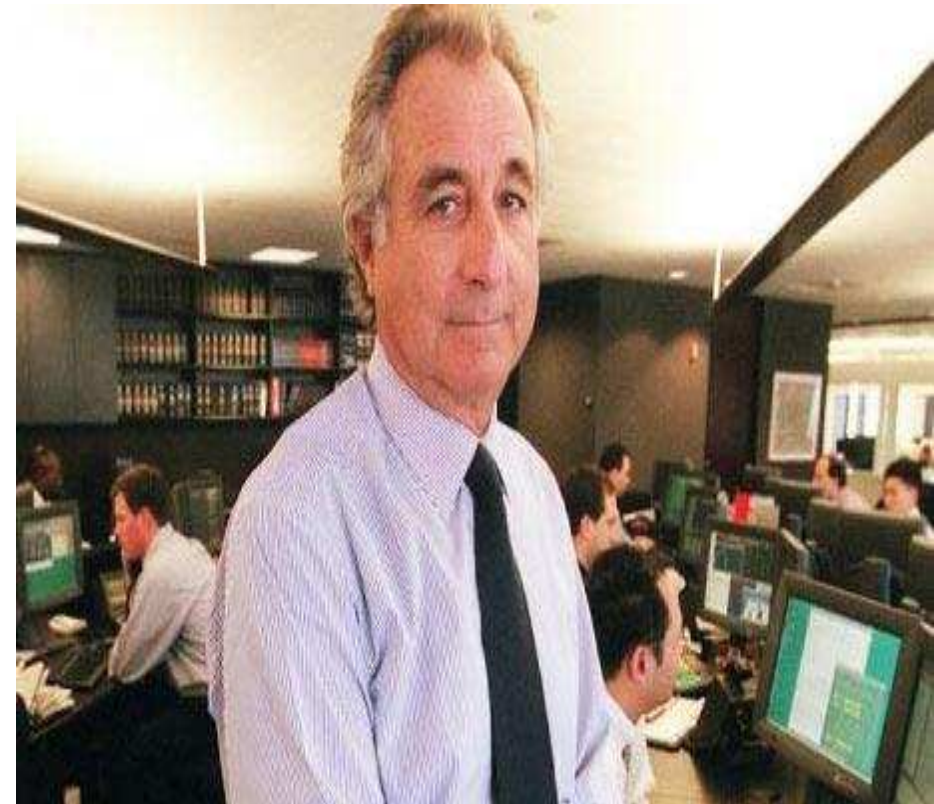


Consumer Perceptions of CSR: The CSR Halo Effect

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What do we really know?



What do we know as consumers?

- Promise and premise of ethical consumerism
 - Informed consumers influence CSR
- How do consumers respond to what (little) they do know about company social and environmental impacts?
- The CSR Halo Effect
 - When consumers are unable to reliably ascertain the true extent of a company's social and environmental impacts, do they extrapolate from a limited number of examples to other corporate practices?

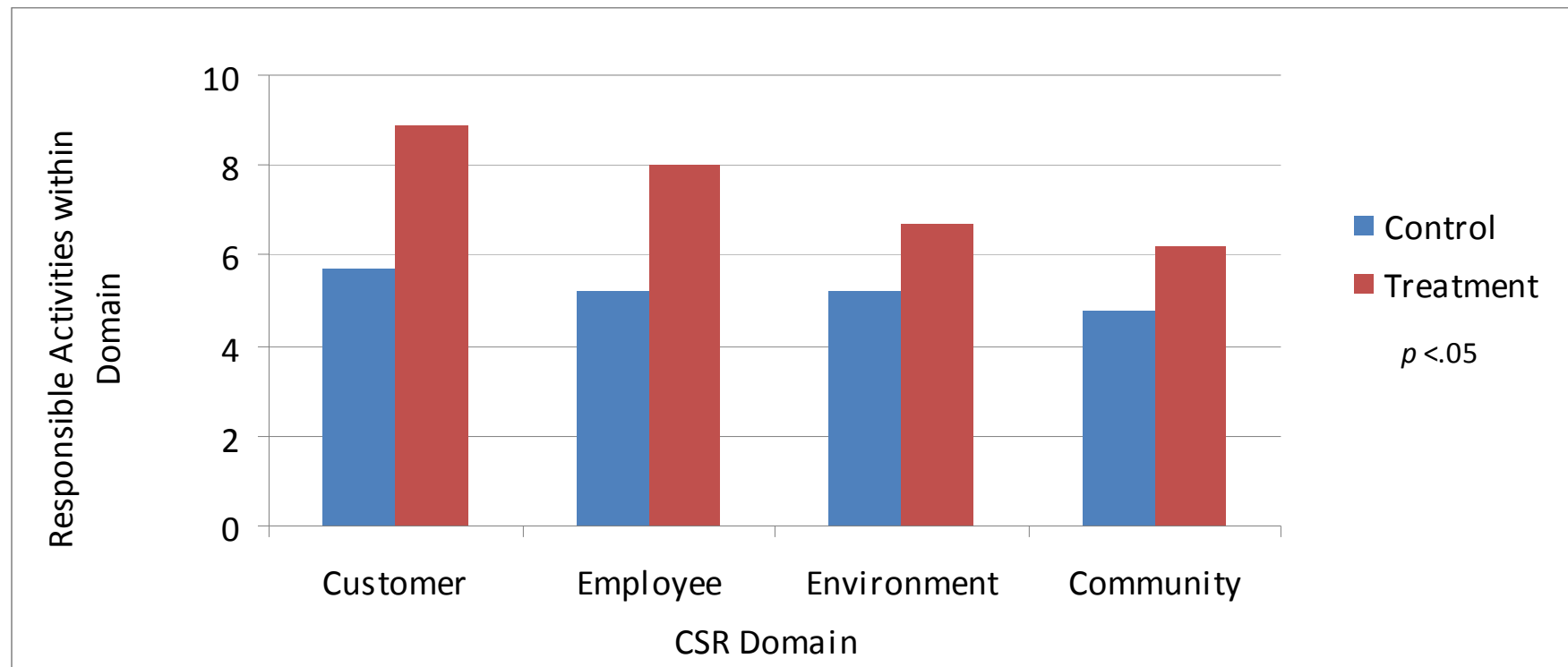
A Socially Responsible Company?



Study I: Procedure & Instrument

- Scenario design experiment
 - INSEAD behavioural laboratory (N = 165)
 - Computer-based study (5-10 minutes session)
- Instrument
 - Brief scenario describing the firm: 4 *halo* conditions: environment, local community, consumers or employees; 3 control conditions
 - Dependent measures reflective of four domains

Halo Effect within CSR Domains



Study II: Findings

- Halo effect found across domains
 - *Customer* initiative (“healthy default”) more likely to lead to higher *environment* ratings
 - *Environment* initiatives (“green energy”, “waste reduction 1”, “waste reduction 2”) and *customer* initiative (“healthy default”) more likely to lead to higher *community* ratings
 - *Community* initiative (“educate delinquents”) more likely to lead to higher *employee* ratings

Implications & Conclusions

- Halo effect suggests consumers extrapolate from limited data
 - Study I provides support for within domain halo effect
 - Study II provides support for cross-domain halo effect
- CSR strategy: critical for business to understand when and how
- But consumers might get it wrong...
 - Halo effect reflects true + illusory halo
 - “True halo” means consumer inferences are well grounded
 - “Illusory halo” means they are mistaken
- Further research: boundary conditions and the “dark side”