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Labor-Related CSR Communication: The Impact of Claim Types on Perceived Credibility, Skepticism, and Brand Trust

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Purpose and Hypotheses. Despite the prevalence of corporate social responsibility (CSR) across many industries, research has found general consumer knowledge of CSR initiatives to be relatively low (Sen, Bhattacharya, & Korschun, 2006). These findings highlight the need for companies to implement more effective CSR communication methods that will encourage corporate transparency and promote consumer awareness. Although firms can disseminate CSR communication through a variety of channels, the effectiveness can vary depending on the types of claims that are used in their message (Chan & Lau, 2004). Research examining firms' environmental communication strategies has identified two primary claim types; *substantive claims* are more concrete, outcome-driven, verifiable, and specific, while *associative claims* are less tangible, image-oriented, and more vague in nature (Carlson, Grove, Kangun, & Polonsky, 1996). Associative claims may be viewed as an attempt to portray an environmentally-friendly façade or greenwash, while substantive claims may demonstrate greater CSR credibility and thus generate a more favorable consumer response (Chan & Lau, 2004). Therefore, there is a need to more fully understand the way in which different types of CSR claims have the potential to either effectively inform or mislead consumers.

Furthermore, with the exponential growth of overseas manufacturing and global sourcing in the apparel industry, companies and consumers have become increasingly concerned with labor-related polices such as fair wages, regulated work hours, human trafficking, and child labor (Shaw, Hogg, Wilson, Shai, & Hassan, 2006). Given this intensifying focus, retailers are facing increased pressure to comply with labor-related regulations, and this trend may inadvertently increase the potential for fair-washing, or employing vague – and perhaps deceptive – communication in an effort to appear socially responsible or disguise inconsistent labor-related behavior. Therefore, this study fills a gap in the literature and focuses specifically on labor-related CSR communication that is used by apparel retailers. In particular, this study extends the environmental marketing literature to the examination of the effect of retailers' labor-related CSR claim types on the perceived claim skepticism, claim credibility, and subsequent brand trust. Specifically, it is proposed that associative (vs. substantive) claims will generate higher perceptions of claim skepticism (H1), lower perceptions of claim credibility (H2), and lower brand trust (H3). Further, perceived claim skepticism (H4a) and claim credibility (H4b) will mediate the effect of claim type on brand trust.

Method. This study used a between subjects experimental design in which the claim type (associative vs. substantive) was manipulated following similar studies conducted in the environmental marketing literature (i.e., ... *We have become more aware of the significance of factory monitoring...* vs. ... *We have eliminated excessive overtime by 70%*). Nike was selected as the featured retailer because it is a gender-neutral brand, is a leader in global sourcing, and is a

familiar brand among most American consumers. The manipulation was successful ($p < .001$). The main study experiment was conducted with an online survey administered through Amazon Mechanical Turk (Mturk), which is an online marketplace where users can participate in human intelligence tasks in exchange for compensation. Participants ($n = 119$) were randomly assigned to one of the two conditions where they first answered a brand loyalty scale, which was used as a covariate, followed by exposure to the stimuli. Measures for claim credibility, claim skepticism, and brand trust were adopted from existing scales.

Results. The manipulation confirmed a significant perceived difference between the two claim types ($p < .001$). Exploratory factor analysis (EFA) confirmed the validity and reliability of all scales with factor loading $\geq .78$ and Cronbach's alpha $\geq .86$. Following significant results from MANCOVA with brand loyalty as a covariate, follow-up univariate ANCOVAs revealed that the claim type had a marginally significant effect on perceived claim credibility ($p < .10$) and a significant effect on perceived claim skepticism and brand trust ($p < .05$). The associative claim generated significantly higher perceived skepticism, lower perceived credibility, and lower brand trust than did the substantive claim, in support of H1-H3. Results from another ANCOVA with claim skepticism and claim credibility as covariates revealed that claim skepticism ($p < .05$) and claim credibility ($p < 0.001$) had positive effects on brand trust. Further, with perceived claim skepticism and credibility as covariates, the effect of the claim type on brand trust became non-significant ($p = .98$), indicating the full mediation of perceived claim skepticism and credibility in the relationship between the claim type and brand trust. Thus, H4a and H4b were supported.

Discussion. The results from this study provide an initial step to discovering the differential impact of labor-related claim types that retailers use in their CSR communication. Findings reveal that substantive claims, which are more concrete and verifiable, may lead to higher perceptions of claim credibility and subsequent brand trust among consumers, while the use of associative claims lead to greater skepticism and may have the potential to mislead or deceive consumers. This illuminates the need for firms to move beyond mere greenwashing or fair-washing in their CSR communication efforts and suggests that claims which provide more concrete and verifiable content may be most effective. Future research is needed to assess the extent to which additional brand and consumer-related variables influence these relationships.

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