Sloan Management Review, 44*(4), 85-90.

Smith, J. (2003). The shareholders vs. stakeholders debate. *MIT Sloan Management Review, 44*(4), 85-90.

The Economist, (2009). The triple bottom line approach [online] http://www.economist.com/node/14301663 [Accessed 27 January 2020].

Thomas, et al, (1995). Comparison of focus group and individual interview methodology in examining patient satisfaction with nursing care. *Social Sciences in Health, 1*, 206–219.

Thomas, et al. (1995). Comparison of focus group and individual interview methodology in examining patient satisfaction with nursing care. *Social Sciences in Health, 1*, 206–219.