CHANGES IN CORPORATE PRACTICES IN RESPONSE TO PUBLIC INTEREST ADOCACY AND ACTIONS: THE ROLE OF CONSUMER BOYCOTTS AND SOCIALLY RESPONSIBLE CORPORATE SOCIAL RESPONSIBILITY

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Abstract

The central proposition advanced in this paper is that corporate practices have changed in response to public interest group use or threat of consumer boycotts and these changes have often benefited societal welfare. The paper reviews evidence in support of these claims, acknowledging its limitations and, in particular, the paucity of empirical research of consumer boycotts. It highlights the need for further research on this important topic.

The paper briefly introduces public interest groups and the various pressures they can exert on the corporation and then discusses the concept of corporate social responsibility. Next, it turns to a review of the research and related literatures on consumer boycotts. This discussion focuses on boycotts that protest perceived failings of corporate social responsibility and business ethics (consumer boycotts have been organized to protest other issues, such as price increases). The paper concludes by identifying opportunities and needs for future research.
PUBLIC INTEREST GROUPS

Public interest groups are non-profit organizations that have been founded to promote a cause perceived (at least by their organizers) to be in the public interest. There are many different types of these “promotional” or “ideological” pressure groups and they stand for a wide spectrum of issues (see Smith 1990, pp. 100-12). They are differentiated from “sectional” groups that promote the economic and other interests of a particular group of people by the issues on which they campaign. As one veteran campaigner (Wilson, 1984, p. 2) puts it:

Thus… there are two kinds of pressure groups—those whose motivation is a concern for the health and well-being of the community, and who usually campaign to change or improve priorities or policies, and those with vested interests, whose cause is usually maintenance of the status-quo, or furtherance of policies beneficial to them, irrespective of the implications for the community.

The executive, the legislature and public opinion, are generally identified as the primary avenues of pressure for both types of group. Public interest groups can be influential when, as Berry (1977, pp. 288-89) observes, “they have become part of the political environment and thus part of the equation that explains public policy outcomes.” Some public interest groups have “insider” status and, thereby, influence with government and elected officials (e.g., the Sierra Club). Many, however, are “outsiders” and thus rely more on affecting public policy through their influence on public opinion (e.g., Greenpeace). Public interest groups may target corporations in their campaigns because this can lead to publicity and indirectly influence public policy. However, Smith (1990, p. 114), noting the prominence and power of business in society, suggests that the corporation should be seen as a fourth avenue of pressure because it also may be the ultimate target of pressure group activity—with the goal of changing corporate behavior.

Berry (1978, p. 214) identifies three categories of tactics used by public interest groups. First, direct lobbying, tactics characterized by direct communication between lobbyists and government
officials (e.g., personal presentations and testifying at congressional hearings). Second, trying to
change government policy by influencing elections or altering public opinion using indirect lobbying
(e.g., releasing research results, public relations). Third, methods by which groups lobby their
constituents, such as political protests (demonstrations, picketing, sit-ins) and letter writing. Tactics
used by public interest groups to lobby the corporation include many of the tactics used in lobbying
government (Smith 1990, Vogel 1978). In addition, however, groups may attempt to influence
perceptions of a firm and sales of its products and services. Public interest group criticism of corporate
practices and calls for consumer boycotts generally reflect concerns about corporate social
responsibility.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) refers to the obligations of the firm to its stakeholders,
people affected by corporate policies and practices. These obligations go beyond legal requirements
and the firm's duties to its shareholders. Fulfillment of these obligations is intended to minimize any
harms and maximize the long-run beneficial impact of the firm on society. As Frederick (1994, p.
151) puts it: “The fundamental idea embedded in ‘corporate social responsibility’ is that business
corporations have an obligation to work for social betterment.”

There has been a renewal of interest in corporate social responsibility in the late 1990s. While
there are a number of explanations for this resurgence, two are especially noteworthy. First, the U.S.
and Europe have seen growing recognition of the failure of governments to solve many social
problems. Second, for this and other reasons, the scope of government is diminishing. As a result, the
private sector is increasingly called upon to address social problems and, accordingly, shoulder greater
social responsibilities.

Buchholz (1991, p. 19) has provided a summary of the central ideas of the CSR concept:
While various definitions of social responsibility have been advocated, there seem to be five key elements in most, if not all, of these definitions: 1) corporations have responsibilities that go beyond the production of goods and services at a profit; 2) these responsibilities involve helping to solve important social problems, especially those they have helped create; 3) corporations have a broader constituency than stockholders alone; 4) corporations have impacts that go beyond simple marketplace transactions; and 5) corporations serve a wider range of human values than can be captured by a sole focus on economic values.

While there is substantial agreement that CSR entails societal obligations on the part of business, there is much less certainty about what these obligations might be or their scope. Buchholz (1991) is not able to offer much guidance on how business may identify specific responsibilities. Citing Sethi (1975), Frederick (1994, p. 152) observes that “the content or substance—the operational meaning—of corporate social responsibility is supremely vague.” Indeed, it has been suggested that because of this ambiguity, business was able to hijack the CSR concept. As Silk and Vogel (1976, p. 53) put it: “The doctrine of ‘corporate social responsibility’ emerged in the United States, precisely because it is seen by many businessmen as a way of reducing the role of government in their affairs.” Nonetheless, many public interest groups have chosen to offer alternative visions of CSR, at least for specific firms or industries (e.g., Ralph Nader’s Public Citizen). Because of these and other problems with the CSR concept, research attention shifted to the concept of corporate social responsiveness, “the capacity of a corporation to respond to social pressures” (Frederick 1994, p. 154).

Frederick (1987, p. 142) refers to the concepts of corporate social responsibility and corporate social responsiveness as theories of ‘corporate social performance’ that “try to explain, rationalize, and, in some cases, advocate societal values that are essential to the human condition, but are sometimes ignored or overridden by business.” Developing this further, Wood (1991, p. 693) has claimed that the concept of corporate social performance provides the integrating
framework for the business and society field and defines it as: “a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships.” At the minimum, the corporate social performance perspective acknowledges pressures on the firm to practice CSR.

**Pressures on the Firm to Practice CSR**

Conflicts between the legitimate goal of shareholder wealth maximization and the interests of other stakeholders of the firm may lead to business decisions that are not socially responsible. In addition, some managers may be tempted to act opportunistically, in disregard of one or more stakeholder groups. Regulatory, civil, and criminal law governing business increases the likelihood of socially responsible business practices and serves as a constraint on opportunism. However, while laws and regulations require conformity with many important societal expectations of business, they are insufficient as mechanisms for ensuring ethical conduct and social responsibility. As Mintzberg (1983, p. 13) observes, “legalistic approaches only set crude and minimum standards of behavior, ones easily circumvented by the unscrupulous.”

Many managers aspire to high standards of ethical conduct and to make business decisions that are socially responsible. However, in the absence of possible legal or regulatory sanctions or if moral impulse is insufficient as a motivation, there are other pressures for corporate social responsibility. These countervailing pressures can come from many different directions. Business leaders such as David Rockefeller, for example, have urged their peers to do more to address pressing social problems (Rockefeller 1996). Often such calls are based upon the recognition that it is in the enlightened self-interest of business to ensure, for instance, that it has access to a well-trained and stable workforce. Pressure also may come from investors, either individually or through organizations, including the now
well-established social investment funds. Even political leaders such as President Clinton have urged “corporate citizenship” and greater business involvement in social problems (Smith 1996).

Pressure for CSR also may come from public interest groups. It can take different forms, ranging from meetings with management, to adverse publicity in the media, to shareholder activism, to consumer boycotts. It may even include organized direct action, such as Greenpeace’s efforts to hamper the dumping at sea of the Shell Corporation’s Brent Spar oil platform because of the group’s environmental concerns (Cowe 1999). Often, these pressures can translate into adverse economic consequences for the firm and corporate social responsibility—at least as defined by those promoting the change in corporate behavior—becomes in the firm’s economic interest.

These pressures may amount to marketplace sanctions when the firm stands the risk of being penalized in financial or consumer markets for perceived ethical or social responsibility shortcomings. Hence, a positive stock market reaction to a change in packaging policy by McDonald’s is attributed to “an anticipation of increased sales to customers supporting a ‘socially-responsible’ company” (McMillan 1996, p. 313). Using standard event methodology, Davidson, El-Jelly, and Worrell (1995) present a model of reactions to unpopular or irresponsible corporate behavior and then test the effectiveness of both consumer boycotts and stock divestitures as forms of pressure on the firm. Their empirical research found that product boycott announcements were associated with significant negative market reactions (divestiture announcements resulted in no significant market responses). They also found some evidence of changes in corporate behavior as a result of boycotts.

In sum, the consumer marketplace may be an important source of pressure for corporate social responsibility. Simply put, firms may be penalized by consumer boycotts—often inspired by public interest groups—for actions that are not considered socially responsible. More positively, firms may be
rewarded by increased patronage if they have a reputation for being socially responsible. Consumer boycotts are examined in more detail in the next section, together with further evidence for these claims.

**CONSUMER BOYCOTTS**

The term boycott was coined by James Redpath in late 19th century Ireland and used to describe the ostracism of an English land agent, Captain C. C. Boycott. Redpath writes: “Just say to him that under British law he has the undoubted right to sell his goods to anyone, but that there is no British law to compel you to buy another penny’s worth from him, and that you will never do it as long as you live” (quoted in Laidler 1968, p. 26). Although the term may be relatively recent, boycotts have been used for centuries. Early examples include boycotts of British goods by American colonists in the Revolutionary War, boycotts of slave-made goods by abolitionists, and going back to 1327, a boycott of the monks of Christ’s Church by the citizens of Canterbury, England in an agreement not to “buy, sell or exchange drinks or victuals with the monastery” (Laidler 1968, pp. 27-30).

Laidler (1968, p. 27) defines boycotting as “an organized effort to withdraw and induce others to withdraw from social or business relations with another.” As this definition suggests, boycotts can take many forms (see Smith 1990, pp. 134-166). Sharp’s (1973) comprehensive study of nonviolent direct action identifies withdrawal of cooperation as one of three broad classes of method. It includes social non-cooperation, economic non-cooperation and political non-cooperation. Economic non-cooperation includes economic boycotts by consumers, workers and producers, middlemen, owners and management, holders of financial resources (e.g., refusal to pay debts or interest), and by governments (e.g., trade embargo), as well as strikes. Sharp
(1973, p. 219) defines economic boycotts as “the refusal to continue or undertake certain economic relationships, especially the buying, selling, or handling of goods and services.”

This paper is about public interest advocacy and actions and is thus focused on economic boycotts by consumers, rather than trade sanctions by governments or labor boycotts by trade unions (who are ‘sectional’ pressure groups). However, it is evident that the use of the economic boycott by workers was a powerful tactic in the early days of trade unions, providing a method whereby unions could pressure businesses to agree to labor organization (Laidler 1968, Wolman 1916). Once organized, labor was able to make more effective use of the strike tactic, though economic boycotts often continued to be employed. One of the most effective economic boycotts, in terms of achieving a reduction in sales, was the 1965-70 California Grape Boycott (Smith 1990, pp. 250-253). It resulted in the unionization of farm workers when all previous efforts had failed. Its success was due in part to widespread support for farm workers from consumers, who were concerned about minority rights, poverty, pesticide misuse, and civil rights, as well as farm workers’ rights to organize.

Consumer boycotts are defined by Friedman (1986, p. 97; 1999, p. 4) as “an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace.” This definition captures the “instrumental” function of boycotts, but does not refer (at least directly) to their “expressive” function (Smith 1990, p. 257). Garrett (1987, p. 47) defines boycotts as “the concerted but non-mandatory refusal by a group of actors (the agents) to conduct marketing transactions with one or more other actors (the targets) for the purpose of communicating displeasure with certain target policies and attempting to coerce the target to modify these policies.” This definition recognizes that boycotts are generally intended to ‘say something’ about the targeted firm as well as to
influence its practices. Friedman (1999, p. 249), however, suggests that Garrett’s definition is too narrow because it does not include “surrogate” boycotts that target neutral parties to put pressure on other parties (e.g., a hotel chain boycotted to put pressure on its home state legislators).

One reason it is important to recognize the expressive function of boycotts is because sometimes they are just symbolic and simply involve groups publicizing an issue and calling a boycott, but little if any effort to organize consumers. These “symbolic” boycotts may not reduce sales (i.e., be “effective”), but they may be successful in helping the group achieve its aims nonetheless (Smith 1990, p. 258). Friedman (1999, p. 11) has more recently noted a distinction between boycotts that are “marketplace-oriented” and include the use of tactics such as picketing or demonstrations at retail stores and those that are “media-oriented” and primarily use the news media to attack the image of the targeted firm.

Smith’s (1990, pp. 278-282) thesis, in keeping with the central proposition of this paper, is that consumer boycotts may be viewed as a tool used by public interest groups in their efforts to achieve social control of business. He suggests that such efforts are both consistent with and enhance the idea of consumer sovereignty. Accordingly, Smith (1990, p. 140) defines the consumer boycott as “the organized exercising of consumer sovereignty by abstaining from purchase of an offering in order to exert influence on a matter of concern to the consumer and over the institution making the offering.”

Smith (1990, pp. 8-9) suggests that group organized consumer boycotts are only the most clearly identifiable and deliberate form of a broader phenomenon, which occurs “where people are influenced in purchase by ethical concerns.” While Holbrook’s Typology of Consumer Value posits that ethics (including justice, virtue, and morality) is one of eight kinds of value that consumers may attain in the consumption experience (Holbrook 1999, Smith 1999). Consumer
boycotts organized or inspired by public interest groups are examined more closely in the next section. This is followed by a review of research on ethical concerns in consumer behavior, focusing in particular on the stream of literature that explores ‘socially responsible consumption’.

**Public Interest Group Inspired Consumer Boycotts**

In the early 1990s, the business press appeared to agree that consumer boycotts work and that they were increasing in number. Many of the boycotts reported were over CSR issues (e.g., boycotts of Star-Kist and others, over their use of ‘dolphin-unsafe’ tuna; Exxon, over its pollution of the Valdez Sound; and Nike, over its alleged shortfalls in the employment of minorities). The Economist (1990, p. 69), for example, concluded: “Pressure groups are besieging American companies, politicizing business and often presenting executives with impossible choices. Consumer boycotts are becoming an epidemic for one simple reason: they work.” That judgement still appears to be current (Friedman 1999).

Consumer boycotts continue to be in the news and appear to have had some dramatic effects. Recent and prominent consumer boycotts include the European boycott of Shell over its plan to dump the Brent Spar oil platform at sea; the U.S. boycott of Texaco over alleged racial remarks by senior management; and the U.S. boycott of Mitsubishi over alleged sexual harassment in the workplace. All three of which achieved most, if not all, of their organizers’ goals. Commenting on the Shell boycott, The Economist (1995, p.15) suggested that “it may be no bad thing… for consumers to ask for a higher standard of behavior from the firms they buy from. The best companies… make a point of explaining their policies… Shell thought it had done enough explaining, but had not. Regardless of the merits of its case, it made a costly blunder.” Shell’s problems were compounded by public reactions to its involvement in Nigeria and the company’s apparent failure to use its influence to prevent the tragic execution of Ken Saro-Wiwa and eight Ogonis by the Nigerian authorities. Criticism
of Shell by environmentalists and human rights activists and the associated boycotts were said to be key contributors to a fundamental transformation in how the company strives to live up to its social and ethical responsibilities (Cowwe 1999; Shell 1998).

However, if boycotts are to be a force for good, much depends on perceptions of corporate conduct and the judgements made by boycott organizers and consumers of its appropriateness. So, for example, it’s not clear that Shell’s decision to dismantle the Brent Spar oil platform on land, as a result of the boycott, was a more social responsible outcome or even more environmentally benign than the planned disposal at sea. Moreover, boycotts may be organized by groups with many different values and political persuasions (contrast the Shell boycott, organized by Greenpeace, with that of Disney called by the Southern Baptist Convention over Disney’s position on homosexuality, including its policy of extending health benefits to partners of homosexual employees). Friedman (1999) shows that boycotts have involved a wide variety of pressure groups, target organizations, and social concerns.

Hence, The Economist (1990, p. 70) cautioned that as “boycotts become more widespread… their biggest victim may not be corporate misbehavior, but reason.” In a similar vein, Newsweek commented (Miller et al. 1992, p. 61) that “you can please some of the boycotters, but only some of the time.” While the success of some boycotts constitutes evidence of public interest groups influencing CSR practices and contributing to improvements in societal welfare, it should not be assumed that all boycotts have such beneficial results, even when successful. As earlier discussed, the operational definition of CSR is uncertain. The definition of boycotters may not be any better than that of the target firms.

Nonetheless, Hayes and Pereira (1990, p. B1), in the Wall Street Journal, reported a Reebok spokesman as commenting: “More and more in the marketplace, it is our feeling that who you are and what you stand for is as important as the quality of the product you sell.”
also notes that a substantial reduction in sales may not be necessary for a boycott to be successful, even a 5% decline may be considered a cause for concern by companies. Accordingly, a spokesman for Star-Kist (a unit of H. J. Heinz Co.) suggested: “Consumer interests… have to be recognized. That’s just good business” (Hayes and Pereira 1990, p. B1).

It was earlier noted that Davidson, El-Jelly, and Worrell (1995) found that product boycott announcements were associated with significant negative stock market reactions, suggesting that investors, at least, believe that the sales of boycott targets can be affected. Some academic researchers have studied boycott effectiveness more directly.

Monroe Friedman (1985) reports academic research of 90 U.S. boycotts between 1970-1980. He finds that boycotts have involved an unusually wide variety of protest groups, target organizations, and social concerns, and that boycotts appear to be increasing in number. Friedman is unable to state definitively how many of the boycotts examined were successful; in part, because of the difficulty of disentangling the effects of other tactics, such as strikes, that accompanied many of the boycotts studied.

Garrett (1987) suggests that boycotts are important because: 1) they are increasing; 2) agents are becoming more sophisticated; 3) targets have only limited refuge from them in the legal system; 4) they are neglected (by marketers) as environmental forces; and, 5) they are a double-barreled challenge to marketers—seeking both to change marketing policies and to disrupt exchange relationships. His review of the boycott literature suggests six factors in boycott participation: awareness of consumers, the values of potential consumer participants, boycott goals consistent with participant attitudes, the cost to participate, social pressure, and whether the boycott is promoted by a highly credible leader. He proposes a theory of boycott success, suggesting that the determinants are economic pressure (due to lost sales), (corporate) image
pressure (due to adverse publicity), and policy commitment (target’s determination not to change the policy in question). His theory is supported by research of 30 boycotts between 1981-1984.

Smith (1990) reports case study research, including the boycotts of Barclays Bank over its involvement in apartheid South Africa, Nestle over its marketing of infant formula in LDCs, and the California grape boycott over labor unionization. On the basis of this case research and his review of the boycott literature, Smith (1990, p. 260) identifies factors in consumer boycott effectiveness and success. These factors include: the choice of target (e.g., involvement of the firm in the grievance, its visibility, the connection of the product with the grievance, and its substitutability by competitive offerings); the organization and strategy of the pressure group (e.g., dedication to the cause, use of strategic approach); and responses to the boycott call (e.g., consumers’ moral outrage over the grievance, endorsement of the boycott by public figures). More broadly, he suggests (1990, p. 294) that “consumers must be concerned, willing, and able to act” in support of the boycott. He notes, however, that boycotts need not substantially reduce sales to be successful. Firms may comply with boycott demands in response to the moral pressure and concern for the firm’s reputation, absent any impact on sales.

Friedman (1999, pp. 21-22) draws upon “instrumentality theory” (Vroom 1964) to develop an explanation for boycott success. He suggests that before initiating a boycott, groups should ask themselves if 1) consumers care about the boycott issues and objectives, 2) the boycott task is likely to be successfully executed, and 3) its execution is likely to lead to the desired consequences specified by the boycott objectives. In keeping with this approach and based on his extensive knowledge of boycotts, Friedman (1999, pp. 23-32) identifies execution and consequence considerations for media-oriented boycotts (e.g., announcements should be made by well-known organizations), marketplace-oriented boycotts (e.g., boycotted products should be easy for consumers to identify), and surrogate
boycotts (the more political influence the target companies have, the more likely the government will yield to boycott demands).

In sum, there appears to be evidence of boycott effectiveness leading to changes in corporate CSR practices and hypotheses (at least) as to factors in boycott effectiveness and success. While there is little empirical research of consumer boycotts, more attention has been given to ‘socially responsible consumption’. This literature, discussed in the next section, provides indirect evidence in support of claims about the influence of group organized consumer boycotts on corporate practices. Further, socially responsible consumption also may be treated as boycotting by individual consumers, even when public interest groups do not organize it. This is consistent with Sharp’s (1973) definition of economic boycotts (noted earlier) and use of the term ‘boycott’ elsewhere. For example, Klein, Ettenson and Morris (1998) refer to boycotts of foreign products because of animosity toward the country of origin. Smith and Cooper-Martin (1997) refer to boycotts of firms because they are perceived to be targeting vulnerable consumers with harmful products. In both cases, these ‘boycotts’ can take place without pressure group organization.

Research on Socially Responsible Consumption

Interest in corporate social responsibility prompted a number of marketing scholars to examine whether it might influence consumer purchase behavior. Many of these studies were conducted in the 1970s, though research on the topic was published at least as recently as 1997. In one of the earliest contributions, Kassarjian (1971) examines consumer reactions to the introduction of a gasoline that claimed to reduce automotive emissions. Would consumers support CSR in this instance? Kassarjian (1971, p. 65) explains the circumstances and his findings as follows:
In the early part of 1970, an ideal combination of conditions existed for the introduction of... a pollution-reducing gasoline. A population existed that was seriously concerned about air pollution and willing to try to solve the problem; a product was available that purportedly aided in the reduction of air pollution; a massive advertising campaign was undertaken; and government officials were prepared to make testimonials. Within six weeks after the introduction of the gasoline, more than half of the population had paid an additional two to 12 cents per gallon to try the new brand. Two-thirds of the people could identify the company marketing the product, and 55% could identify the brand name.

Kassarjian reasons that consumer acceptance is very likely for a product that promises some alleviation of pollution problems. Moreover, consumers in general are willing to try the product at premium prices and claim to be willing to pay more for it (and Kassarjian suggests that there was circumstantial evidence indicating that this was true at the time of his study). Advertising of the new product was most effective in reaching members of the high concern (about air pollution) group in his sample. They could identify the name of the gasoline company and the pollution-reducing additive. Kassarjian (1971, p. 65) concludes: “With a good product based on ecological concerns, the potential for a marketer seems to be impressive.” However, he was unable to identify any market segmentation criteria that would identify the market segment more likely to buy the product, beyond the level of concern about the issue (of air pollution) itself.

A subsequent stream of research on ‘socially responsible consumption’\(^1\) was directed primarily at identifying the demographic and socioeconomic characteristics of the socially conscious consumer. Clearly, understanding of these characteristics might be useful for market segmentation purposes. Anderson and Cunningham (1972, p. 23) start by citing Friedman’s arguments against CSR, then they observe that others claim “that with further amplification in the demands for social and environmental responsibility the cost to the firm of ignoring the social and environmental context in which it operates

\(^1\) Also described as: socially conscious consumption, environmentally concerned/responsible consumption, and ecologically concerned/responsible consumption.
may not be profit; the cost may well be survival.” Accordingly, they assume that firms must respond to demands for greater attention to CSR, including those demands from consumers. They continue: “Thus, the issue has shifted from one of corporate social responsibility to a more conventional market segmentation problem: Which consumers constitute the market for products, services, or other corporate actions that promote social and/or environmental well-being?” (Anderson and Cunningham 1972, p.23).

To answer this question, they tested the relative sensitivity of demographic and sociopsychological variables in discriminating degree of social consciousness. They did not use measures of actual behavior to determine social consciousness. Their dependent variable consisted of responses to the Berkowitz and Lutterman (1968) Social Responsibility Scale. Anderson and Cunningham (1972, p. 30) find that sociopsychological variables are more sensitive discriminators of social consciousness than demographic variables; more specifically:

… the image of the socially conscious consumer emerging from the research is that of a pre-middle age adult of relatively high occupational attainment and socioeconomic status. He is typically more cosmopolitan, but less dogmatic, less conservative, less status conscious, less alienated, and less personally competent than his less socially conscious counterpart.

In an extension of the Anderson and Cunningham (1972) study, Kinnear, Taylor, and Ahmed (1974) explore the relationship between the socioeconomic and personality characteristics of consumers and their level of ecological concern. They suggest that ecologically concerned consumers can be identified, with personality variables (e.g., harm avoidance, openness to new ideas) better predictors than socioeconomic variables.

Kinnear and Taylor (1973) examine the relationship between the amount of concern for the ecology that buyers indicate and their perceptions of detergent brands. Consumer survey data were analyzed using a multidimensional scaling technique appropriate to the study of brand perceptions.
They find that buyers with different levels of ecological concern have different cognitive maps for laundry products; more specifically: “the higher a buyer’s ecological concern the more salient is the ecological dimension in perception, and the greater is the perceived similarity of brands that are ecologically non-destructive” (Kinnear and Taylor 1973, p. 196). However, while the researchers were able to segment the market on the basis of an ecological dimension (and they note that this had been done by a number of firms in the laundry products market), the ecologically-concerned segment was not very large. Somewhat pessimistically, they conclude: “A large proportion of the sample is not motivated to perceive products on the basis of concern for the ecology… it is unlikely that the purchasing patterns of consumers will shift enough to nonpolluting products to force those products that do pollute off the market” (Kinnear and Taylor 1973, p. 196). They suggest that other methods, such as legislation and moral pressure on producers, would be necessary to eliminate the polluting products.

Webster (1975, p. 188) reports an attempt to identify the characteristics of the ‘socially conscious consumer’, somebody who “takes into account the public consequences of his/her private consumption or who attempts to use his or her purchasing power to bring about social change.” His study found that the socially conscious consumer can be distinguished by a variety of personality, attitude, and socioeconomic variables, though the relationships are somewhat weak. In contrast to Anderson and Cunningham (1972), Webster (1975) developed behavioral measures of socially conscious consumption (e.g., use of recycling, boycott of products involved in labor disputes). He finds that the Berkowitz and Lutterman Social Responsibility Scale is a poor surrogate for these behavioral measures. More specifically, Webster (1975, pp. 195-96) concludes:

The socially conscious consumer is not the ‘pillar of the community’ who scores high on measures of social responsibility… he, or more likely she, … is less ready to judge the values
and actions of others. She tends to think business has too much power, and she tends to have higher household income than her less socially conscious counterpart.  

More recently (Roberts 1996, p. 82), reports a large-scale survey of socially responsible consumption and concludes that “large segments of socially responsible consumers do exist,” though they are not readily identifiable using demographic characteristics. He suggests that this might indicate that the market for socially responsible products and services is widening. He advises marketers to carefully identify segmentation criteria that distinguish between those likely to respond to social and environmental appeals and those who are not.

Pursuing a different line of research, Miller and Sturdivant (1977) report an empirical test of whether consumers would be likely to penalize questionable corporate conduct. They explain their purpose as follows:

An assumption that underlies much of the literature treating the social responsibilities of business is that over time ‘good behavior’ will be rewarded in the marketplace… Implicit in this notion that socially responsible firms will be rewarded in the marketplace is the reverse, namely, bad behavior will lead to marketplace sanctions” (1977, p. 1).

Having noted the paucity of research regarding this assumption, Miller and Sturdivant (1977) go on to discuss a study that investigated consumer reactions to a boycott of a firm over charges of unsafe working conditions. They conclude that the study provides “limited support for the argument that questionable corporate behavior will influence consumer practices” (1977, p. 7).

Much more recently, Brown and Dacin (1997) report three studies that explore the relationship between what a person knows about a company (‘corporate associations’) and perceptions of the company’s products. They observe (correctly) that there is a “lack of evidence on how, when, and what types of corporate associations affect product responses” (1997, p. 68).

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2 In a further contribution to the socially-conscious-consumption literature, Murphy, Kangun, and Locander (1978) find racial variations, with blacks less likely to respond to ecological issues than whites.
Two types of corporate associations are investigated: corporate ability (CA), “those associations related to the company’s expertise in producing and delivering its outputs” (p. 68); and, corporate social responsibility associations that “reflect the organization’s status and activities with respect to its perceived societal obligations” (p. 68).³

Two laboratory studies and one mall intercept study are described that do the following:

1) “… provide empirical validation of the relationship between corporate associations and consumer product evaluations; in short, we demonstrate that what consumers know about a company can influence their evaluations of products introduced by the company” (p. 68);
2) show that “different types of corporate associations... can have important influences on company and product evaluations, but... the manner in which each type of corporate association affects product responses may be different (pp. 68-69); and,
3) demonstrate that “corporate associations can serve as an important context for the evaluation of a company’s products... products introduced by a company with negative CA associations are not always destined to receive negative product responses” (p. 69).

The authors ground their studies in the literature on corporate image. They note that the “handful” of prior empirical studies of the effects of company image on product judgments have equivocal results: “The inconsistent results in the literature leave marketing managers with the intuitive implication that a good image is probably better than a bad image, but with little else to guide them as to how particular corporate positioning strategies might influence consumer product responses” (1997, p. 70). Importantly, with respect to this paper’s purpose, they suggest the inconsistency may be due to the need to distinguish between CA and CSR associations.

³ The authors suggest that CSR associations are often unrelated to the company’s abilities in producing goods and services. This is an important assumption for their studies. However, it is widely believed that firms that are more socially responsible have better managers, which might affect ‘corporate ability’. For example, McGuire, Sundgren, and Schneeweis (1988, p. 856) write: “Investors may consider less socially responsible firms to be riskier investments because they see management skills at the firm as low.”
Their proposed model identifies multiple paths of influence for corporate associations on consumer product responses. CA may influence product evaluation through product sophistication (“degree to which a product exhibits the latest technological advances,” p. 71) or through corporate evaluation (“when the evaluation of the new product occurs in the presence of corporate information, the corporate associations can create a context for the evaluation of the product,” p. 71). CSR may influence product evaluation through corporate evaluation or, conceivably (“if a particular product or category were consistently marketed on the basis of social responsibility attributes,” p. 71), through product social responsibility. The model is largely supported by their studies.

Brown and Dacin (1997, p. 79) conclude that “what consumers know about a company can influence their reactions to the company’s products,” and, more specifically, “all three studies demonstrate that negative CSR associations ultimately can have a detrimental effect on overall product evaluations, whereas positive CSR associations can enhance the product evaluations” (p. 80). This is strong support (subject to the study limitations) for the argument that consumers respond to CSR practices. Brown and Dacin (1997) do note, however, that effective communication by the firm of positive CSR associations is necessary if they are to have an effect. They refer to the advertising of the Saturn automobile in the U.S. as an illustrative example.

In keeping with Brown and Dacin’s (1997) acknowledgment of the role of corporate image and the studies of socially responsible consumption, a simple model of consumer influence on CSR may be developed. This is shown as Figure 1.

(See Figure 1 at the end of the document)

Although not directly part of the literature on socially responsible consumption, reference should be made to the widely-cited studies of fairness in the marketplace by Kahneman, Knetsch, and
Thaler (1986). Brown and Dacin (1997) and most of the earlier discussed studies examine consumer interest in corporate social responsibility directly. However, also relevant are the Kahneman, Knetsch, and Thaler (1986) studies that show how considerations of fairness restrict the actions of profit-seeking firms, contrary to conventional economic theory. The studies reported by Kahneman and his colleagues support the notion that there is a “willingness to pay to resist and to punish unfairness” (1986, p. 736). For example, three-quarters of their respondents elected to share $10 evenly with a stranger who had been fair to somebody else in a prior transaction, rather than share $12 with somebody who had been unfair before. Similarly, 69% indicated they would switch to a convenience store 5 minutes further away rather than continue to patronize a store that discriminated against its older workers.

Finally, cause-related marketing also should be considered as evidence both of consumer interest in CSR and a corporate belief that CSR is a source of competitive advantage. Varadarajan and Menon (1988, p. 60) define cause-related marketing as “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives.” More simply, it is a way for a company to do well by doing good, typically by making charitable donations to specified causes in proportion to its sales (Dunfee 1995, Varadarajan and Menon 1988). An early example was a 1983 campaign by American Express, whereby it donated a penny to a renovation fund for the Statue of Liberty for each use of its charge card and a dollar for each new card issued in the U.S. (Varadarajan and Menon 1988). Cause-related marketing—and, more broadly, a new approach to corporate philanthropy that links corporate giving and the larger good of society more clearly to the firm’s self-interest—are increasing. Smith (1994, p. 112) observes that
“consumers all over the world are welcoming private-sector activism as never before.” The rationale is that “competing on price and corporate citizenship is smarter than competing on price alone” (1994, p. 110).

**Shopping for a Better World**

There is also more anecdotal evidence to suggest that the consumer marketplace may reward firms for CSR practices as well as penalize firms for perceived CSR shortcomings. Support for favored businesses is well established in the boycott literature. Laidler (1968) observes that boycotts can be negative and positive. Negative boycotts involve purchasing from recommended sources: “The primary purpose of negative boycotts is to secure for ‘fair’ firms the patronage of labor and its friends. Indirectly, they divert trade from ‘unfair’ employers” (Laidler 1968, p. 60). The union label and ‘white’ or ‘fair’ lists assist this practice, in contrast to the ‘unfair’ or ‘we don’t patronize’ lists. Similarly, Wolman (1916) differentiates between the indirect and the direct boycott and Friedman (1999, p. 201) refers to “buycotts” as well as boycotts.

Consumer interest in CSR practices has resulted in a number of consumer guides to assist in shopping. In the U.K., for example, Elkington and Hailes (1988) published the *The Green Consumer Guide: High Street Shopping for a Better Environment*, which sold over 300,000 copies. This was followed by a guide specifically devoted to supermarket shopping (Elkington and Hailes 1989) and another guide for the U.S. market (Elkington, Hailes, and Makower 1990). While in Germany, consumers have had the benefit of the government-supported eco-labelling initiative, the ‘Blue Angel’ program, and similar initiatives can be found in other countries. The success of these efforts are testament to consumer interest in at least considering environmental issues in their purchase behavior. To the extent that consumers do consider these issues, firms in
competitive markets may be expected to respond with more environmentally benign products. However, consumers certainly may get it wrong, as McDonald’s switch away from styrene packaging in response to consumer concerns indicates (McMillan 1996).

In the U.S., the Council on Economic Priorities (1991), publishes **Shopping for a Better World**, a guide covering a wide range of social responsibility issues that has sold over one million copies. The guide rates companies or products on ten dimensions of social responsibility: giving to charity, women’s advancement, advancement of minorities, animal testing, disclosure of information, community outreach, involvement in South Africa, environmental impacts, family benefits (for employees), workplace issues (e.g., outplacement or retraining of employees, unionization, etc.). It also notes whether firms have involvement in military contracts or nuclear power. The Council on Economic Priorities (CEP) was founded in 1969. The goal of this non-profit research organization is “to inform and educate the American public and provide incentives for corporations to be good citizens responsive to the social concerns of all their stakeholders: employees, neighbors, investors and consumers” (CEP 1991, p. 9).

CEP’s work during the 1980s was primarily in support of the ethical investing movement. Providing information to consumers on CSR practices was a logical extension of these efforts. CEP founder, Alice Tepper Marlin, in an interview with Davids (1990, p. 40), explains that **Shopping for A Better World** “empowers people to support companies and bring products into their homes that coincide with their personal values.” CEP’s study of buyers of the guide found that 78% said they had switched brands as a result, 64% refer to it regularly, and 97% consider environmental ratings the most important (Davids 1990). The sales of the guide speak to its

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4 Latest edition listed by Books in Print is 1994.
impact. In addition, it has received praise from many quarters. Semon (1989), for example, writes that “individual perceptions of good citizenship do influence buying decisions, and this influence will grow.” He explains how the guide contributes to consumer pressure for corporate social responsibility, as follows:

In many product areas, consumers are offered a wide array of virtually indistinguishable me-too brands… Given essentially similar products at similar prices, the buyer will seek other differentiating criteria, and the barrage of corporate-image messages has focused attention on the corporation: Which one would I rather support by buying its product?

Further testament to the scope for positive marketplace pressures for CSR is the success of organizations that have adopted a social responsibility positioning in the consumer marketplace. In the U.S., they include the Body Shop, Ben & Jerry’s, and Tom’s of Maine. However, these companies, more than most, are vulnerable to charges of hypocrisy. As the Body Shop has found, companies that adopt a social responsibility positioning may find they are subject to attack if they fail to live up to their commitments to CSR practices, even when their social performance overall is still superior to that of most other firms (Smith 1996).

Surveys also regularly appear that suggest consumer pressure is a force for corporate social responsibility. A compelling example is a U.S. study by Walker Research (1994) that found 88% of consumers indicated they were much or somewhat more likely to buy from a company that is socially responsible and a good corporate citizen if the quality, service and price are equal to that of competitors; 92% said they would be much or somewhat less likely to buy from a company that is not socially responsible. Gildea (1994-95, p. 20) summarizes the Walker Research study by claiming that it is “empirical proof that attention to corporate social responsibility pays off.”

The survey confirmed five areas that those surveyed regard as characterizing good corporate citizenship and social responsibility: business practices, community involvement,
treatment of employees, environment concerns, and financial stability. In further confirmation of consumer interest in CSR practices, Walker found that three-fourths of the sample were already refusing to buy from one or more companies. Gildea (1994-95, p. 21) quotes Frank Walker, the company’s chairman and CEO, as saying:

“As more and more organizations meet the quality requirements of the marketplace, reputation and particularly factors pertaining to being good corporate citizens and socially responsible will differentiate the marketplace… Good quality will be a given. Superior service is a must. Competitive price must be in the formula without question. Successful companies will plainly need to do more. The consumer will want to know what the company behind the product or service stands for in today’s society, and to make certain that they are not contributing to any corporation that is harming society, its resources or its people.”

The findings of the Walker survey and its implications are intuitively appealing and consistent with the argument of consumer pressure as a force for social responsibility. Moreover, they are in keeping with earlier studies by the Roper organization and many studies that show that consumers will say they are influenced in purchase by environmental concerns. However, these surveys must be treated with some caution. Academic researchers are careful to minimize demand artifacts in their studies, including the potential for respondents giving socially desirable responses when answering survey questions. Accordingly, expressions of environmental concern have not always translated into demand for environmentally benign products.

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

This paper has attempted to evaluate evidence for the proposition that corporate practices have changed in response to public interest group use or threat of consumer boycotts and these changes have often benefited societal welfare. Despite the relative paucity of empirical research of consumer boycotts, it seems reasonable to conclude that consumer pressure is important in leading companies to adopt CSR practices.
From a theoretical standpoint, this consumer behavior may be explained as the exercise of consumer sovereignty (Smith 1990). In competitive markets, firms are driven by the imperative of customer satisfaction. If consumers have concerns about a firm’s CSR practices, they may well choose to support its more responsible competitors. There is ample anecdotal evidence that appears to confirm this claim. Companies have been subject to negative marketplace pressures, where they are penalized for poor CSR practices, in consumer boycotts. Evidence of positive marketplace pressure may be illustrated by the demand for guides such as *Shopping for a Better World* and the success of cause-related marketing. Empirical research provides some measure of support too (e.g., Brown and Dacin 1997; Kahneman, Knetsch, and Thaler 1986; Kassarjian 1971; Kinnear and Taylor 1973; Miller and Sturdivant 1977; Roberts 1996; Webster 1975).

There are limits to the potential for the consumer marketplace to influence CSR practices. First, consumers must be aware of individual firm CSR practices. Friedman (1999) and Smith (1990) highlight the role of the media and of pressure groups to identify CSR shortcomings, while Brown and Dacin (1997) note that firms should communicate good CSR practices. Second, consumers must be concerned about these practices and willing to consider them within purchase decision-making. The studies of socially responsible consumption (e.g., Webster 1975) are indicative of how consumers may differ in their concern about CSR practices and their willingness to consider CSR in purchase decision-making. While not all consumers will consider CSR, segments of concerned consumers clearly exist and, in any event, the effect may occur indirectly, with CSR practices forming part of a company’s reputation (Brown and Dacin 1997). Third, consumers must be able to act on their concerns by being in the market for the company’s products and having the option of buying from more responsible competitors.
Most consumer markets are competitive and firms in these markets are looking to find ways of improving their appeal to consumers and avoiding the possibility of reasons for consumers to shop elsewhere. It is interesting to note that Davidson (1995, p. 79) suggests firms might view boycotts as a useful opportunity to build stronger relationships with customers:

A threatened boycott, though never welcome, may provide an opportunity for a manufacturer to establish a unique relationship with its individual customers... A group of customers will feel they have played a role in shaping the decisions of the company. And the manufacturer will have captured the dominant “mind share” of this group that no traditional marketing strategy ... could have accomplished.

More fundamentally, a good reputation for CSR could well be a source of competitive advantage and a poor reputation may place the firm at a disadvantage. Accordingly, Frank Walker, commenting on the Walker “Corporate Character” study, concluded: “There are serious bottom line implications for business in our findings... A strong reputation, built through good citizenship and corporate responsibility, is and will continue to be the trump card for organizations that plan to enter the 21st century in a leadership position” (Business Wire 1994). This may increasingly be the case as marketers find it more difficult to achieve effective differentiation in today’s highly competitive marketplaces. Corporate social performance may make a big difference at the margin.

Nonetheless, not all firms serve consumer markets, others have managers who may be less sensitive to consumer preferences, and some firms may serve consumer segments that are not concerned about CSR practices. In other cases, some CSR practices may be seen as too expensive, despite the potential loss of competitive advantage if the practice is not adopted. However, there are other pressures on the firm to be socially responsible. They may have an important role to play in addition to consumer marketplace sanctions.
Future Research

The topic of consumer boycotts is clearly important and in need of further research.

Opportunities for future research include:

1. Consumer responses to boycott announcements. How effective are boycott announcements and what are the characteristics of more effective boycotts? Friedman (1999, pp. 21-31) proposes many hypotheses as a research agenda. A reliable research study would be fraught with many methodological problems, not least of which are possible demand effects, as earlier discussed. One possibility might be to adapt the event study methodology that has been applied to studies of the effects of CSR on stock market prices. Perhaps using retail scanner data in conjunction with consumer databases, researchers might examine impacts on the consumer marketplace of boycott announcements. Experimental designs represent another approach (Burke, Milberg, Smith 1993).

2. Management responses to consumer boycotts. Under what conditions do managers concede to public interest group demands when faced with the threat or call for a boycott of its products? Smith (1990, pp. 266-275) identifies responses on the basis of case study research. Survey research may be warranted. Further, in light of management capitulation to group demands that are not ultimately considered socially responsible (e.g., Shell, McDonald’s), under what conditions do managers resist such demands and, more preemptively, how can managers avoid such demands being made in the first place?

3. Consumer motivations for participation in boycotts. Theories of consumer motivation for boycott participation, perhaps along the lines proposed by Friedman (1999, pp. 21-22), could be developed and tested. This might include examination of the differences between boycotts
that are group organized and boycotts that are simply individuals ‘shopping for a better world’.

4. Public interest group strategies and tactics. Research in this area may need to be updated, particularly with public interest groups increasingly targeting firms directly and with the growing use of new information technologies, such as websites (Friedman 1999, p. 226).

In addition to opportunities for further research on consumer boycotts organized by public interest groups, there remains a need to better understand the broader behavior of socially responsible consumption. Although new studies continue to look at the characteristics of the socially responsible consumer (e.g., Auger, Devinney and Louviere 1999), perhaps another approach would be to assume that this behavior is not isolated to a given segment of consumers, but rather is situation- or issue-specific. The premise that all consumers potentially may be influenced in their purchase and consumption behaviors by ethical or social responsibility considerations suggests that a useful direction for further research would be the antecedents of such behaviors. What prompts a consumer to exercise his or her ‘purchase vote’ for or against a firm because of ethical or social responsibility considerations associated with the firm or its products? Brown and Dacin (1997), in particular, have gone some way towards answering this question. Further efforts would appear to be of importance not only to firms that may be affected but also more generally because of the potential impact socially responsible consumption might have on the sort of society we live in.
Figure 1

A Simple Model of Consumer Influence on Corporate Social Responsibility

Reinforcement of CSR Practices
(positive marketplace pressure)

Corporate Social Performance

Favorable Corporate Image (on CSR) → Increased Willingness to Buy

Unfavorable Corporate Image (on CSR) → Reduced Willingness to Buy

Challenge to CSR Practices
(negative marketplace pressure)
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