

Discussion:  
The impact of retailers' corporate social  
responsibility on price fairness perceptions and  
loyalty

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## What the paper does

- 1 Investigate the effects of retailers' "Corporate Social Responsibility" (CSR) on attitudinal/behavioral loyalty and price fairness
- 2 Disentangle the effects of CSR actions according to 4 different dimensions (treatment of employees, environmental friendliness, community support, local sourcing)
- 3 Quantify the change in loyalty and willingness to pay a premium price following a variation of CSR perceptions

## Main results

- 1 Almost all the **CSR dimensions significantly improve attitudinal loyalty**
- 2 CSR dimensions that are ***intrinsic to the exchange*** (fairness to employees and local sourcing) influence significantly and positively behavioral loyalty
  - 1 Up to 2.5 percentage points in SOW (following an increase of one SD of a CSR variable)
- 3 The impact of retailers' CSR actions on loyalty is mainly explained by their influence on price fairness (indirect effect)

## How the paper does it

- ① Conduct a survey of loyalty program members of a US retailer to reveal their perceptions about CSR initiatives carried out by 8 retailers (2738 respondents)
- ② Estimate by SML the effects of CSR on price fairness as well as the effects of CSR and price fairness on loyalty (while controlling for other determinants)

## General assessment

- Interesting issue. Few papers address this question for the grocery retailing sector (and none as completely)
- Subject and variables of interest are very well introduced and discussed
- Numerous bias in the survey procedure are controlled for (i.e. order of questions,...)
- All results make economic sense

## Some remarks (1/2)

- Need to **explain the mechanism** by which the indirect effect of price fairness captures almost all the effects of CSR. Why after controlling for the indirect effect of CSR on price fairness, retailers' CSR perception influence loyalty *marginally*?
  - ▶ The indirect effect of CSR on price fairness control for the additional cost induced by CSR actions
  - ▶ Remaining effect of CSR on loyalty corresponds to the improvement of product quality and corporate image ⇒ Weaken effect

## Some remarks (2/2)

- Data corresponds to the *perceptions of loyalty program members*. These consumers are not more sensible to CSR actions carried out by their favorite retailer? ⇒ **Selection bias** that may introduce an upward bias (Results are they robust if we exclude observations for Retailer A?)
- The results rely on the hypothesis that **consumers perceive retailers' CSR actions correctly**. If these latter are over-estimated for highly loyal consumers and under-estimated for the others ⇒ upward bias
  - ▶ May be important to control for information on CRS actions known by consumers

## Some *minor* remarks

- Heterogeneity not captured by the model is unknown (SD of random coefficients, pseudo- $R^2$ , Wald test on retailer fixed-effects)
- Test for the presence of endogeneity bias ? (Omitted variables: consumer demographics, advertising on CSR action by retailer)
- Interesting to control for individual heterogeneity (usually significant to explain store loyalty)
- Motivate a bit further the importance of CSR actions in the grocery retailing industry