The Impact of Corporate Social Responsibility on Customer Loyalty: A Case of Nike and Adidas in China

ABSTRACT

Corporate Social Responsibility (CSR) in China has been a central debate worldwide. This paper explores how two leading International sportswear companies operating in China are communicating their CSR initiatives to the Chinese customers. This study analyses customer's degree of interest in CSR and other related attributes as well as their impact on developing customer's loyalty about the company. The findings suggest strong impact of the CSR dimensions (e.g. workplace, marketplace and environment support) and other related attributes (e.g. price, product quality and uniqueness) on developing customer loyalty. The study has also identified the regional difference in relation to customer's CSR perceptions and the likelihood of being influenced by the company's CSR initiatives. The implications of this study are relevant to both of the international and Chinese local companies for strengthening their social responsibility associations with the customers.

Introduction

Academic research about cross-cultural comparison of ethical decision-making has received increasing attention in recent years (Shafer et al., 2007; Brand and Slater, 2003; Whitcomb et al., 1998; Erdener, 1998). Most research on Corporate Social Responsibility (CSR) has originated from, and focused on Western countries. Recently academics have begun to show more interest in studying CSR in People's Republic China (PRC) due to its increasing prominence in the world economy as well as the distinctive nature of traditional Chinese culture in relation to the West.

In recent years, there has been growing awareness of the role of CSR in society. Ailawadi et al., (2014) investigated the effects of customer perceptions of four types of CSR activities on their loyalty toward retailers (e.g. environmental friendliness, community support, selling locally produced products, and treating employees fairly). Previous research (Li and Zhang, 2010; Chapple and Moon, 2005; Deniz-Deniz and Garcia-Falcon, 2002; Graves and Waddock, 1994; Johnson and Greenings, 1999; Muller and Kolk, 2010; Roberts, 1992 Stanwick and Stanwick, 1998; Zu and Song, 2009) examines the relationship among CSR and firm size, profitability, corporate governance, leverage, employees, industry, and environmental pressures (e.g., shareholder demands, regulation, or media pressure). Among those studies, Garcia de los Salmones et al., (2005) identifies the dimensions of CSR from the consumer's point of view and investigates their potential influence on the consumer's overall evaluation of the service and loyalty towards their operators.

Given the difference in people's ethical reasoning and decisions between developed and emerging countries (Ge and Thomas, 2007; Lam and Shi, 2008; Whitcomb et al., 1998),this paper sets out to consider whether consumer's perceptions of motives influence their evaluation of CSR efforts in emerging markets such as PRC. Do the CSR related attributes previously studied to drive customer loyalty in western countries also work in PRC? In order to answer those questions, our study examines the consumers' perceptions of CSR issues in both Mainland China and Hong Kong focusing on sportswear industry.

The purpose of this study is threefold- 1) study four types of CSR activities on consumer's attitudinal and behavioural loyalty towards two Sportswear retailers, namely, Nike and Adidas. These two global corporations have been firmly established in China. The ethical and social dimensions of their business practices had become a centre of debate and controversy in the past, but have been improved significantly in recent years. Given their strong leadership in the Chinese sportswear market and sharing similarities (e.g. popularity, target customers, pricing and range of the products), it is important to know what more they can do to increase their competitive advantages in the Chinese market. 2) Previous research has provided insight into how consumers differentiate between various CSR attributes (O'Connor and Meister, 2008; Sen et al., 2006; Ailawadi et al., 2014). Although consumers value product quality, uniqueness and the price, Bhattacharya and Sen (2004) notes that consumers are reluctant to trade off some of these attributes for CSR. It will be interesting to see what CSR related attributes consumers perceive as the most important for Nike and Adidas to engage in and whether these attributes can affect customer loyalty ultimately. 3) Specifically, customer's CSR perceptions could be affected by external factors, such as socio-demographic features (e.g. gender, age and residency etc.) Those factors also have been taken into consideration here. Under the principle of 'One Country, Two Systems', Hong Kong has become a Special Administrative Region of the People's Republic of China on 1 July 1997. Given its colonised history, Hofstede (2014) still thinks that Hong Kong and Mainland China are different in culture. The heterogeneity of two regions suggests that it is worth examining the potential differences in their consumer's CSR perceptions.

The paper proceeds as follows. We first review the literature on CSR dimensions and related attributes and the potential effects of personal values on such perceptions. Then, hypotheses are proposed. Self-administered online survey addresses these questions in the context of sportswear industry. Research findings are then presented, followed by a discussion of the results and recommendations for future research.

Conceptual Framework

Generally, CSR is explained as "corporate engagement in socially responsible behaviours in response to societal demands, the desires of influential publics, and the ability of such activities to increase competitiveness and stock performance. Socially responsible behaviour is synchronised with the economic, ethical, and moral expectations of society at a given point in time. CSR is largely voluntary and is considered closely linked to an organisation's ability to maintain legitimacy" (O'Connor and Meister, 2008 p49).

CSR takes many forms, including philanthropy, cause-related marketing, environmental responsibility, and humane employee treatment, among others (Ellen et al., 2006). Regardless of their form, CSR efforts are generally intended to portray an image of a company as responsive to the needs of the society it depends on for survival. Bhattacharya and Sen (2004) propose that consumers may respond more positively to CSR initiatives that have a direct impact on their experience with the firm. Social identify theory suggests that individuals join a group is based on the emotional and value significance of the group to themselves (Tajfel, 1972; Turner, 1975). When it comes to purchasing products, consumers have been shown to be more likely to "join" a company, when the company's identity overlaps with their own (Ashforth and Mael, 1989) and are more willing to reject those whose identities and ideals are in conflict with their own. The "values" and "morals" conveyed in the firm's CSR program seem more attractive to consumers, leading to increased identification with the overall social position of the company (Ailawadi et al., 2014).

Current literature generally follows the KLD (Kinder, Lyndenburg, Domini) index and classifies CSR initiatives into six dimensions--community support, diversity, employee support, environment, product, and non- US operations. Among these 6 dimensions "diversity" and "employee support" are mainly referred to the major issues of workplace. "Product" and "non-US operations" are related to the marketplace support. These dimensions have become the major changes during the process when firms hope to devote to these activities effectively. Evaluations of firm's CSR initiatives and

their actions are considered to reflect the degree to which consumers associate with their egoistic (self-centred) or altruistic (other-centred) motives (Ellen et al., 2006). These motives in turn will lead an array of cognitive and affective (e.g. beliefs, attitudes, attributions, identifications) as well as behavioural (e.g., loyalty, even during product-harm crises) outcomes (Barone et al., 2000; Bhattacharya and Sen 2003; Brown and Dacin 1997; Gourville and Rangan 2004; Klein and Dawar 2004).

Moreover, for customers to respond positively to CSR initiatives, they must have found compelling attributes in the structure of the offering to justify the belief that the company is rejecting its basic self-interested nature or somehow make a sacrifice (Cui et al., 2003, Ellen et al., 2000). Therefore, Webb and Mohr., (1998) concludes that it is important to understand how the different structure of the CSR offering affects consumer perceptions and response towards the company. Ailawadi et al., (2014) incorporates the drivers of retail store image and patronage into a CSR study and categorises them as the key attributes-- product quality, uniqueness and price. Contrary to the expectations, Ailawardi et al (2014)'s research finds that neither quality nor product uniqueness means much in grocery shopping because the stores carry the identical packaged goods. The study also identifies that CSR does not decrease price sensitivity. It is dangerous for companies to charge higher prices just because they perform well on CSR. We include these attributes into our study. It would be interesting to see whether it is the case in sportswear industry.

Another significant issue is the possible existence of cross-cultural differences in perceptions and responses about CSR (Singh et al., 2008). Cui et al., (2003) posits that socio-demographic characteristics of participants might help marketers better to identify who may be more sensitive to the effects of a CSR offer, and whether or not that profile fits a specific brand or category. It is our intention to control these socio-demographic variables (e.g. gender, age and residency) and to see whether people's CSR perceptions are significantly different along with the changes of aforementioned variables.

Research Hypotheses

CSR Dimensions and Other Related Attributes

Substantial prior research has proven that CSR has direct and positive relationship on the overall evaluation of the company as well as customer loyalty (Garcia de los Salmones et al., 2005; Ailawadi et al., 2001, Pirsh et al., 2007; Singh et al., 2008). According to the social identify theory, the higher the level of the company's CSR initiatives are, the stronger the customer's identification, evaluation and loyalty about the company will be. Bhattacharya and Sen (2007) point out that if customer's responses can be integrated into the core positioning of the firm/brand and have a good "fit" with the firm and brand (Bloom et al., 2006), they may respond more positively to CSR initiatives. This will have a direct impact on their loyalty towards the company. This proposition suggests that if CSR dimensions (such as community, workplace, marketplace and environment support) provide both societal and personal benefit and are integrated into a retailer's core offering (e.g. those related to the product or service experience), they should have a more positive effect on customer's loyalty. This is in line with Vlachos et al., (2009), he states that CSR drives both attitudinal and behavioural loyalty. As result, people are likely to discuss corporate reputation with another person such as a family member, friend or colleague whose positive attitude will enhance actual purchase.

Furthermore, Bhattacharya and Sen (2004) point out that customer's reactions to CSR in the real world are more multifaceted. Theories on social justice and corporate identity suggest that the relationship between a consumer and a firm consists of an exchange dimension based on their own utility, and a citizenship dimension influenced by social values (David et al., 2005). Firms with low level of product quality and uniqueness will not likely generate positive customer responses from values-driven attributions (Vlachos et al., 2009). Auger et al. (2003) also show that customers on average place significant value on ethical product features, through willingness to pay a premium. Turdel and Cotte (2009) have done an experiment and found that subjects in their experiments are willing to pay a 5-10 per cent premium for ethical products. Consequently, perceived product quality

and uniqueness as well as the price are reflected through customer's own value proposition during the exchange and help to mirror company's goodwill at the workplace, community, marketplace or the environment (Ailawadi et al. 2001). Consumers are more likely to trust more, buy more, or more strongly recommend the company is doing well in CSR activities (Vlachos et al., 2009; Pirch et al., 2007).

Hypothesis 1: There is positive relationship between perceived CSR dimensions (e.g. community, marketplace, workplace and environment support) and customer loyalty in Chinese sportswear industry.

Hypothesis 2: There is positive relationship between other perceived CSR attributes (e.g. price, product quality and uniqueness) and customer loyalty in Chinese sportswear industry.

Socio-Demographic Characteristics of Participants

Prior research suggests that influence of CSR dimensions and attributes on customer loyalty may be conditioned by various moderator variables (Sigh et al., 2008; Shafer et al., 2007 and Cui et al., 2003). For instance, socio-demographic profile of the individual has been frequently used as moderators of relation between customer's CSR perception, loyalty and evaluation of the services (Garcia de los Salmones et al., 2005). Arbuthnot, (1997); Van Liere and Dunlap, (1980) find that younger people are more sensitive to the companies' social behaviour. Female students have also been identified to have more positive attitudes toward the CSR offer than male students (Cui et al., 2003). Fan (2005) points out that core social values are universal while reactions to moral dilemmas are culturally specific. Ethical value of people is greatly

influenced by cultural, historical situations. Ramasamy and Yeung (2009) conduct a study and find that Kong Hong customers are more supportive toward ethical activities of a company than Mainland Chinese customers, which suggest CSR perception of Hong Kong and Chinese customers may have different perceptions about the company's CSR offering. Such difference may in turn influence the level of their loyalty towards the company.

Hypothesis 3: The socio-demographic characteristics such as customer's age, gender and residency moderate the level of perceived CSR dimensions and related attributes on customer loyalty in Chinese sportswear industry.

Methodology

Data Collection

The data were collected from the customers of both Mainland China and Hong Kong through self-administered online survey over two weeks period. Customers were randomly approached as they would participate in a survey on CSR and had had some experience in purchasing or using Nike and Adidas products. This method yielded 466 completed surveys. Of received responses 38 per cent were between 18-21 years old, 27 per cent were between 22-25 years old, 16 per cent were between 26-35 years old, 9 per cent were between 36-45 and 46-55 years old, respectively. 1 per cent were between 56-65 years old. Participant over 65 years old was not found in this research. The gender distribution was 59 per cent for females and 41 per cent for males. 53 per cent and 47 per cent of the people resided in Hong Kong and mainland China, respectively. Characteristics of the respondents can be found in **Table I**.

Insert Table I here

Measure Development

Scales from prior research provided measurement sources for the antecedent outcome measures. As most of the literature on customer loyalty concerns both of the behavioural and attitudinal aspects, we adapted 6 measurements from both perspective, which was originally developed by Dick and Basu (1994). Sixteen themes of retailer's CSR dimensions emerged from the data which are consistent with Chung et al., (2015), Aillawadi et al., (2014)'s studies. These items are also similar to those reported and used throughout the CSR literature (Chomvillailu and Butcher 2013; Chen et al., 2012). Measures about other retailer's attributes such as price, quality and uniqueness were adapted from Ailawadi et al., (2014) and Tong and Hawley, (2009). All the items were assessed on a 5 Likert scale with end-points strongly disagree to strongly agree (1=strongly disagree, and 5=strongly agree).

In an effort to enhance face and content validity, the faculty members (5 academics) qualitatively tested an initial pool of items intended to measure customer loyalty, retailer's CSR dimensions and other retailer's attributes. They were provided with the definitions of focal constructs as well as the different aspect/type of the constructs. They were asked to classify each item to the most appropriate category. Items that were improperly classified were reformulated. The measurement scales utilized in the study are included in **Table II.** The item pool then went to the purification and validation stage, which is discussed next.

Insert Table II here

One researcher in marketing department was instructed to pre-test the questionnaire that included all constructs on a total sample of 20 respondents who had had experience in purchasing or using Nike and Adidas products. To ensure that respondents were distributed across age, gender and residency, quota sampling technique was used which allowed respondents selected to match these

criteria. Respondents were asked to complete the questionnaire and state any problems that they encountered while answering the questions. Small revisions were made based on the feedback and comment of respondents.

Final attempts at measure purification were conducted by following Churchill (1979). We used Pearson correlation and try to eliminate any questions has a significance greater than .05 and coefficients greater than .9. All the items were correlated well with others. Multicollinearity was not an issue in the data (see **Table III)**.

Insert Table III here

All the items were further factor analysed to establish whether the data could be consolidated or these measures could reflect a single variable. Using Varimax rotation, all the items were found to load strongly above .5. The application of the screen test and a review of the eigenvalues were also applied to determine the most statistically significant number of factors for customer's loyalty, retailer's CSR dimensions and other attributes. Ultimately, a 6-factor solution was identified (loyalty, community, marketplace, workplace and environment support, other attributes). These 6 factors best represented the nature of its constituent underlying variables and were consistent with the previous literature (Garcia de los Salmones et al., 2005; Ailawadi et al., 2001, Pirsh et al., 2007; Singh et al., 2008). The factor names and loadings for all the variable sets are presented **in Table II**.

All these 6 factors were further examined with Cronbach's coefficient alphas (α) ranging between 0.86 and 0.95, which was reported in **Tabel II**. DeVellis (1991) suggest that, ideally, α value for the constructs and subscales should exceed .70. These measurements of loyalty, CSR dimensions and other related attributes, therefore, indicated excellent internal consistency and demonstrated reliability.

Analysis

The hypotheses with respect to retailers' dimensions and attributes on customer loyalty were tested with multiple regression analysis. The equation is:

Customer Loyalty $_i$ = β_o + β_1 Community $_i$ + β_2 Marketplace $_i$ + β_3 Workplace $_i$ + β_4 Environment $_i$ + β_5 Other Attributes $_i$ + ε_i

where *Customer loyalty$_i$* denotes the outcome variable, *β_o is the intercept and this value is constant.* *β_1* is the coefficient of the first predictor "community support"(one of the CSR dimensions). *β_2* is the coefficient of the second predictor "marketplace support" (one of the CSR dimensions). *β_3* is the coefficient of the third predictor "workplace support" (one of the CSR dimensions). *β_4* is the coefficient of the fourth predictor "environment support" (one of the CSR dimensions) and *β_5* is the coefficient of the fifth predictor CSR other attributes (e.g. price, uniqueness and quality). *ε_i* is the difference between predicted and the observed value of Customer Loyalty for the *ith* participant.

Three group of dummy variables were created to test whether customer loyalty might be changing along with different age group, gender and residency. The age group "between 18-25 years old", was selected as the control group because this age group represented the majority of participants of the study. Female participants were selected to compare against male participants. People from Hong Kong were controlled and used to compare their different CSR perceptions with those people from Mainland China.

The three groups of dummy variables (age; gender; residency) were included as predictors of customer loyalty (e.g. dependent variable). Multiple regression analysis was conducted. The results of the multiple regression analysis are summarised in **Table IV**.

Insert Table IV here

Empirical Results

In H1 and H2, we argued that perceived CSR dimensions and other related attributes might positively influence customer's loyalty. Although no significant relationship was found between community support and customer loyalty, perceived marketplace, workplace and environment support positively influenced customer loyalty (e.g. marketplace: $\boldsymbol{\beta}$=.25, $\boldsymbol{t}$=4.59, $\boldsymbol{p}$≤ .001; workplace: $\boldsymbol{\beta}$=.19, $\boldsymbol{t}$=3.81, $\boldsymbol{p}$≤ .001; environment: $\boldsymbol{\beta}$=.39, $\boldsymbol{t}$=8.34, $\boldsymbol{p}$≤ .001). With regard to other attributes, the results showed that product quality, price and uniqueness had a positive impact on customer loyalty (**price**: $\boldsymbol{\beta}$=.19, $\boldsymbol{t}$=5.03, $\boldsymbol{p}$≤ .001; **quality**: $\boldsymbol{\beta}$=.14, $\boldsymbol{t}$=3.21, $\boldsymbol{p}$≤ .001; **uniqueness**: $\boldsymbol{\beta}$=.19, $\boldsymbol{t}$=4.57, $\boldsymbol{p}$≤ .001).

Turning to our moderation hypotheses, we posited that the socio-demographic characteristics such as age, gender and residency of consumers moderated the level of perceived CSR dimensions and attributes on customer loyalty. We created three groups of dummy variables for gender, age and residency of the consumers. Particularly, we controlled the age group of 18-25 years old, female customers and Hong Kong customers, respectively. Those controlled groups were used to compare against other groups (see **Table IV**). For our age dummy variables, it can be seen that consumers' loyalty are not influenced by the change of age between 18-55 years old because the t-test associated with the β value is insignificant (e.g. **18-21 vs 22-25**: t(453)=0.25, p>0.05; **18-21 vs 26-35**:

t(453)=0.72, p>0.05; **18-21 vs 36-45**: t(453)=1.003, p>0.05; **18-21 vs 46-55**: t(453)=0.14, p>0.05). However, when compare 18-21 against 56-64 years old, interestingly consumers' loyalty was affected by the change of the age as the t-test associated with the β value was significant (**β=-.01, t=-2.41, $p\leq$ .05**). The negative β value suggested that the level of CSR dimensions and other attributes on customer loyalty dropped as consumers' age was changed from 18-21 to 56-64 years old.

Although there was no evidence that customer's loyalty would be affected due to the gender difference in this research, consumer's residency in relation to the different regions Hong Kong vs. China did show some hint about consumer's different CSR perceptions on loyalty.

Discussion and Conclusion

This study examines how customer's loyalty can be enhanced through perceived firm's CSR dimensions and other related attributes in China using two international brands Nike and Adidas as the focal research context. The moderating effect of consumer's socio-demographic profile on the level of relationship between CSR activities and loyalty has been also explored.

Our result has shown that not all CSR initiatives are equally important in sportswear industry in China. For instance, consumers value company's CSR endeavours in relation to their support of the workplace (e.g. fair treatment, equal employment opportunities etc.), marketplace (e.g, ethical trade, complaint handling, privacy protection etc) and the environment (e.g. protection of the nature, supporting environment policies etc), but paid very a little attention to the company's efforts on their community support. The transition to a market economy has been ongoing in PRC since 1978. During these three decades, China has achieved great success in economic growth. However, some serious problems such as the gap between the rich and poor, energy shortage, environmental

degradation, labour right debates and defiance of business ethics (Wang and Justlin, 2009) have added intense pressure to the PRC central government during the time. A series of new policies and regulations aiming at protecting labour rights, environmental reservations have been set up along with the promotion of CSR activities. Increasing awareness of CSR initiatives and active participation in CSR activities at both corporate and individual level in recent years make people generally believe that those companies who are the CSR endeavours for workplace, marketplace, and environment issues signal honesty and reliability (Tian et al., 2011). Customers are willing to buy more from such company and recommend the company to other people (McWilliams and Siegel, 2001; Siegel and Vitaliano, 2007).

However, this research has not found any significant relationship between community support and customer loyalty. Interestingly, this result is consistent with Shafer et al, (2007)'s study. Shafter el al, (2007) identifies that young adults in China place a much higher value on their salary and a much lower value on their community contribution. Supporting the community and involving into the communities seems always like something that old people may be more interested in doing. 81 per cent of our respondents in this study are less than 35 years old. They are also the major target customers of Nike and Adidas products. This is probably why company's CSR efforts in community support does not attract much attention from the consumers.

Moreover, our research has found that customer reactions to CSR initiatives involved with other attributes. These related attributes affect whether a firm's CSR activities translate into consumer 's loyalty. Our result shows that product quality, uniqueness and price positively affect customer's loyalty which is quite different from the results generated by Aliawadi et al., (2014)'s study. In Aliawadi et al., (2014)'s study, they find that effect of product quality and uniqueness are not significant factors although consumers are reluctant to trade off CSR initiatives for price in grocery shopping. The difference of consumer's perceptions between our study and Aliawadi et al., (2014)'s can be explained by the nature of the specific industry. In grocery shopping the stores carry more or

less the same packaged brands so, product quality and uniqueness differ primarily in fresh produce, which is not a large part of total grocery spending. Given the amount and frequency of purchase, grocery shopping accounts for a large amount of money in the customer's annual expenditure. This is perhaps why consumers are unlikely to trade off CSR initiatives for price. However, in sportswear industry, product quality, uniqueness and price are closely linked to the company's specific positioning and consumer's self-consciousness and personal identify (Porter and Kramer, 2006; Woodruffe-Burton, 1998). These attributes have their symbolic meaning, which plays a very important role in nurturing customer loyalty.

The findings in this study also has confirmed different perceptions between Hong Kong and Mainland Chinese customers in relation to the level of responding to CSR initiatives. Hong Kong as a cosmopolitan city, its citizens are affected by both traditional Chinese and Western culture since they had long been exposed to Western culture and customs due to its colonised history. Therefore, Hong Kong customers are more actively respond to the CSR initiatives and their attitude and subsequent behaviours are likely to be influenced by the CSR activities than those ones in Mainland China. With regard to customer's age, there is no direct evidence showing the difference between the age groups of 18-55 years old. However, the results did show that the age group of 18-21 years old are likely to be influenced by the company's CSR efforts more than the age group of 56-64. Because those of 56 years and above are not the major target customers of Nike and Adidas, it is arbitrarily to posit that older people concern less about CSR than younger people in this case.

This study has revealed several insights about the influence of CSR initiatives on customer's perceptions of two global sportswear companies in PRC. Our research shows that companies are able to distinguish themselves on the CSR platform, will have more loyal customers. At the same time, other related attributes such as price, product quality and uniqueness are equally important drivers which can help the company to differentiate themselves from other competitors and better serve a particular set of customer's needs. This finding can be applied to a company's relationship to

society as readily as to its relationship with their customers. Effective engagement in important social issues are likely to be the key contributors to positive attitude over the long run, which in turn helps engender loyalty towards the brand.

Firms should not only engage in their CSR activities, but also they need to communicate how those efforts translate into a better customer experience. For instance, Nike and Adidas should reward customers with loyalty points if they take actions that benefit the community (e.g. collecting vouchers to fund the equipment of local schools-one voucher is earned for every 50 yuan spent in a single transaction in both online and offline stores). All the customers should receive information about product returning and complaint-handling procedures related to the consumption benefits. Such gesture will represent a broader value proposition encompassing customer's loyalty.

We note the limitations of our work and some important future work. This research only focuses on the positive effects of CSR perceptions and customers' loyalty. Since previous customers may react stronger on the firm's unethical actions rather than the positive activities (Bhattacharya and Sen, 2004). Future research could examine the negative effects of the firm's unethical actions in PRC.

In the age of globalization, CSR is beyond the concerns of individual companies or countries. It is best understood in the tension and constant negotiation between the process of corporate globalisation and the local social, cultural and economic context (Tang and Li., 2009; Stohl et al., 2007). Business practitioners in China from collectivist culture are more likely to be influenced by informal professional, industry, and organisational norms (e.g. we call it as "relationship" in western countries, but as "guanxi" in China) than their counterparts from more individualist cultures (Vitell et al., 1993). Woodbine (2004) argues that a collectivist orientation would foster unethical business behaviour. There is a need to get an insight to what extent "guanxi" will affect the CSR standards and customer's behaviour in China.

Last but not the least, selection of Nike and Adidas as the focal research area is because of their popularity, firm establishment in the PRC and continuous CSR efforts in recent years. The generalisation of the results is industry-specific. The sample size is restrictive due to the particular target segmentation of those two brands. Future cross-sectional comparison study will be needed in order to better understand CSR perceptions and their responses to firm's CSR efforts.

Reference

Ailawadi, K.L., Luan, Y.J., Neslin, S.A. & Taylor, G.A. 2001, "The impact of retailers' corporate social responsibility on price fairness perceptions and loyalty", *Institut d 'economie industrielle. Available from internet:* http://idei. *fr/doc/conf/inra/2011/ailawadi% 20kusum. pdf*.

Ailawadi, K.L., Neslin, S.A., Luan, Y.J. & Taylor, G.A. 2014, "Does retailer CSR enhance behavioral loyalty? A case for benefit segmentation", *International Journal of Research in Marketing,* vol. 31, no. 2, pp. 156-167.

Arbuthnot, J.J. 1997, "Identifying ethical problems confronting small retail buyers during the merchandise buying process", *Journal of Business Ethics,* vol. 16, no. 7, pp. 745-755.

Ashforth, B.E. & Mael, F. 1989, "Social identity theory and the organization", *Academy of management review,* vol. 14, no. 1, pp. 20-39.

Auger, P., Burke, P., Devinney, T.M. & Louviere, J.J. 2003, "What will consumers pay for social product features?", *Journal of Business Ethics,* vol. 42, no. 3, pp. 281-304.

Barone, M.J., Miyazaki, A.D. & Taylor, K.A. 2000, "The influence of cause-related marketing on consumer choice: does one good turn deserve another?", *Journal of the academy of marketing Science,* vol. 28, no. 2, pp. 248-262.

Bhattacharya, C., Sen, S. & Korschun, D. 2007, "Corporate social responsibility as an internal marketing strategy", *Sloan management review, ,* pp. 1-29.

Bhattacharya, C.B. & Sen, S. 2003, "Consumer-company identification: A framework for understanding consumers' relationships with companies", *Journal of Marketing,* vol. 67, no. 2, pp. 76-88.

Bhattacharya, C.B. & Sen, S. 2004, "Doing better at doing good: when, why, and how consumers respond to corpo-rate social initiatives", *California management review, ,* pp. 9-24.

Bloom, P.N., Hoeffler, S., Keller, K.L. & Meza, C.E.B. 2006, "How social-cause marketing affects consumer perceptions", *MIT Sloan Management Review,* vol. 47, no. 2, pp. 49.

Brand, V. & Slater, A. 2003, "Using a qualitative approach to gain insights into the business ethics experiences of Australian managers in China", *Journal of Business Ethics,* vol. 45, no. 3, pp. 167-182.

Brown, T.J. & Dacin, P.A. 1997, "The company and the product: Corporate associations and consumer product responses", *The Journal of Marketing, ,* pp. 68-84.

Chapple, W. & Moon, J. 2005, "Corporate social responsibility (CSR) in asia a seven-country study of CSR web site reporting", *Business & Society,* vol. 44, no. 4, pp. 415-441.

Chen, F., Chang, Y. & Lin, Y. 2012, "Customer perceptions of airline social responsibility and its effect on loyalty", *Journal of Air Transport Management,* vol. 20, pp. 49-51.

Chomvilailuk, R. & Butcher, K. 2013, "The effect of CSR knowledge on customer liking, across cultures", *International journal of bank marketing,* vol. 31, no. 2, pp. 98-114.

Chung,K.,Yu,J.,Shin,J 2015, "The effects of CSR on Customer Satisfaction and Loyalty in China: The Moderating Role of Coporate Image", *Journal of Economics, Business and Management,* vol. 3, no. 5, pp. 542-547.

Churchill Jr, G.A. 1979, "A paradigm for developing better measures of marketing constructs", *Journal of Marketing Research,* vol. 16, no. 1, pp. 64-73.

Cui, Y., Trent, E.S., Sullivan, P.M. & Matiru, G.N. 2003, "Cause-related marketing: How generation Y responds", *International Journal of Retail & Distribution Management,* vol. 31, no. 6, pp. 310-320.

David, P., Kline, S. & Dai, Y. 2005, "Corporate social responsibility practices, corporate identity, and purchase intention: A dual-process model", *Journal of Public Relations Research,* vol. 17, no. 3, pp. 291-313.

de la Cruz Déniz-Déniz, María & Garcia-Falcon, J.M. 2002, "Determinants of the multinationals' social response. Empirical application to international companies operating in Spain", *Journal of Business Ethics,* vol. 38, no. 4, pp. 339-370.

DeVellis, R.F. 1991, *Scale Development-Theory and Applications,* Sage, London.

Dick, A.S. & Basu, K. 1994, "Customer loyalty: toward an integrated conceptual framework", *Journal of the academy of marketing science,* vol. 22, no. 2, pp. 99-113.

Ellen, P.S., Mohr, L.A. & Webb, D.J. 2000, "Charitable programs and the retailer: do they mix?", *Journal of Retailing,* vol. 76, no. 3, pp. 393-406.

Ellen, P.S., Webb, D.J. & Mohr, L.A. 2006, "Building corporate associations: Consumer attributions for corporate socially responsible programs", *Journal of the Academy of Marketing Science,* vol. 34, no. 2, pp. 147-157.

Erdener, C.B. 1998, "Confucianism and business ethics in contemporary China", *International Journal of Management,* vol. 15, pp. 72-78.

Fan, Y. 2005, "Ethical branding and corporate reputation", *Corporate communications: An international journal,* vol. 10, no. 4, pp. 341-350.

Garcia de los Salmones, Ma del Mar., Crespo, A.H. & del Bosque, I.R. 2005, "Influence of corporate social responsibility on loyalty and valuation of services", *Journal of Business Ethics,* vol. 61, no. 4, pp. 369-385.

Ge, L. & Thomas, S. 2008, "A cross-cultural comparison of the deliberative reasoning of Canadian and Chinese accounting students", *Journal of Business Ethics,* vol. 82, no. 1, pp. 189-211.

Gourville, J.T. & Rangan, V.K. 2004, "Valuing the cause marketing relationship", *California management review,* vol. 47, no. 1, pp. 38-57.

Graves, S.B. & Waddock, S.A. 1994, "Institutional owners and corporate social performance", *Academy of Management Journal,* vol. 37, no. 4, pp. 1034-1046.

Hofstede, G. 2014, *, Cultural Insights-- Geert Hofstede*. Available: http://geert-hofstede.com/. [28/01/2015, .

Johnson, R.A. & Greening, D.W. 1999, "The effects of corporate governance and institutional ownership types on corporate social performance", *Academy of Management Journal,* vol. 42, no. 5, pp. 564-576.

Klein, J. & Dawar, N. 2004, "Corporate social responsibility and consumers' attributions and brand evaluations in a product–harm crisis", *International Journal of research in Marketing,* vol. 21, no. 3, pp. 203-217.

Lam, K. & Shi, G. 2008, "Factors affecting ethical attitudes in Mainland China and Hong Kong", *Journal of Business Ethics,* vol. 77, no. 4, pp. 463-479.

Li, W. & Zhang, R. 2010, "Corporate social responsibility, ownership structure, and political interference: Evidence from China", *Journal of Business Ethics,* vol. 96, no. 4, pp. 631-645.

McWilliams, A. & Siegel, D. 2001, "Corporate social responsibility: A theory of the firm perspective", *Academy of management review,* vol. 26, no. 1, pp. 117-127.

Muller, A. & Kolk, A. 2010, "Extrinsic and intrinsic drivers of corporate social performance: Evidence from foreign and domestic firms in Mexico", *Journal of Management Studies,* vol. 47, no. 1, pp. 1-26.

O'Connor, A. & Meister, M. 2008, "Corporate social responsibility attribute rankings", *Public relations review,* vol. 34, no. 1, pp. 49-50.

Pirsch, J., Gupta, S. & Grau, S.L. 2007, "A framework for understanding corporate social responsibility programs as a continuum: An exploratory study", *Journal of Business Ethics,* vol. 70, no. 2, pp. 125-140.

Porter, M.E. & Kramer, M.R. 2006, "Strategy and Sosciety, The Link Between Competitive Advantage and Corporate Social Responsibility", *Harvard business review,* vol. 85, no. 12.

Ramasamy, B. & Yeung, M. 2009, "Chinese consumers' perception of corporate social responsibility (CSR)", *Journal of Business Ethics,* vol. 88, no. 1, pp. 119-132.

Roberts, R.W. 1992, "Determinants of corporate social responsibility disclosure: an application of stakeholder theory", *Accounting, Organizations and Society,* vol. 17, no. 6, pp. 595-612.

Sen, S., Bhattacharya, C.B. & Korschun, D. 2006, "The role of corporate social responsibility in strengthening multiple stakeholder relationships: A field experiment", *Journal of the Academy of Marketing science,* vol. 34, no. 2, pp. 158-166.

Shafer, W.E., Fukukawa, K. & Lee, G.M. 2007, "Values and the perceived importance of ethics and social responsibility: The US versus China", *Journal of Business Ethics,* vol. 70, no. 3, pp. 265-284.

Siegel, D.S. & Vitaliano, D.F. 2007, "An empirical analysis of the strategic use of corporate social responsibility", *Journal of Economics & Management Strategy,* vol. 16, no. 3, pp. 773-792.

Singh, J. & Del Bosque, I.R. 2008, "Understanding corporate social responsibility and product perceptions in consumer markets: A cross-cultural evaluation", *Journal of Business Ethics,* vol. 80, no. 3, pp. 597-611.

Stanwick, P.A. & Stanwick, S.D. 1998, "The relationship between corporate social performance, and organizational size, financial performance, and environmental performance: An empirical examination", *Journal of Business Ethics,* vol. 17, no. 2, pp. 195-204.

Stohl, M., Stohl, C. & Townsley, N. 2007, "A new generation of global corporate social responsibility", *The debate over corporate social responsibility,* , pp. 30-44.

Tajfel, H. 1972, "Some developments in European social psychology", *European Journal of Social Psychology,* vol. 2, no. 3, pp. 307-321.

Tang, L. & Li, H. 2009, "Corporate social responsibility communication of Chinese and global corporations in China", *Public Relations Review,* vol. 35, no. 3, pp. 199-212.

Tian, Z., Wang, R. & Yang, W. 2011, "Consumer responses to corporate social responsibility (CSR) in China", *Journal of Business Ethics,* vol. 101, no. 2, pp. 197-212.

Tong, X. & Hawley, J.M. 2009, "Measuring customer-based brand equity: empirical evidence from the sportswear market in China", *Journal of Product & Brand Management,* vol. 18, no. 4, pp. 262-271.

Trudel, R. & Cotte, J. 2009, "Does it pay to be good", *MIT Sloan Management Review,* vol. 50, no. 2, pp. 61-68.

Turner, J.C. 1975, "Social comparison and social identity: Some prospects for intergroup behaviour", *European journal of social psychology,* vol. 5, no. 1, pp. 1-34.

Van Liere, K.D. & Dunlap, R.E. 1980, "The social bases of environmental concern: A review of hypotheses, explanations and empirical evidence", *Public opinion quarterly,* vol. 44, no. 2, pp. 181-197.

Vitell, S.J., Nwachukwu, S.L. & Barnes, J.H. 1993, "The effects of culture on ethical decision-making: An application of Hofstede's typology", *Journal of Business Ethics,* vol. 12, no. 10, pp. 753-760.

Vlachos, P.A., Tsamakos, A., Vrechopoulos, A.P. & Avramidis, P.K. 2009, "Corporate social responsibility: attributions, loyalty, and the mediating role of trust", *Journal of the Academy of Marketing Science,* vol. 37, no. 2, pp. 170-180.

Wang, L. & Juslin, H. 2009, "The impact of Chinese culture on corporate social responsibility: The harmony approach", *Journal of Business Ethics,* vol. 88, no. 3, pp. 433-451.

Webb, D.J. & Mohr, L.A. 1998, "A typology of consumer responses to cause-related marketing: From skeptics to socially concerned", *Journal of Public Policy & Marketing,* , pp. 226-238.

Whitcomb, L.L., Erdener, C.B. & Li, C. 1998, "Business ethical values in China and the US", *Journal of Business Ethics,* vol. 17, no. 8, pp. 839-852.

Woodbine, G.F. 2004, "Moral choice and the declining influence of traditional value orientations within the financial sector of a rapidly developing region of the People's Republic of China", *Journal of Business Ethics,* vol. 55, no. 1, pp. 43-60.

Woodruffe-Burton, H. 1998, "Private desires, public display: consumption, postmodernism and fashion's "new man"", *International Journal of Retail & Distribution Management,* vol. 26, no. 8, pp. 301-310.

Zu, L. & Song, L. 2009, "Determinants of managerial values on corporate social responsibility: Evidence from China", *Journal of Business Ethics,* vol. 88, no. 1, pp. 105-117.

Tabel I: Profile of the Sample			Mainland China	Hong Kong	Total
			n=220	n=246	n=466
					%
Gender		Male	96	94	190 (41%)
		Female	124	152	276 (59%)
Education		Primary School	8	0	8 (2%)
		Secondary School	40	16	56 (12%)
		Bachelor's Degree	124	184	308 (66%)
		Master Degree	48	46	94 (20%)
		Others			0
Age		18-21	40	138	178 (38%)
		22-25	80	44	124 (27%)
		26-35	64	12	76 (16%)
		36-45	20	22	42 (9%)
		46-55	12	30	42 (9%)
		56-65	4	0	4 (1%)
		>65	0	0	0
source authors database 2015					

Table II: Exploratory Factor Analysis

Measurment	Customer Loyalty	Community Support	Workplace Support	Marketplace Support	Environment Isses	Other Attributes
I believe that Nike/Adidas trade ethically.				0.58		
Nike/Adidas prevents unethical behaviours in order to achieve organisational goals				0.57		
Nike/Adidas provides a clear and effective complain program for consumer, and solve their problems fairly and immediately				0.68		
Nike/Adidas respects consumers' privacy and protect their personal information				0.66		
Nike/Adidas avoid misleading commercials and promotions				0.64		
I believe that Nike/Adidas has environmental friendly policies					0.64	
Nike/Adidas is careful to respect and protect our natural environment.					0.69	
					0.67	
Nike/Adidas is very active in supporting environmental protection policies.						
The quality of products sold at Nike/Adidas is high.						0.73
I can find unique products at Nike/Adidas that are not available elsewhere.						0.77
Price at Nike/Adidas are good compared to other brand						0.60
Cronbach's Alpha				**0.96**	**0.95**	0.86

TABLE III: Main Variable Means, Standard Deviations, and Correlations (n=466)

Descriptive Statistics

	Mean	Std	1	2	3	4	5	6	7	8
(1)LOYALTY	3.12	0.91	--							
(2) COMMUNITY SUPPORT	3.44	0.83	.67**							
(3) MARKETPLACE SUPPORT	3.38	0.88	.70**	.83**						
(4) WORKPLACE SUPPORT	3.43	0.86	.59**	.82**	.81**					
(5) ENVIRONMENT SUPPORT	3.58	0.83	.75**	.68**	.65**	.64**				
(6) PRICE	3.67	0.90	.67**	.62**	.59**	.58**	.91**			
(7) QUALITY	3.78	0.90	.64**	.60**	.54**	.56**	.89**	.77**		
(8) UNIQUENESS	3.29	1.00	.68**	.59**	.59**	.56**	.87**	.67**	.61**	--

Note: ** Correlation is significant at the 0.01 level (2-tailed).

Table IV: The Effects of CSR Dimensions, Other Attributes, Socio-Demographic Charateristics on Customer Loyalty

DEPENDENT VARIABLES			INDEPENDENT VARIABLES																			
			Community			Workplace			Marketplace			Evironment			Price			Quality			Uniquenss		
			B	t	β	B	t	β	B	t	β	B	t	β	B	t	β	B	t	β	B	t	β
LOYALTY			.03	.38	.02	.20***	3.81	.19***	.26***	4.59	.25***	.42***	8.34	.39***	.18***	5.03	.19***	.14***	3.21	.14***	.19***	4.57	.19***

							AGE									
			18-21vs22-25			18-21vs 26-35			18-21vs 36-45			18-21vs 46-55			18-21 vs 56-64		
			B	t	β	B	t	β	B	t	β	B	t	β	B	t	β
			-.02	-.30	-.07	.06	.70	.02	.09	1.00	.03	.01	.14	.00	-.06*	-2.41	-.06*	DUMMY VARIABLES

LOYALTY	NATIONALITY				GENDER		
	KONG HONG vs MAINLAND CHINA				FAMELE vs MALE		
		B	t	β	B	t	β
		.14**	2.47	.08**		-.05	-.97	-.03

R²=.71

Ajusted R²=.70

Note: * p<0.05, **p<0.01, *** p<0.001, unstandardised coefficients (B), t-statistics (t), standardised coefficients (β).