

# Customer Perception of CSR Activities: A Comparative Study of Finnish and Russian Consumers

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**Abstract:** *This study estimates the impact of corporate social responsibility (CSR) on customer loyalty based on the data collected during marketing research on consumer behavior in Finnish and Russian markets of dietary supplements. Concretely, the author examines the influence of perceived CSR on customer loyalty taking into account trust factor. A key focus of this work is a comparison of Finnish and Russian customer responses as well as investigation the “country” factor in customer CSR perception and its correlation with consumer loyalty and trust. In general, the findings show similarity of customer reaction to CSR initiatives in both countries. At the same time, the study illustrates some differences in Finnish and Russian customer perception and evaluating CSR level. Regarding practical issues, the author relates arguments for implementation CSR activities as a significant factor of forming customer loyalty in the two countries. The article gives implications for marketing theory and practice.*

**Keywords:** *Corporate Social Responsibility, customer loyalty, customer perception, customer trust, Finland, dietary supplements market, Russia*

## 1. Introduction

Nowadays, the social role of business is widely discussed among the expert community, consumers and society. A modern consumer imposes more serious requirements on the *social* responsibility of companies when implementing their market activities, an accomplishment of which is becoming an essential condition for achieving customer satisfaction. In particular, according to the research of European markets (Edelman, 2010), during buying decision process, target consumers increasingly pay attention to the social and ethical marketing of a company as well as its declared values and social responsibility. Therefore, in the marketing scientific literature (Garcia De Los Salmones & Del Bosque, 2011; Becker-Olsen & Hill, 2006), corporate social responsibility (CSR) is viewed as an increasingly significant factor which influences the formation of long-term relationships between a company and customers. As a result, it is also an important tool for achieving a highly competitive position by a company on the market.

Implementation of marketing activities aimed at increasing the level of a company's CSR and carried out in the framework of the concept of social and ethical marketing is important for customers as well as the state and society as a whole. Thus, improving the quality of goods, increasing their price availability, and so forth, contribute both to increasing satisfaction and consumer loyalty and handling the social commitment of the state towards improving the quality of life for its inhabitants. In this regard, CSR is an important factor affecting both sustainable social-economic development of the society and successful business operating in the marketing environment.

As far as the formation of long-term relationship between a company and customers is concerned, achieving high consumer loyalty has become a key focus of marketing studies. According to the modern concept of relationship marketing, consumer loyalty is a target embodiment of marketing activity. It expresses an intended customer behavior related to the company or its products. While a large variety of definitions of the term 'customer loyalty' has been suggested, this article will use the definition suggested by Jannie Hofmeyr and Butch Rice (2010) who refer to it as a stable behavioral response in relation to a particular brand created by the psychological evaluation process. Therefore, the economic substance of customer loyalty is revealed through deliberate customer repurchase of the company's products in the conditions of market competition. The intention of a customer to repurchase is usually measured through surveys of customers assessing their tendency to purchase the same brand, the same product from the same company.

Investigating customer loyalty is a continuing concern within its determination factors. In spite of a considerable amount of studies on this issue, marketing is still unable to give a definite explicit answer to the question about the system of factors determining consumer loyalty. Traditionally, customer satisfaction is considered in the marketing literature as a dominant factor of loyalty. However, a number of researches have reported that the main determinant of loyalty and intentions to repurchase is trust (Doney & Cannon, 1997). It might be defined as a state involving confident positive expectation about another's motives with respect to oneself in risky situations (Boon & Holmes, 1991). Moreover, according to Yamagishi (2005), trust is a primary factor of long-term relationship formation. In addition, Lau and Lee (1999) suggested that there was a direct positive link between trust and loyalty in consumer markets.

Recently, there has been a number of theoretical and empirical investigations involving customer trust factor and consumer behavior, and devoting to its relation with CSR. Corporate social responsibility may be defined as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources (Kotler & Lee, 2005). Surveys about CSR in the framework of marketing approach have showed that there is a positive relationship between consumer preference of products and social responsibility of the company. Thus, a trend is revealed towards consumers increasingly preferring products of a socially responsible company (Edelman, 2010). Furthermore, marketing surveys have made it clear that CSR is an important factor for consumer's buying decision (Ipsos MORI, 2009), and it also strengthens their loyalty (Mirvis, 2008).

However, it should not be assumed that consumers are always more sympathetic to companies engaged in various socially responsible activities. For example, in several studies (Brown & Dacin, 1997; Creyer & Ross, 1997; Ellen *et al.*, 2000; Feldman & Vasquez-Parraga, 2013) carried out independently from each other, it has been shown that consumers do not have a positive attitude to socially responsible company. In addition, the findings of research (Simmons & Becker-Olsen, 2006) show that consumers may intentionally abandon the company's products, if they consider its social initiatives insincere. Consequently, it is possible to say that customer reaction is not only affected by the realisation of the company's socially responsible activities but also by the customer perception of such actions.

A number of scientists in the field of marketing suppose that socially responsible activities of a company will have a positive effect if they correspond to the market-specific and general strategy of the company, while remaining consistent

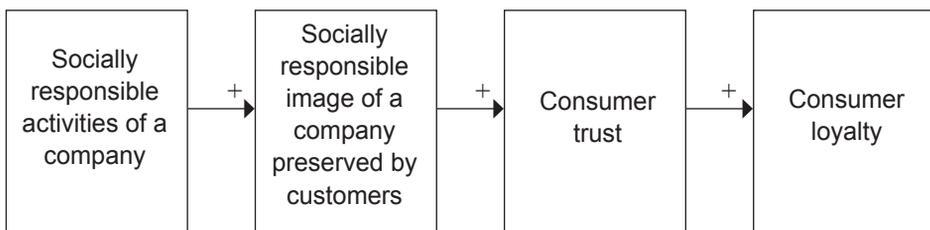
with its mission, values and style of doing business (Kotler & Lee, 2005). A study conducted by Becker-Olsen, Cudmore and Hill (2006) confirms the notion that highly useful effect could be achieved only by those social initiatives which fit the company's mission and are positively perceived by consumers. As a result, the most important indicator of CSR in the framework of marketing is the level of CSR perceived by customers (Perceived CSR). Throughout this paper, the term Perceived CSR means subjective customer's evaluation of the reputation of the company and its activities in the view of their conformity to the ideal level of CSR based on the criteria that characterize consumer expectations of the social business responsibility.

It should be noted that the aspect of perception has a special meaning in marketing research. Perception acts as a category that is directly related with the system knowledge of an individual, whereby a consumer evaluates the reality. Furthermore, the relevance of consumer perception is confirmed by investigations by Ellen, Mohr and Webb (2000). They emphasize that consumers' response to different marketing activities depends not only on events, but also on the perception of CSR (Mohr & Webb, 2005).

Brown and Dacin (1997) conducted their research to investigate the customer perception of separate corporate image dimensions and their impact on customer behavior. The findings showed that Corporate Social Responsibility (CSR) was the most influential factor among other factors in influencing consumers' response. This notion was further supported by other scientists (Gupta, 2002).

Thus, a review of theoretical and empirical papers gives us the opportunity to say that there is a relationship between CSR and consumer trust and loyalty, the causality of which is mostly due to the consumer perception of socially responsible activities of the organization (Fig. 1).

Figure 1. The interaction between CSR and customers trust and loyalty



With respect to this last group of studies, it could be said that the empirical evidence is still limited. In spite of the amount of studies focusing on the impact

of CSR on consumer behavior and loyalty has been increasing in the recent decade (De Los Salmones *et al.*, 2011; 2005; Becker-Olsen & Hill, 2006; Bhattacharya & Sen, 2004), there is still a lack of research on the influence of CSR on the factors of customer loyalty, above all trust factor (Martínez & Bosque, 2013; Vlachos *et al.*, 2008). In addition, while some research has been carried out on the impact of perceived CSR on consumer behavior and loyalty, still few empirical studies have attempted to investigate the issue from the cross-cultural aspect (Becker-Olsen *et al.*, 2011). Thus, very few researches have produced a comparison of the effect of perceived CSR on consumers' reaction in different countries, above all in Russia and the EU countries.

## **2. Research questions**

The current investigation aims to contribute to the scientific studies of the impact of perceived CSR on customer trust and loyalty and to present an evaluation of this impact that could be useful for the company marketing. For this purpose, two marketing researches were conducted to collect data of Russian and Finnish customers' response to perceived CSR on the market of dietary supplements. The main research problem of this study reveals the difference between Russian and the European Union (on the example of Finnish) consumer perception of CSR activities and its influence on customer trust and loyalty. The objective of current research is to estimate the relationship between the level of perceived CSR, customer trust and willingness to repurchase as embodiment of consumer loyalty, as well as to compare Russian and European (on the example of Finnish) customers' responses.

Hence, the main research question is:

RQ1 *Is there any difference between Finnish and Russian customer perception of CSR activities? And if so, how could it be explained? Do CSR activities act as a significant factor in forming customer trust and loyalty in Finland as well as in Russia?*

### 3. Justification of the research object

There are various reasons for justifying the decision of collecting data on the dietary supplements market. Firstly, the formation of consumer loyalty in the framework of the concept of social and ethical marketing is especially relevant in the markets of health-giving goods, among which dietary supplements can be classified. Secondly, the capability of dietary supplements to affect the health of customers contributes special significance to the problem of implementing CSR first of all in the markets of developing countries. For instance, until recently, some companies in the Russian market have acted irresponsibly in attracting customers with dietary supplements. As a result, most of the target audience is distrustful and wary of this health-giving product. In such a situation, elevating the level of CSR through activities of social and ethical marketing can be an effective tool for changing the situation positively and creating consumer loyalty desired by companies.

As to the choice of estimating Finnish and Russian consumers' response to perceived CSR, to provide CSR it can be justified by the different experience of the companies in these countries. Thus, in comparison with Russia, Finnish companies have a much higher level of CSR. Consequently, in Finland, the society face a higher level of responsibility than in Russia, so they are used to encountering different social initiatives of the companies. Moreover, the Finnish society is characterized by a high degree of trust (Habisch *et al.*, 2005). Therefore, it is plausible to assume that there is a difference between Finnish and Russian consumer perception of the same socially responsible activities of the companies in these countries as well as their response to these corporate initiatives.

### 4. Methodology

The theoretical basis of the study is the scientific papers of European researchers in the field of the CSR theory, social and ethical marketing, management theory of consumer behavior, and customer loyalty theory. The main methods for achieving the results and justification of the research conclusions are: a systematic approach and system analysis, systematization methods, induction and deduction, scientific adaptation, structural and functional analysis.

In the experimental part of the study the required data were collected by a self-administered survey. The case research method was used in order to examine

the impact of perceived CSR on consumer trust and willingness to repurchase. In general, as a research method the case method was discussed in the papers of Yin (2003), Meyer (2001), and Thomas (2011). The methodology of the case research method in the framework of marketing problems is thoroughly illuminated by Bonoma (1985). The main advantages of the case research method are:

- It allows conducting research in a real context, especially in a situation where the boundaries between the studied phenomenon and context are not obvious;
- The case method is expedient to be used as an induction method;
- The case method makes it possible to investigate the process holistically, to study some of its aspects, to consider them in correlation with each other, to study the process in a particular context, and to apply the researcher's ability to interpret the results to the full extent.

Application of the case research method in the current study corresponds with the main research problem and allows to provide the respondents with information that affects only the perception of CSR actions, evading the companies' names and brands and companies' marketing activities not directly related to its CSR. (Bonoma, 1985).

For the current article, two case studies of companies were designed. These cases were based on real operating companies and included information only about their CSR activities. The first one described a company with very high perceived CSR (High CSR). This case involved the main demands of consumers of dietary supplements to CSR of the companies revealed in the previous studies (Potepkin, 2013). In particular, the case of the company with high perceived CSR involved the following socially responsible initiatives: publication of social reports; the implementation of socially responsible activities corresponded to the field of operating of the company, for example, support to scientific projects in competing in medicine, charity, sponsoring free medicines to patients in need and medical institutions, free medical diagnostics for customers. The other case described a company with low perceived CSR (Low CSR) and did not include a description of the above-mentioned actions. In the survey, the respondents were asked to read only one of the created cases and to answer a series of questions.

The questionnaire contained three blocks of questions aimed at understanding the level of trust, perceived CSR of the company in the case and loyalty. Components of the questionnaire were derived from research literature, and a five-point Likert scale was used. The first block about the trust level was based on items developed by Morgan and Hunt (1994). The second one was aimed to

measure the level of perceived CSR. The third block of questions was included for estimating customer loyalty level and was based on the scale developed by Narayandas (1996). Furthermore, the questionnaire included two screening (control) questions about the level of trust and perceived CSR, and questions related to respondent sociodemographic data: gender, age, and education.

The data needed for our research had been collected by 2015. The sample of Russian part of the survey consisted of 200 respondents (100 per each case). As the investigation is devoted to the estimation of responses of customers of dietary supplements, the random sample was grouped near the exits of pharmacies in St. Petersburg, where there is a good chance of meeting them. The sample of the Finnish survey included 136 inhabitants of Turku. In order to be able to compare the results, the Finnish sample aimed to contain respondents with similar sociodemographic characteristics (first of all, age and gender) as the Russian one. Finally, the responses of non-customers were excluded from the main part of analysis, so the data analysis involved 170 responses of Russian and 96 of Finnish customers of dietary supplements. The cases and questionnaire were offered to Russian respondents in the Russian language; the survey instrument for the Finnish respondents was translated into the Finnish language by a native speaker.

The analysis of collected data included statistical descriptive, factor, correlation, regression and cluster analyses by using the Statistical Package of Social Science (SPSS). Furthermore, the validity of the constructs was determined through Confirmatory Factor Analyses. According to the reliability test, the Cronbach's alpha of the factors of Perceived CSR, Trust and Loyalty ranged from 0.854 to 0.933 in the Russian survey, and from 0.834 to 0.913 in the Finnish one, which is higher than the standard alpha of 0.7. This test proved satisfactory internal consistency reliability.

## **5. Findings and analysis**

Descriptive statistics showed similarities of gender and age group structure among the respondents of both countries (Table 1). The percentage of women in Russian and Finnish samples is higher than that of men and is 42.5% and 45.8%, respectively.

*Table 1. Descriptive statistics of Finnish and Russian respondents*

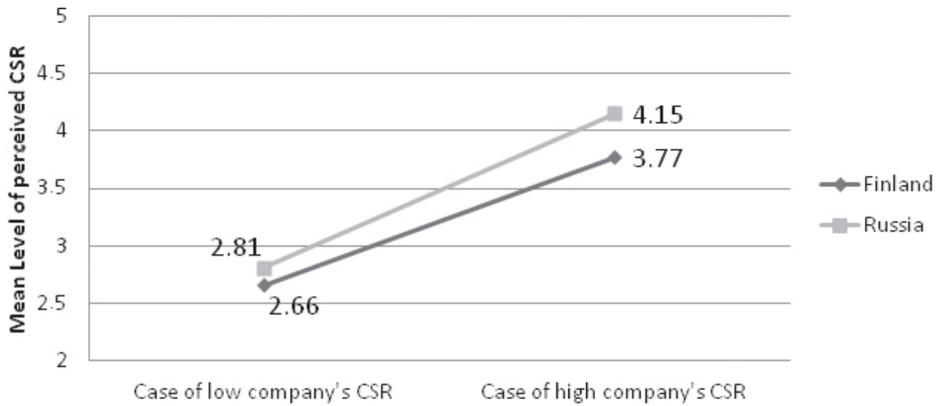
	Criterion	Frequency		Percentage	
		Finland	Russia	Finland	Russia
<b>Gender</b>	Men	44	72	45.8%	42.4%
	Women	52	98	54.2%	57.6%
	Total	96	170	100%	100%
<b>Age</b>	Up to 25 years	33	62	34.4%	36.5%
	From 26 to 40 years	35	63	36.5%	37.1%
	From 41 to 55 years	17	27	17.7%	15.9%
	56 and older	11	18	11.5%	10.6%
	Total	96	170	100%	100%
<b>Education</b>	Primary school	6	10	6.3%	5.9%
	Secondary education	27	17	28.1%	10%
	Undergraduate or Bachelor degree	38	32	39.6%	18.8%
	Master degree (Degree of specialist in Russia)	20	102	20.8%	60%
	Postgraduate	5	9	5.2%	5.3%
	Total	96	170	100%	100%

In addition, all four age groups are similar in both samples, except for the level of the respondents' education, which is different especially concerning university degree, because of dissimilar education systems in the countries. Despite this, the descriptive statistics of respondents' gender and age allows further comparative analysis of the research results.

The consumers' assessments of perceived social responsibility of the company are presented in Figure 2.

In the case of low company CSR, the difference of the mean level in the Russian and Finnish samples is not significant (2.81 and 2.66; on a scale from 1 to 5). However, there is a disparity of the mean level of CSR perceived by customers in the case of high company CSR. It can be explained by the fact that Finnish customers encounter different social initiatives of the companies more often than Russian ones, and they expect more demonstration of CSR.

Figure 2. The mean level of CSR perceived by customers in the context of company's case



In order to form the three factors (Loyalty, Trust, CSR), a factor analysis was conducted on the basis of principle component method with 12 items. Sphericity of both samples was significant ( $P=0.000$ ) and KMO measure of sampling adequacy was 0.928 and 0.901, which indicates capacity of factor analysis usage.

The items were rotated using the Varimax method. The resultant three factors explained 79.78% (Russian sample) and 75.49% (Finnish sample) of the variance. For the purpose of identifying interaction between the factors correlation a regression analysis was carried out. As a result significant correlations were computed for the three pairs of factors in each sample (Table 2).

Table 2. Correlations between factors: Perceived CSR, Trust, Loyalty

Samples	Russia			Finland		
	Level Perceived CSR - Trust	Trust - Loyalty	Level Perceived CSR - Loyalty	Level Perceived CSR - Trust	Trust - Loyalty	Level Perceived CSR - Loyalty
Pearson Correlation	0.755**	0.753**	0.639**	0.766**	0.671**	0.641**
Partial Correlations	0.528**	0.537**	0.17*	0.534**	0.445**	0.24***

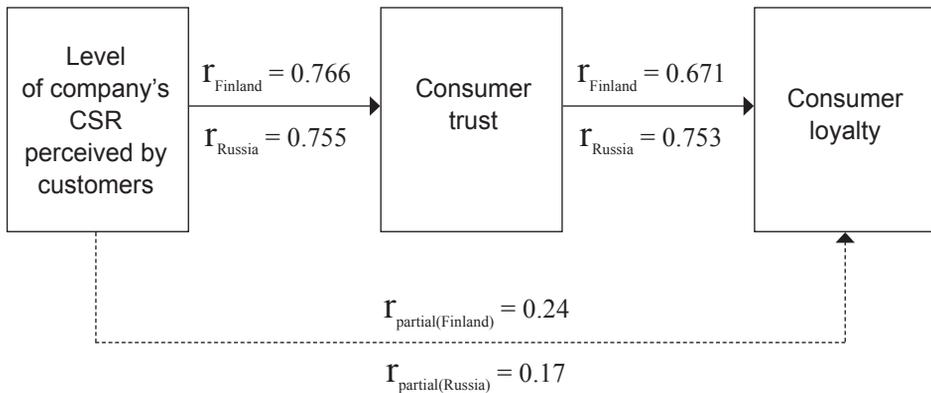
\* Correlation is significant at the 0.027 level (2-tailed)

\*\* Correlation is significant at the 0.01 level (2-tailed)

\*\*\* Correlation is significant at the 0.019 level (2-tailed)

The correlation coefficients of factor pairs exceed 0.6, indicating a strong relationship between them. Meanwhile, there is no considerable difference between the correlation coefficients in the Russian and Finnish samples except for the pair Trust–Loyalty (0.753 and 0.671). It means that CSR perceived by consumers has the same influence on trust and loyalty among both Russian and Finnish customers. However, it should be noted that partial correlation between Perceived CSR–Loyalty is negligible—0.17. Therefore, Perceived CSR does not have direct influence on consumer loyalty; interaction is indirect and occurs through consumer trust to the company (Fig. 3).

Figure 3. Correlation between CSR perceived by customers, Customer Trust and Customer Loyalty (Russia and Finland)

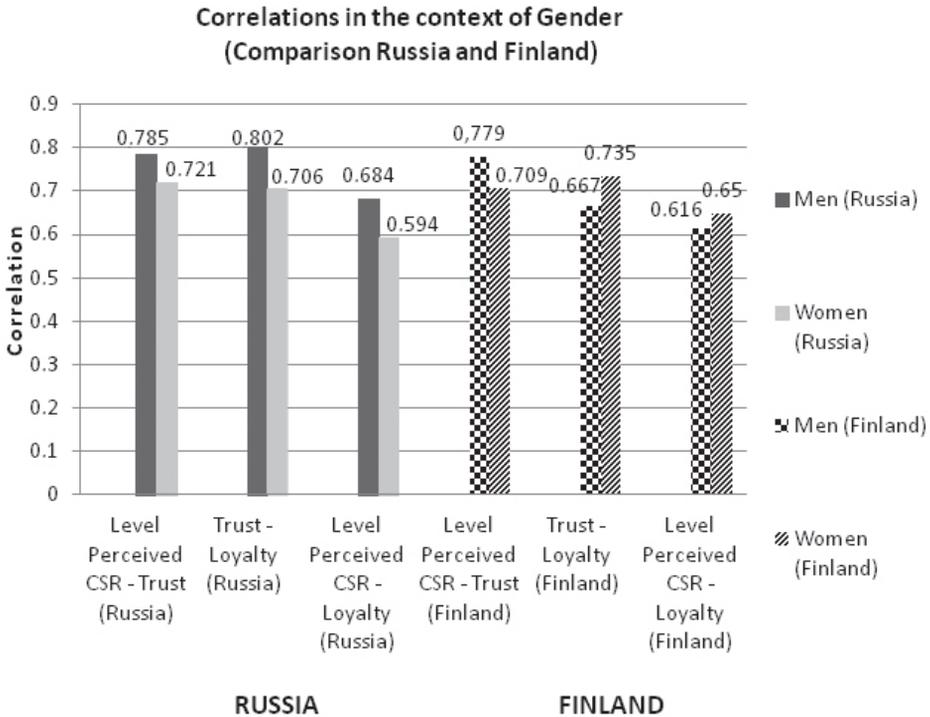


To increase the validity of the choice of marketing solutions in the field of social responsibility, the authors performed a cluster analysis, the aim of which was to identify the influence of different personal characteristics of the target consumer audience, such as Gender, Age and Education, on the strength of the relationship between factors.

The analysis revealed that there is a stronger correlation between the level of perceived social responsibility and consumer trust in the male sample of Finnish and Russian customers than in the female one. All the correlations in Figure 4 are significant at the 0.01 level.

Although, in the context of gender the difference between factor correlations Trust–Loyalty takes place in the Russian and Finnish samples. On the whole, there is a tendency that the interaction of factors Perceived CSR, Trust, Loyalty in Russia is stronger in the male sample than in the female sample. As for Finnish customers, this trend is not observed.

Figure 4. Factors Correlation in the context of gender



The analysis shows that there is no explicit influence of age and education on the interaction between customer Trust and Loyalty. Detailed values of the correlations are presented in Table 3.

As a key objective was to compare the effect of the perceived CSR on consumers' reaction among Finnish and Russian customers, the "Country" criterion was investigated. For this aim, both samples' data were combined and a Country factor was formed. The analysis has revealed that all correlation coefficients between the Country factor and Perceived CSR, Trust, Loyalty exceeding 0.05 level are insignificant. Also, multiple regression analysis using the Stepwise method excluded a Country factor from dependent Loyalty variable model. The same result was for Trust variable model. This showed that a Country factor does not have an effect on consumers' reaction such as Trust and Loyalty.

Nevertheless, a weak interaction between the estimation of a Perceived CSR level and the "Country" criteria was revealed by the analysis of combined data of both samples concerning the case of high CSR. Thus, the correlation coefficient of the Country factor and Perceived CSR is 0.26 ( $p = 0.003$ ).

Table 3. *Factor correlations in the context of personal characteristics*

Cluster analysis of correlations (Pearson Correlations)							
Criterion		Russia			Finland		
		Per-ceived CSR–Trust	Trust–Loyalty	Per-ceived CSR–Loyalty	Per-ceived CSR–Trust	Trust–Loyalty	Per-ceived CSR–Loyalty
<b>Gender</b>	Men	0.785	0.802	0.684	0.779	0.667	0.616
	Women	0.721	0.706	0.594	0.709	0.735	0.65
<b>Age</b>	Up to 25 years	0.666	0.671	0.558	0.765	0.706	0.664
	From 26 to 40 years	0.82	0.751	0.672	0.639	0.622	0.513
	From 41 to 55 years	0.731	0.901	0.67	0.818	0.777	0.718
	56 and older	0.804	0.769	0.785	0.754	0.814	0.737
<b>Educa- tion</b>	Primary school	X	X	X	X	X	X
	Secondary education	X	X	X	0.819	0.678	0.611
	Undergraduate or Bachelor degree	X	X	X	0.579	0.728	0.606
	Master degree (Degree of specialist in Russia)	X	X	X	0.745	0.809	0.659
	Postgraduate	0.85	0.903	0.889	0.973	X	X

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

*X – Correlation is insignificant*

Nevertheless, it simply means that Russian and Finnish customers evaluate social initiatives of companies in a slightly different way. However, on the whole the analysis showed that there is no significant difference between the interaction of CSR perceived by customers of the countries, their trust and loyalty level to a company. In other words, perceived CSR has a similar effect on the formation of customer trust and loyalty both in Russia and Finland.

However, a very distinct influence of the Country factor was revealed in the responses of dietary supplements non-consumers, who constituted 17% of the Russian sample and 29% of the Finnish one. The analysis showed that perception of described CSR initiatives in the cases is different between Russian

and Finnish non-customers (Table 4). Thus, in Finland non-consumers have evaluated the perceived CSR level approximately equally to customers. There is a significant variance between a mean level of perceived CSR in the case of high (4.08) and low CSR (2.38). Also, it is confirmed by a strong correlation 0.748 ( $p = 0.01$ ).

Table 4. Characteristics of non-consumers' responses

Country	Finland	Russia
Correlation between Case and Mean Level of perceived CSR	0.748**	0.394*
Mean Level of perceived CSR in the Case Low CSR	2.38	2.06
Mean Level of perceived CSR in the Case High CSR	4.08	2.9
Coefficient of determination	0.56	0.13
Case	Case LOW CSR	Case HIGH CSR
Correlation between Country–CSR	0.188 ( $p = 0.319$ )	0.534**
Correlation between Country–Trust	0.575**	0.842**
Correlation between Country–Loyalty	0.462**	0.791**

\* Correlation is significant at the 0.05 level (2-tailed).

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

Conversely, in Russia, non-consumers evaluate the level of perceived CSR extremely low and express a low level of trust to a company. In addition, this trend has occurred in both cases of high and low CSR. So, the variance of level perceived CSR between the two cases is significant: it is only 1/20 of the scale metric. In the context of the case, a Country factor in non-consumers' responses is manifested clearly due to a correlation analysis of all factors: Perceived CSR, Trust and Loyalty. In the Russian sample, the CSR initiatives have no impact on respondents' evaluations. Furthermore, the Russian respondents (non-consumers), in contrast to the Finnish ones, do not trust a company in the High CSR case.

Thus, the analysis showed that in Finland the consumption criteria does not influence non-customers' perception of CSR initiatives and the correlation between this and trust. On the contrary, the investigation confirmed the existence of a bias among the Russian people about dietary supplements, which negatively affects objective evaluating of any SCR initiatives and trust.

## 6. Discussions and implication

The investigation is devoted to the evaluation and comparison of Russian and Finnish customer reaction to the social initiatives of companies. In contrast to the prediction, the results showed similarity of customer reaction to perceived CSR. Regarding previous studies, these findings are consistent with the results of the research devoted to cross-cultural examination of CSR Marketing Communications in Mexico and the United States (Becker-Olsen *et al.*, 2011). The researchers also demonstrated the insignificant difference between customer reaction to CSR initiatives in the two countries in spite of the historically different cultures, economic climates and CSR norms.

This leads us to the question: Why is customer reaction in these countries similar in spite of different cultural features and the experience of the encountered CSR?

In our opinion, the answer to this issue is connected with the nature of CSR from the social aspect. It is possible to assume that CSR represents some form of solicitude. Thus, the most widespread CSR activities such as charity, sponsoring free medicines, products to people in need, educational events and so on, can be attributed to the embodiment of care in relation to target group. On the basis of this, solicitude or care of people implied as social phenomenon underlies in the similarity of reaction of the Finnish and Russian respondents to perceived CSR. It is natural that people feel gratitude to those who care for them. Feeling of gratitude is peculiar to *Homo sapiens* and can be identified through a positive emotion that typically flows from the perception that one has benefited from the costly, intentional, voluntary action of the other person (McCullough *et al.*, 2008). Furthermore, gratitude may motivate prosocial behavior by influencing psychological states that support generosity and cooperation. Psychological studies note that gratitude increases people's trust (Dunn & Schweitzer, 2005). This may explain the similar correlations between CSR perceived by Finnish and Russian customers and their trust and loyalty to a company.

The findings of the study corroborate with the mechanism for the formation of customer loyalty. According to the mechanism, implementation of social initiatives increases the level of CSR perceived by customers and improves a company image in consumers' mind. Therefore, it positively influences such customer loyalty factor as trust.

The key focus of the current investigation has been the role of consumers' perceptions in evaluating a level of social responsibility of companies. It has been underlined that consumer reaction to CSR activities depends on the perception

of initiatives, rather than their implementation. In this case, from the marketing point of view, companies should pay more attention to increasing consumer awareness of ongoing CSR actions. It contributes to the rise of the perceived CSR level that is correlated with consumer trust and loyalty to a company and, therefore, income growth. Thus, social and ethical marketing activities should be focused on increasing the CSR level, which is especially relevant on the Russian dietary supplements market. Due to the specificity of the problem of the dietary supplements market, an urgent task of socially ethical marketing is the growth of consumer trust towards both the product and its manufacturer that can be achieved through providing CSR activities.

## **7. Limitations**

Due to practical constraints, this article cannot provide a comprehensive overview of CSR and its evaluation and impact on consumer behavior. Moreover, a number of limitations should be noted which restrain making generalizations. Firstly, the research was carried out in only one city of both countries. It means that the collected data are not representative of Russia or Finland as a whole, because the number of responses gathered from different geographical areas is small. Thus, it is not possible to claim that the results about evaluating the level of CSR, correlations and other findings can be generalized separately for each of the countries. The current investigation only allows comparing Russian and Finnish responses due to the carefully selected and consistent samples.

Secondly, according to connotative theory, customer loyalty is likened to willingness to repurchase and recommend the product. On the other hand, there are other loyalty theories which limit this assumption. Furthermore, the case method used in the research is characterized by a lack of consumer involvement in the purchase process that may not fully reflect their actual responses, reactions and actions. Thus, the findings of the investigation should be treated with caution. To improve the accuracy of factor measurement of Perceived CSR, customer Trust and Loyalty, extra questions might be added for increasing the number of items in factor analysis in future studies.

## **8. Conclusions**

The investigation corroborates a strong correlation between the CSR perceived by customers and their trust and loyalty to a company. However, the study showed that there is no direct relationship between perceived CSR and consumer loyalty, and the correlation between them is mediated by the trust factor.

Furthermore, the article highlights the similarity of the impact provided by CSR activities on the trust and loyalty of Russian and Finnish customers. It has practical significance for companies in planning and conducting CSR and marketing activities. In particular, European companies may achieve the same level of efficiency of CSR and marketing activities for attracting and retaining customers when doing business in Russia as well as in Europe.

On the other hand, there is a difference between Russian and Finnish consumer reactions which lies in evaluating concrete CSR initiatives. For instance, the personal characteristics of the target consumer, such as gender, impact customer reaction more in Russia than they do in Finland. Despite a number of studies highlighting the difference between male and female attitude to the CSR (Dawson, 1997; Smith *et al.*, 2001), there are no researches devoted to the investigation of gender impact on CSR–Trust–Loyalty link in Russia. Therefore, more research and studies are needed, the results of which should be taken into account when selecting the target audience in conducting CSR and marketing activities.

As for theoretical consequences, this research constitutes the basis for the further refinement of cross-cultural estimation of consumer perception of and reaction to marketing-oriented CSR activities. From the practical point of view the results show that CSR activities can be an effective instrument for the formation customer loyalty both among the European Union (i.e. Finnish) and Russian consumers.

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## **APPENDIX 1. Cases studies of companies**

### **The case of companies with a high level of social responsibility:**

Dear Respondent,

Your attention is invited to the description of the company (based on the activities of existing firms) and questions aimed at assessing the perception of its activities. This survey will take no more than 7 minutes. All the data collected will be only for use in research.

Thank you for your participation!

This company called “N” has been producing dietary supplements and vitamins for a long time. The company has its production and distribution network, offers a wide range of dietary supplements and vitamins for the strengthening and maintenance of health, which are sold in all regions.

The company not only focuses on profit, but emphasizes its social responsibility. It annually publishes a social report. The company underlines that it strictly observes the rules of law. It confirms the high quality of its products at various competitions and exhibitions.

The company informs consumers about the properties of dietary supplements, and possible contraindications. It conducts training doctors and pharmacists on the characteristics of the consumption of dietary supplements. The company has established a “hotline” via which consumers can consult about supplements and ask for help in case of problems, for example, side effects after taking dietary supplements of this company.

Besides, the company provides support to scientific works on medicine. The company also gives free medicaments and medicine equipment to educational institutions, hospitals, research institutions. In addition, the company provides assistance to orphans, people with disabilities, veterans and retirees, trying to make their life easier.

In average, the company spends about 8% of their income on social programs.

## **The case of companies with a low level of social responsibility:**

Dear Respondent,

Your attention is invited to the description of the company (based on the activities of existing firms) and questions aimed at assessing the perception of its activities. This survey will take no more than 7 minutes. All the data collected will be only for use in research.

Thank you for your participation!

This company called “N”, has been producing dietary supplements and vitamins for a long time. The company has its production and distribution network, offers a wide range of dietary supplements and vitamins for the strengthening and maintenance of health, which are sold in all regions.

The company launches some socially responsible activities with the purpose of gaining advantage over its competitors. The company does not publish a social report, but in the media emphasizes the high quality of its product. In their adverts the company attracts customer’s attention that everyone should buy its dietary supplements for being healthy.

The company supports various cultural events and sometimes organizes sports activities. Emphasizing its social responsibility the company underlines that it has refused to test their products on animals.

However, at the moment, the company is not ready to support medical institutions, researches and the state health program. In its program of social responsibility the company doesn’t provide additional assistance to orphans, people with disabilities and retirees.

In average the company spends less than 0.5% of their income on social programs.

## APPENDIX 2. Questionnaire

1. Do you buy dietary supplements or vitamins?
  - a. Yes
  - b. No
  
2. In accordance with the company description, please mark the degree of your assent with these statements:

	Statements	Totally disagree	Disagree	Neutral	Agree	Totally agree
a)	I believe that it's the right decision to buy this company's products.	1	2	3	4	5
b)	I think that the company is honest with consumers	1	2	3	4	5
c)	I am sure that this company will not attempt to deceive and lie to me.	1	2	3	4	5
d)	I feel secure buying the products of this company	1	2	3	4	5
e)	I feel that I can fully trust this company.	1	2	3	4	5
f)	Overall, I believe that the company deserves the trust of consumers.	1	2	3	4	5

3. In accordance with the company's description, please mark the degree of your assent with these statements:

	Statements	Totally disagree	Disagree	Neutral	Agree	Totally agree
a)	I think this company is a socially responsible one.	1	2	3	4	5
b)	I believe that the company carries out a lot of socially responsible activities for consumers and society.	1	2	3	4	5

4. In accordance with the company description, please mark the degree of your assent with these statements:

	Statements	Totally disagree	Disagree	Neutral	Agree	Totally agree
a)	I intend to buy repeatedly (often) vitamins and supplements of this company, because I like the company.	1	2	3	4	5
b)	I would recommend my relatives and friends to buy supplements and vitamins of this company.	1	2	3	4	5
c)	I intend to buy vitamins and supplements of this company even if the company increases prices on their products a little bit.	1	2	3	4	5
d)	Overall, I think I will often purchase the products of the company.	1	2	3	4	5

5. Please mark the level of social responsibility of the company from 0 to 10, where 0 means “the company is absolutely not socially responsible”, and 10 means “the ideal of a socially responsible company”.

0	1	2	3	4	5	6	7	8	9	10

6. Please mark the level of your trust the company from 0 to 10, where 0 means “absolutely no trust”, and 10 means “full trust”.

0	1	2	3	4	5	6	7	8	9	10

7. Your gender:

- a. M
- b. W

8. Your age:

- a. Up to 25 years
- b. From 26 to 40 years
- c. From 41 to 55 years
- d. 56 and older

9. Your education:

- a. Secondary education
- b. Professional school
- c. Undergraduate or bachelor's degree
- d. Master's degree
- e. Postgraduate