

The Effect of CSR on Consumers' Purchase Intention—Based on HUAWEI Technologies Co.

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Abstract: *The purpose of this paper is to take HUAWEI as an example to explore the influence of corporate social responsibility (CSR) on purchase intention, with the aim of finding out the degree of influence of CSR on consumers' purchase intention by comparing other factors. This report explores this issue from two perspectives. First, it summarizes various conclusions on this issue in recent years and obtains three main views. Then, it collects 120 questionnaires and conducts a simple cross-analysis to find out the influence of various factors on consumers' purchase intention and makes a comparison. The study finds that CSR has a certain influence on consumers' purchase intention, but other factors such as price cannot be ignored. The empirical study shows that consumers are price-sensitive and pay more attention to the quality and safety of products when facing such high-consumption products as HUAWEI. Based on the above conclusions, this report intends to make some suggestions for Chinese companies.*

Keywords: *corporate social responsibility, purchase intention, HUAWEI, other factors*

1. Introduction

Recent years, the practice of corporate social responsibility is becoming more and more common in countries and enterprises (Sohn, Han & Lee, 2012). By adopting CSR, enterprises can convey universal values, improve brand image and enhance consumer loyalty (Lee & Lee, 2015). The early industry believed that the responsibility of the enterprise is to maximize the interests of shareholders (Liao, 2016). However, with the development of the society and the growing scale of enterprise itself, to the requirements of the enterprise also gradually increased, the current society generally accepted definition of CSR which is the enterprise not only to consider the interests of the shareholders, also need to care about the welfare of the staff and stakeholders, abide by the moral and legal and related charity from several aspects (Liao, 2016). While enterprises pay more and more attention to social responsibility, consumers who are the ultimate buyers of products and services are also responding to social responsibility (Tang, 2017). Consumers increasingly hope that the enterprises they support can make certain contributions to the society. However, this kind of perception varies from person to person, and consumers are not sure which kind of social responsibility they have a more positive response to, and whether this response is greater than the impact brought by other factors. In order to further study this topic, this paper will take Huawei, which has a good performance in corporate social responsibility in the public's mind, as the representative enterprise. While disseminating the concept of corporate social responsibility, it will promote enterprises to better fulfill social responsibility and help enterprises balance social responsibility with other elements of products.

2. Literature review

Through sorting out relevant domestic and foreign literatures, this paper finds that there are three main perspectives on CSR and consumer purchasing relationship.

2.1 CSR has significant influence on purchase intention

Some scholars believe that CSR has a significant influence on consumers' purchase intention (Sharma, 2018). There are a lot of ideas behind this result. Kim (2017) hold the point of view that this influence is not only positive. When enterprises undertake CSR and they show a selfless and voluntary tendency, consumers are more willing to buy the products of enterprises (Romani, Grappi & Bagozzi, 2016). However, when an enterprise assumes social responsibility and it shows a selfish tendency to increase sales or visibility through taking responsibility, consumers will even reduce their willingness to buy the products and it might negatively affect brand image. In addition, some research reports on

Chinese consumers show that enterprises bearing social responsibility will definitely increase consumers' purchase intention, and this influence is greater than the impact of price fluctuations on consumers' purchase intention (Ramasamy & Yeung, 2009). In other words, Chinese consumers have a stronger sense of social responsibility and perception, and a high level of understanding and trust in corporate social responsibility. They are likely to translate higher CSR into positive evaluation, product association and purchase intention, and they are more willing to pay for CSR. Some other scholars found through on-site questionnaires that CSR not only directly affects consumers' purchase intention, but also affects consumers' recommendation degree and brand loyalty, and this influence has a continuous positive influence (Deng & Xu, 2017).

2.2 The influence between CSR and purchase intention depends on other

Besides there are other scholars believe that the influence of CSR on purchasing intention depends on the situation. Different enterprises and different social responsibilities will have different degrees of impact on consumers. Some scholars show that companies that sell experiential products are more likely to get active purchasing support from consumers through CSR practices, and they need to pay more attention to CSR (Doorn, 2017). Another part of scholars support that consumers pay more attention to whether catering companies undertake social responsibilities such as food safety and environmental protection (Ramasamy & Yeung, 2009). And for fashion companies the morality and charity seem like the key that influence the brand image (Lee & Lee, 2015). Lenne and Vandenbosch(2017) pointed out the degree of publicity of CSR also plays a crucial role here. After consumers are exposed to more publicity about CSR, their awareness of CSR will be improved, thus positively influencing their consumption behavior.

2.3 The influence between CSR and purchase intention is not significant

In addition to above there are others hold the opposite view, they think the relationship between CSR and willingness to consume is not significant. Yu, Cao and Tan (2019) hold this point of view, the generation of consumer behavior is not caused by corporate CSR, but consumers themselves have pro-social performance, so they are more willing to engage in pro-social consumption. That means it is not CSR but the pro-social or non-pro-social personality of consumers that influences their willingness to consume. Apart from that, some scholars suspect if people act like questionnaire. Fatma and Rahman(2015) also suggest that of the 100 relevant papers collected in the analysis, 84 empirical papers produced inconclusive results, while 33 papers based on the questionnaire showed more positive results, which suggesting that people's answers in the questionnaire may not be achieved in reality. The literature further indicates that when consumers tend to exaggerate their conscious actions, they will focus on other factors when faced with actual purchasing behaviors (Carrington, Neville & Whitwell., 2010).

2.4 Paradox and improvement

It can be clearly found that the research on the relationship between CSR and purchase intention has been a paradox, and the conclusion can not show what CSR influences consumers' purchase intention. Moreover, compared with foreign researches in this field, domestic researches are obviously insufficient, most of which are conducted in the context of CSR without considering consumers' actual perception of CSR, which will lead to deviations in consumers' actual behaviors and answers(Janssen and Vanhamme, 2015). Therefore, in order to make up for the domestic research gap and reduce the deviation between reality and answer, this paper studies CSR and consumer willingness in the Chinese market, establishes the corporate background with HUAWEI as the case for consumers, and creates a more real environment to enhance consumers' perception of actual CSR.

3. Methodology

Because the research project needs a large amount of data to support, and needs scientific digital analysis to reach an objective conclusion, this paper uses empirical research to explore the relationship between CSR and consumer behavior. In addition, the paradox occurs because of the irrationality of questionnaire design, which ignores consumers' real feelings and actual scenes (Carrington et al, 2010). In order to avoid that, this questionnaire created a more realistic scenario with HUAWEI as the background.

3.1 Data collection and sample

According to the Data Analysis of China industry network (2017), HUAWEI's target customer group focused on the 18 to 49, accounts for 70% of the proportion of the total users, so this questionnaire choose HUAWEI main user group as the research object. In this age group in random released 300 questionnaires, the final recovery of 120 valid questionnaire responses received. 90% of the participants are target customers of Huawei, 8.3% are between 16 and 19 years old, 1.7% are over 49 years old. Besides 68.3% have used or are using HUAWEI products, 19.2% are willing to buy HUAWEI products. Even though it's 93.3% of respondents think CSR is important to the company, but only 30.8% of them have the basic understand of what CSR is.

3.2 Instrument

This study mainly explores two questions:

- 1) Whether CSR has an impact on purchase intention and actual purchase behavior.
- 2) Compare with other factors, the degree of the impact.

The results will be obtained through two data analysis methods as required. For the first, the team will graph the results of the questionnaire and put the results of different questions together for comparative analysis. For the second, the team will put together a number of factors to do cross-analysis and draw conclusions

3.3 Pilot study and ethics

In order to ensure the rationality of the questionnaire, the team made two modifications and randomly released 10 questionnaires after the questionnaire was made. A simple analysis was carried out to ensure that the influence of CSR on purchase intention could be obtained, and the questionnaire could also be released after comparing other factors.

In order to protect the privacy of participants, there is no possible disclosure of name, telephone number, address, identity and other questions in the questionnaire, and other information about participants will be deleted after 3 months

4. Findings and analysis

4.1 The influence of CSR and purchase intention

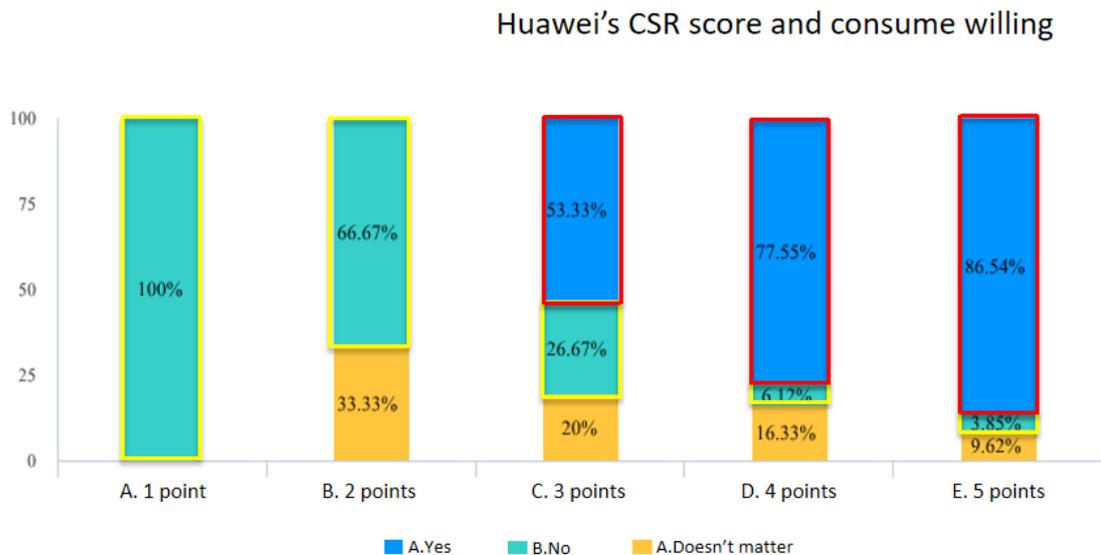


Figure 1. Cross-over analysis of HUAWEI's CSR score and consume willing

According to the results of the questionnaire survey, 75.83% of participants are more willing to buy HUAWEI's products because HUAWEI assumed CSR, which preliminarily indicates that CSR can

significant affect consumers' purchase intention (Deng & Xu, 2017). Further study, cross analyse the CSR score of HUAWEI and its willingness to buy related products in the questionnaire, and figure1 was obtained. It is obvious that consumers are more willing to buy HUAWEI's products with higher recognition of HUAWEI's social responsibility. It indicates that the CSR commitment in consumers' eyes will affect consumers' favorable impression on the brand and their purchase intention (Romani, Grappi & Bagozzi, 2016).

4.2 Compare with another factors

It is preliminarily found that CSR has a positive influence on those who are willing to buy when other factors remain unchanged. However, in order to explore whether the impact of CSR on consumers is greater than the impact of price on consumers, which was mentioned in the first category of the literature review, this paper makes the following analysis. Through the question if the consumer is willing to to CSR for additional spending, only 35% of consumers chose to definitely support, more than half of all consumer choice depending on the price or definitely not, compared with the CSR in the consumers' mind is also an influencing factors that cannot be ignored. Dislike the opinion of Ramasamy and Yeung (2009), When price is not mentioned, consumers will be more willing to buy Huawei products because of CSR. But when CSR and price are put together, most consumers consider price.

Huawei's CSR score and acceptable rise in price

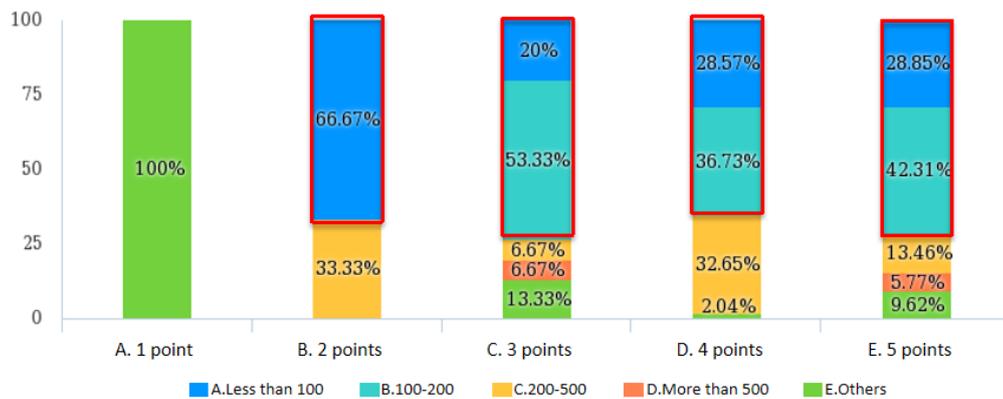


Figure2. Cross-over analysis of Huawei's CSR score and acceptable price rise

In order to create a more realistic scenario and increase the authenticity of consumers answer, further discusses the consumers in China for CSR score and the relationship between the acceptable price range, got very interesting conclusions as shown in figure2. If 3 score is chosen to be the line, which show that consumers do not recognize HUAWEI CSR below 3, and consumers recognize HUAWEI CSR above 3. It indicates that there is a obvious gap between these two kinds of people, the score above is more willing to pay(Lenne & Vandenbosch, 2017). But in the recognition of consumers, the results did not show that recognition group is becoming more and more willing to pay with the score increase. The price increase range that consumers can accept of CSR within 200 yuan, which accounted for less than 5% of HUAWEI's main product for the following, is not a very high price. And in recognition of HUAWEI group of CSR, willingness to accept the price of 100 yuan has a tendency to increase as the fraction increases. This shows that consumers do not actually ignore price fluctuations because of their acceptance of CSR.

After cross analysis found the income and price (Figure3.), the higher the income, the more can accept higher price volatility. That shows a possibility that might not CSR lead to consumers willing to pay, but the consumer oneself income consumers more don't care the price factors, and is willing to pay for CSR. If only considering the comparison between CSR and price, it is hard to judge that consumers will even ignore the price because the enterprise has better responsibility.

Income and acceptable rise in price

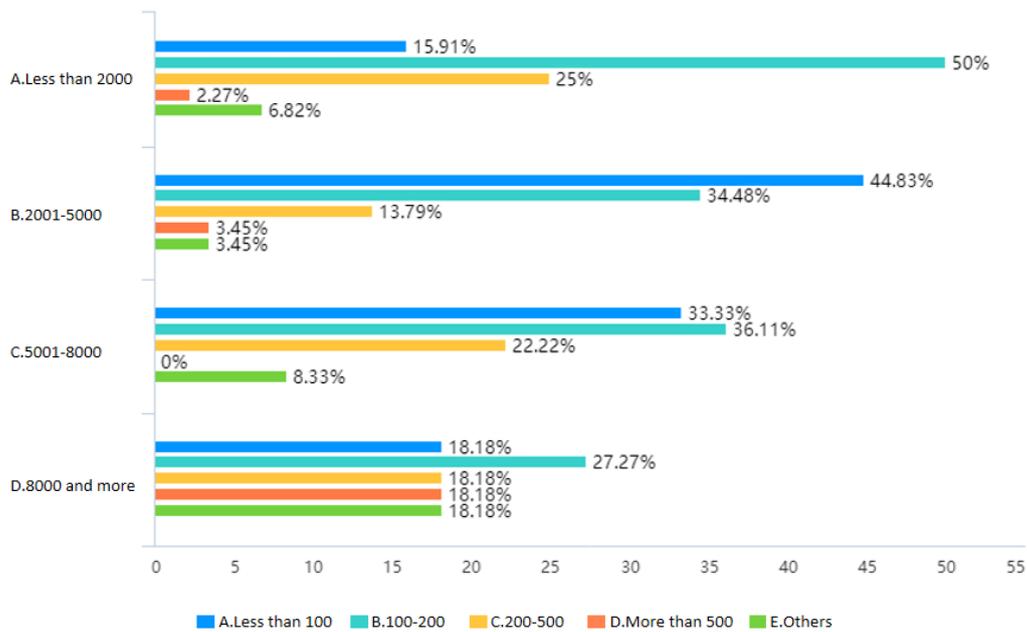


Figure3. Cross-over analysis of income and acceptable price rise

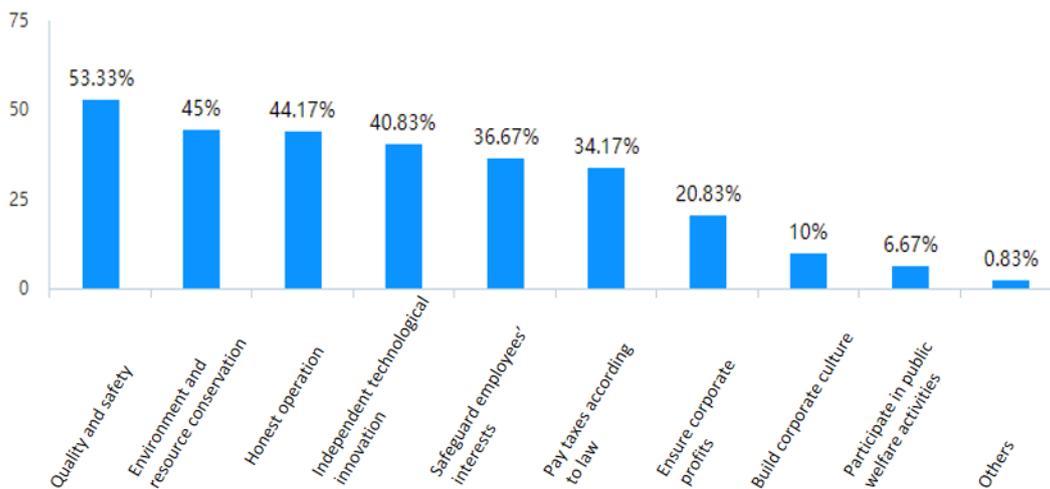


Figure4. The most important things for enterprises

In addition to the price factor, this study also briefly explores other factors affecting consumers' purchase intention. At the end of questionnaire it put forward what are the most important factors for HUAWEI in consumers mind, the conclusion is shown in figure4. More than half of consumers generally believe that HUAWEI enterprise should do to ensure quality and safety, and about 45% of them think environmental protection is more important, after are the good faith management, independent research and development of science and technology, ensure employees interests and shall pay taxes according to law.

4.3 Discussion

According to data, China's consumer awareness of CSR is not enough, but it is generally believed that CSR is very important for enterprises. According to Corporate Social Responsibility Report(2019), only a small number of enterprises attach great importance to the CSR is, most enterprises have not to carry out the responsibility and enterprise's understanding of social responsibility is not deep, most enterprises only through doing charity to display their CSR(Lee & Lee, 2015). Under this cognition,

this paper get the conclusion that CSR will produce certain effect on consumers' willingness to spend but also produced and different results in literature review, when asked whether they would support a price increase, most consumers showed a positive bias and the results were almost perfect, but as the question deepened to a certain price that was affordable, consumers began to behave differently. In general, the results of this study suggest that CSR has a certain positive impact on purchase intention, but it does not deny there is a deviation between the questionnaire results and the actual purchase behavior (Janssen and Vanhamme, 2015). Moreover, the acceptable price range shown in the questionnaire does not change with the change of consumers' recognition of HUAWEI's CSR as Ramasamy and Yeung (2009) thought, but with the change of consumers' income. The data show that consumers with higher incomes are often insensitive to the range of price increases and can accept higher prices. In addition, although consumers will value different CSR for different enterprises, generally speaking, the most important aspects is the quality and safety of the product. However, consumers think that most of the philanthropic activities that enterprises are keen on are not very important. This conclusion is also opposite with what Lee and Lee (2015) support. In addition, consumers generally believe that CSR undertaking by enterprises is crucial to the long-term development of enterprises. No matter what enterprises should undertake corresponding CSR, they will also get certain benefits from it (Bianchi, Bruno, & Sarabia-Sanchez, 2019).

5. Conclusion

5.1 Conclusions

This article explores whether CSR will influence purchase intention and the degree of that impact compare with other factors. It find that CSR to a certain extent can influence consumers' propensity to consume (Sharma, 2018; Deng & Xu, 2017), but also only in the case of under the consumer recognition, and its influence to a certain price range is acceptable, more than a certain price range consumers may not be willing to buy. Besides the price, quality and safety of the product have the bigger impact on purchase intention than CSR. Therefore, for enterprises, the first task is to ensure product quality and safety, and it is also important for enterprises to undertake CSR. However, prices should not be raised, because consumers will not be willing to pay higher fees because of CSR.

5.2 Limitations and further research

The biggest limitations of this report is error of the result. There only recycled to 120 copies of questionnaires, the questionnaire recycling quantity is not enough and the report is based on HUAWEI, while greatly increase the authenticity of the questionnaire results also is not representative, this two problems lead to certain deviation of the general conclusion. In addition, according to the results obtained from the questionnaire survey (Figure 1), although the questionnaire has been improved, the discrepancy between the questionnaire results and the actual situation cannot be eliminated. In order to conduct further investigation, the team can design multiple questionnaires to investigate consumers' psychological status and explore whether CSR can increase purchasing behaviors through influencing consumers' consumption psychology, improving brand awareness or other ways. And further find out whether the answers of consumers in the questionnaire will be different from the actual performance.

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