

## Consumer Awareness and CSR in Cosmetic Industry in India

### Key words :

CSR, Cosmetics, Consumer Awareness, Corporate Social Responsibility

*Corporate Social Responsibility contribution by the Indian corporations have always been eyed upon very frequently and more frequently after the mandate in 2013 which asks the companies at least two percent from their net profit in the last three years. There is less knowledge about the consumer's awareness of Corporate Social Responsibility and their perception for those who are responsible corporation. The cosmetic industry usually involves in unethical testing and various other unethical activities. The purpose of this is to study the attitude, opinion and how much do they get affected by the Corporate Social activities. The study will be done using primary data and consumers will be surveyed through a questionnaire which will have demographic, attitude and opinion variables. The results will be analyzed and interpreted accordingly.*

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**Vasudha Shukla,**  
M.A. Economics,  
Amity University, Noida  
E-mail : drspshukla59@gmail.com

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## Meaning of CSR

While there are many definitions of corporate social responsibility but each definition eventually concludes that it is the effect the business has on the and the expectation of the society from them. The concept of Corporate Social Responsibility has broadened and now it includes corporate citizenship, sustainability, shared value and various other concepts..

The WBCSD defines Corporate Social Responsibility as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large”.

After the Companies Act (2013) the idea of either disclosure or explain their mandate of Corporate Social Responsibility. This has led to more transparency. In the schedule VII of the act there has been given a list of activities that need to be focused upon through Corporate Social Responsibility.

## Research Questions

1. What is the source of CSR info of cosmetic industry in India and are the respondents' corporate social responsibility aware?
2. Are the consumers really concerned about corporate social responsibility and are they willing to pay a higher price for the corporate social responsibility product?
3. Does the consumer's decision get affected or do they take into consideration the corporate social responsibility while purchasing and which are the activities is the priority of consumers?

## Research methodology

The research methodology of this paper was based on the primary data. The data collection happened through a questionnaire that was circulated both online and offline. The majority of the responses came through social media and the offline responses came through students of a university. The sample size was calculated by using

Cochran's formula which came out to be 385. The questionnaire was taken from G Zhao research paper published in 2012. The questionnaire had closed ended questions and one open ended question for the comments about corporate social responsibility. The language of the questionnaire was English. A total of 273 responses were received both online and offline. The data was analyzed in excel with the help of pivot tables and some were analyzed manually.

## DATA ANALYSIS

I. **DEMOGRAPHY-** In this section of the study we will first explain the demographic variable trend which includes Gender, Education, Occupation and Age of the 273 respondents. This section deals with the question number 2, 3, 4 and 5 of the questionnaire given in the appendix.

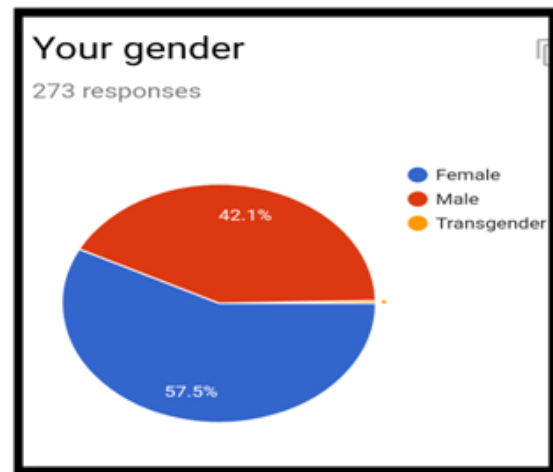


Figure 1

1. In the above figure it can be seen that female participant (57.5%) were more than Male participants (42.1%) and there was 1 transgender participant. There were 116 males and 156 females out of 273 participants.
2. There was participation from each age group given in the questionnaire. Following graph explains the data of different age group participation. There were 78% participants from

the age 18 to 35 itself following which were from 36 to 60 age group. We can say that there were more youth participants from in the survey.

3. There was nearly equal participation from the graduates and post graduates in the survey.

**Table 1**

Row Labels	Count of Your education
Bachelor Degree	144
High School	11
Master Degree or above	106
Secondary School	9
Vocational Education Diploma	3
Grand Total	273

We can see that 52.7% participants had a bachelor's degree and following that 38.8% had a master's degree. High school, secondary school and vocational education participants were low in number as compared to the higher degree participants.

4. More than half of the participants were students i.e. 54.2 % following which were the employees also being good in number, then were the self employed and others. This can be clearly seen in the pie graph.

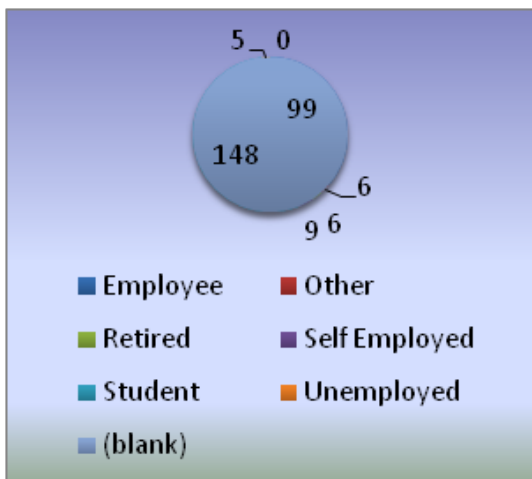


Figure 2

**II. Awareness about CSR and the information source**

1. In the table given below is the information on CSR of the cosmetic industry. We will take the mean of the values given here and after we get it we will decide where does it lie close to. We started by giving numbers to each level of information . One was given to excellent. Two was given to good, three was given to average, four was given to poor, 5 was given to very poor.

**Table 2**

Row Labels	Count of You think your CSR information about the cosmetic industry is
Excellent	17
Good	83
Average	122
Poor	35
Very Poor	16
Grand Total	273

The mean of all the values came out to be 2.8168 which lie between 2 and 3 which is between good and average. So here we can say that the respondents have a moderate level of knowledge about corporate social responsibility.

2. The next question in the questionnaire was for CSR information source. These sources were 1. Magazines, newspaper and billboard 2. TV and radio 3. Internet 4. Store layout and activities 5. Product packaging and label 6. Environmental Organization and 6. Others

on the basis of information received we can easily say that most respondents got their CSR information from the internet. The next big source was Magazine, newspaper and billboard. Then came TV and radio and product packaging. In the last came environmental organizations and other sources.

3. In the next question we asked the consumers about their remembrance about the social initiative done by the cosmetic brands result of which came out to be positive. Nearly

6/10th of the respondents said yes that they could remember the initiatives and 4/10th could not remember. We should not that in the paper of G Zhao(2012) the result were more on the "NO" side and our responses in comparison to that seem quite better and our respondents seem aware.

### **Comparative analysis of CSR information and awareness with previous studies**

1. In the research study of G Zhao the information of the respondents lied between Average and Poor but in our study it was between Average and Good which seems better than G Zhao(2012) study. The respondents in our study were much aware than the studies previously conducted.

2. In regard to the sources of information both the studies had similar trend of getting information where internet made it to the top and rest of the sources followed almost in the same order.

3. In G Zhao study the consumers could recall lesser than our respondents which again seems an improvement from the previous time.

### **III. Purchasing behavior tendency**

1. The next question that is about the effect of CSR on buying pattern. We can see that the majority of the respondents were neutral while buying a product. 109 respondents chose neutrality over other options. 104 respondents agreed that they took Corporate Social Responsibility factor into consideration while buying a cosmetic and 23 respondents strongly agreed that they do. Close to 50 % respondents chose considered the CSR factor. However, 37 respondents also chose to neglect the factor while buying a cosmetic product.

### **Comparative analysis of CSR information and awareness with previous studies**

In G Zhao's study we can see that the trend is somewhat similar. The majority i.e.47% respondents were neutral. However, in her study the next majority responses were from the respondents who disagreed.

2. When asked whether the participants could recall any initiative from the cosmetic industries more than half of the respondents said YES to it and others could not or were not aware. 156 respondents said YES while 117 said NO.

### **Comparative analysis of CSR information and awareness with previous studies**

G Zhao's study shows that the trend was opposite to our study. In her study 54.1% respondents said no as opposed to our study which showed 42.9% respondents saying NO. This shows that the respondents in our study were either aware or came across CSR activities.

3. Surprisingly, in the next questions we can see the attitude and behavior not matching. While the consumers had the attitude to buy a product from a responsible producer but when asked about their past purchases as many as 194 respondents did not buy a product mainly because of Corporate Social Responsibility. We can see that in case of CSR the attitude and behavior may not always go hand in hand.

### **Comparative analysis of CSR information and awareness with previous studies**

Sixty-seven percent people (G Zhao) chose no. here we can see that in Jonkoping study the attitude mismatch with behavioral patterns are the same as the Indian population.

The next question that was asked from the respondents was about the likeliness of buying a product if it involves CSR activities. Out of 273 respondents 48 said it was very likely that they will buy a products that involves CSR activities. 119 respondents said it was likely to buy a CSR product. In total, 157 respondents which is more than half of the responses were ready to buy this product. A significant number of 83 respondents were undecided. As few as 23 respondents did not want to buy a product which involved CSR.

### **Comparative analysis of CSR information and awareness with previous studies**

In G Zhao study the trend remained the same

among the people. This shows that Indian consumers have the same behavior towards CSR products as compared to Jonkoping respondents.

When asked about how much extra were the consumers willing to pay for cosmetics that were produced by a social responsible producer then most the respondents that is 172 respondents were willing to pay a percentage from zero to ten. This simply means that the consumers do want cosmetic products that are produced responsibly even if they have to pay a little extra. 48 people were ready to pay a percentage of ten to twenty. And very few number of people i.e. 15 and 8 were ready to pay 20-30% and 30 and above. However, 30 respondents were not willing to pay extra at all which could either be because that they think it is the producers responsibility to produce responsibly without incurring any extra price that should be paid by the consumer or they are not concerned possibility of which is low as shown in the previous data.

In the above statement 76 respondents i.e. 27.8% strongly agreed that they avoided buying such products that involved the producer indulging in unethical business. 108 respondents agreed but not strongly, which constitutes the majority of the responses, meant that the people left a little choice of buying such products the reason may be unavailability of ethically produced goods or lack of information about the product. There were 51 respondents who showed neutrality towards it and as low as 29(disagree) and 9(strongly disagree) denied to the statement.

### Comparative analysis with other studies

Not so surprisingly, in G Zhao study the trend remained exactly the same which tells us that the behavior of Jonkoping and Indian citizens is same.

The data says that 264 people said quality is important. No respondent thought of it a unimportant. 239 regarded ingredients as important and as low as 8 said ingredients had little importance. 225 people thought of price as

important and 8 people said it was unimportant. 164 respondents thought producer's CSR was important. The point to be noted here is that the respondents chose important option more than very important showing that it is necessary but not as necessary. 26 respondents said it was not important which is the highest chosen scale among all options and as compared to other factors 215 thought brand reputation was important but here also the option that was chosen the most was important and not very important.

If we rank the relative importance of each factors influencing while buying a cosmetic then we get the following ranks:

Rank 1- quality regarded as the most important factor  
Rank 2- ingredients  
Rank 3- price

Rank 4- brand reputation  
Rank 5- producer's CSR being the last preferred important factor

As per data received 242 respondents thought of ecological production process as important but 125 respondents as compared to 117 thought of it as only important and not very important. In case of animal test, 152 staunchly were against it, 83 were against but not as much. 4 of the 273 respondents thought of it as unimportant. 237 thought health awareness as an activity as important but 4 of them also thought of it as unimportant. 214 respondents thought contributing to local communities is important. However only 98 thought it was very important against 116 who thought of it as important.

257 thought providing safe products to the consumers is important out of which 175 strongly believed that it is important. 230 respondents believed that the packaging should reduce and ecological packaging should be increased.

Rank according to the importance given by the respondents:

1. Safe products was preferred the most
2. Ecological production process
3. Health awareness programmes
4. Against animal test
5. Reduce packaging and use ecological

packaging

6. Contribute to local communities as least preferred.

**Average values of responses measuring attitude and behavior of the respondents**

**Table 3**

Statement	Average	Interpretation
Source of CSR information	2.82	More from tv, radio and internet.
Attention to CSR while buying the cosmetic	2.61	The average responses were between neutral and agree which tells us that the consumer is moderately attentive
Recall social initiative	0.57	Most people could recall
Bought cosmetic because of CSR	0.3	More towards a no response
Likelihood of buying CSR products	2.4	Though not strong but moderate likelihood
Extra %age of the product ready to pay 2.26 Average response between 0-10 and 10-20%	2.26	verage response between 0-10 and 10-20%
Avoid buying unethically produced goods	2.22	Average responses between agree and neutral. This tells us that people may buy the unethically produced products.

=>Where the the values of the responses are given as follows

{Yes=1, No=0, Strongly Agree=1, Agree=2, Neutral=3, disagree=4, strongly disagree=5, very important=1, important=2, moderately important=3, of little importance=4, unimportant=5, excellent=1, good=2, average=3, poor=4, very poor=5, very likely=1, likely=2, undecided=3, unlikely=4, very unlikely=5. 0%=1, 0-10%=2, 10-20%=3, 20-30%=4, 30 and above=5}

In the given table of correlation matrix by Pearson we have explained the key findings. The values marked in red are the values that have moderate to high correlation between two statements. The

key findings are as follows:-

1. There was moderate positive correlation that is,  $r=+0.441$ , between level of corporate social responsibility information and attention paid on corporate social responsibility while buying a cosmetic product. This meant that the respondents paid attention in moderation because of their information about Corporate social responsibility.
2. The next observation was seen between the attention paid to corporate social responsibility and the products bought that could involve CSR activities of the person's concern. Again, there was moderate positive correlation between both statement where  $r=+0.405$ . This could mean that people paid attention to those cosmetics

that involved CSR of their concerns. Their concerns affected their attention on CSR or the CSR activities affected their concerns.

3. The correlation between a cosmetic bought that involved CSR and the likeliness of buying a good that involved their concerns was equal to -0.313 that shows a moderate negative correlation between both showing us that they affect each other negatively.

4. Paying close attention to producer's corporate social responsibility and avoid producers that involved in unethical practices had a correlation of 0.316 that is they are moderately positive correlated with each other.

5. We could find a moderate positive correlation between avoiding the producer that is unethically involved and likeliness of buying a commodity that involved respondent's concerns. The r value was 0.336.

6. Between the relative importance of quality and relative importance of ingredients their was a correlation of 0.425 which is a moderate positive correlation.

7. Between paying close attention to CSR and Importance of CSR their was a moderate positive correlation of 0.389.

8. We could also see a moderate positive correlation between the concerns involved of the respondent with the importance of producer's CSR when we buy a cosmetic. 'r' was equal to 0.3.

### Conclusion :

The respondents willingness to pay up to 20% extra for cosmetics from the socially responsible firms but do not want to pay more than that. Carrigan and Attala(2001) said that people want socially responsible products but do not want to spend time finding out which firm is socially responsible.

So it is possible to change a higher price for the cosmetic products. At the same time its important to let the consumer know about the price change. In order to have a sustainable business process the CSR activity should not be more than 20%

of the price if we go by the cost benefit analysis where 20% extra is seen as benefit.

According to the ranking, quality after which ingredients, price, brand reputation and lastly CSR was considered important. According to our ranking CSR without quality will be a failure for the producer and will not able to attract the consumers. So a sale of a product is not much affected by the producer's CSR and the producer will have to provide high quality good with CSR as a factor that can increase their sale.

According to Carroll a firm's CSR is constituted by four types of responsibilities that is economic, legal, ethical and philanthropic. Since our focus is on CSR and its impact on consumer we will only take legal, ethical and philanthropic. Providing safe products is the legal responsibility of the firms. Ecological production and reduced packaging comes under ethical responsibilities whereas health and contribution to local communities come under philanthropic. Animal testing is against ethical responsibilities. Providing safe products us a firms utmost responsibility. If it does fulfill other responsibilities it will not be called unethical. According to the ranking in the study, the consumers may want the firms to follow legal responsibilities first then philanthropic and lastly ethical. Ideally, a firm should follow ethical and legal responsibilities then philanthropic.

### Recommendation :

1. Making CSR visible to the general public should be increased by the government by making public aware of the CSR concept. Variety of information sources should be provided according to the level of understanding of the people. The list of activities in the companies act should be provided to each citizen with the priority given by companies to these sectors. A list of contribution made to the needy should be released publically.

2. Data provided by the companies should be cross checked with the activities they have contributed in and a list of people impacted. It should be ensured that the data set is authentic

and is centrally available on a portal.

3. A list of socially irresponsible firms should be released in the public which can make the consumer aware about their practices.

4. Socially responsible firms should be rewarded for the contribution in CSR to motivate them for further contribution and make a difference in the society.

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#### पृष्ठ 130 का शेष मीडियाकर्मियों की पृष्ठभूमि.....

पिछले एक दशक में भारतीय मीडिया में ऐतिहासिक विस्तार हुआ है। यह विस्तार बहुआयामी है अस्तु इसकी छाप मीडिया के सभी पहलुओं पर आसानी से देखी जा सकती है। इस दौरान मीडिया की पहुँच कार्यक्रमों की गुणवत्ता, प्रसारण, तकनीक और प्रतिस्पर्द्धा सरीखे हर क्षेत्रों में बढ़ी है। समाचार पत्रों, टेलीविजन, रेडियो चौनलों और वेब पोर्टल की संख्या बढ़ोतरी आने के साथ-साथ उसकी विषय-वस्तु में भी अभूतपूर्व विस्तार देखा जा सकता है, आवश्यकता है तो संतुलन लाने की।

समाजीकरण की प्रक्रिया को दुरुस्त करने के ध्येय से संसद हो अथवा सरकारी नौकरी, शैक्षणिक संस्थान हों या ग्रामीण किसान, आरक्षण तथा सरकारी योजनाओं की वजह से सामाजिक एवं आर्थिक कार्यों में अल्पसंख्यकों की भागीदारी बढ़ी है। पूँजी का फैलाव भी अल्पसंख्यकों तक हुआ है। अतेव मीडिया को निजी व्यवसायिक हितों को ध्यान में रखते हुए विभिन्नता की नीति को स्वीकार करने की पहल करनी चाहिए। साथ ही व्यावसायिक नीतियों के निर्माण और तदोपरांत लागू करने की आवश्यकता पर बल देना चाहिए। जहाँ अन्य निगमित क्षेत्र वेतन, कार्य-अवधि,

कार्य-दबाव, व्यवसायिक स्थिरता, व्यवसायिक भविष्य सम्बंधित योजनाओं को ले कर दिन-प्रति-दिन नियमानुकूल होते जा रहे हैं, वहीं मीडिया संगठन असंतोष की विभिन्नता को प्रस्तुत करने का उदाहरण बनते जा रहा है। इसी कारण झुंझ प्रतिशत मीडियाकर्मियों को मीडिया को आजीविका का माध्यम बनाने पर अफ़सोस है। ये तस्वीर मीडिया के स्वस्थ भविष्य हेतु अच्छा नहीं है।

मीडिया में प्रवेश हेतु अन्य व्यवसाय की तरह पारदर्शी पैमाना अपनाना चाहिए साथ ही कर्मचारियों के वर्तमान और भविष्य की सुरक्षा से सम्बंधित योजनाएं होनी चाहिए। समाज के विकासोन्मुख होने के साथ-साथ मीडिया को भी विकसित अवस्था को प्राप्त करने का प्रयास करना चाहिए। इसके लिए मीडिया को संगठनात्मक सुधार के साथ अध्ययन केंद्रों में भी सैद्धांतिक तथा व्यवहारिक शिक्षण एवं प्रशिक्षण के तरीके में सुधार लाने की आवश्यकता है। समाजीकरण की लम्बी और निरंतर प्रक्रिया में मीडिया एक सशक्त सहयोगी है। अतः इसमें कार्य कर रहे व्यक्तियों की मनोदशा संतुलित रहेगी तभी सूचनाएं संतुलित रहेंगी और तभी समाज भी संतुलन की ओर अग्रसर हो सकेगा।

