

Competing With Tobacco Companies in Low Income Countries: A Social Marketing Agenda

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INTRODUCTION (1)



Source: ABC, 2010

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INTRODUCTION (2)

- Indonesia has one of the highest smoking prevalence rates in the world (WHO, 2005). Indonesian men rank as the world's top smokers in Indonesia.
- Tobacco smoking has increased 26% over the past 15 years (Brandon, 2010).
- Two-thirds (67%) of males aged 15 and over are classified as being current smokers (Indonesian Central Statistics Agencies, 2011):
 - » Among youth (i.e., 13-15 years), 12% smoke cigarettes and 78% of smokers start before the age of 19.
 - » One-third of youth reported trying their first cigarette before the age of ten (Aditama et al., 2008).
- According to the World Health Organisation (2012) tobacco kills nearly six million people per year and nearly **80%** of the world's one billion smokers live in low and middle income countries.

INTRODUCTION (3)

- In contrast to many middle and high-income countries social marketers in Indonesia are being faced with strong competition from tobacco marketers.
- In the last few years, the tobacco industry has been promoting corporate social responsibility (CSR) (Fooks et al., 2011).
- The benefits of CSR are well documented with benefits including increased profits, customer loyalty, trust, positive brand attitude and insulation from bad publicity (Brown and Dacin, 1997).
- Tobacco companies in Indonesia are one of the largest sources of government revenue (Reynolds, 2007) and tobacco companies have strong CSR activities in low income countries such as Indonesia

INTRODUCTION (4)

- Given the well documented outcomes of CSR activities, tobacco companies may be trusted and consumers may hold positive attitudes towards tobacco companies further contributing to and positively reinforcing smoking behaviour, which is a highly undesired behaviour (WHO, 2012).
- The purpose of this study is to explore the impact of CSR activities toward the evaluation of tobacco companies in Indonesia on smokers and non-smokers.

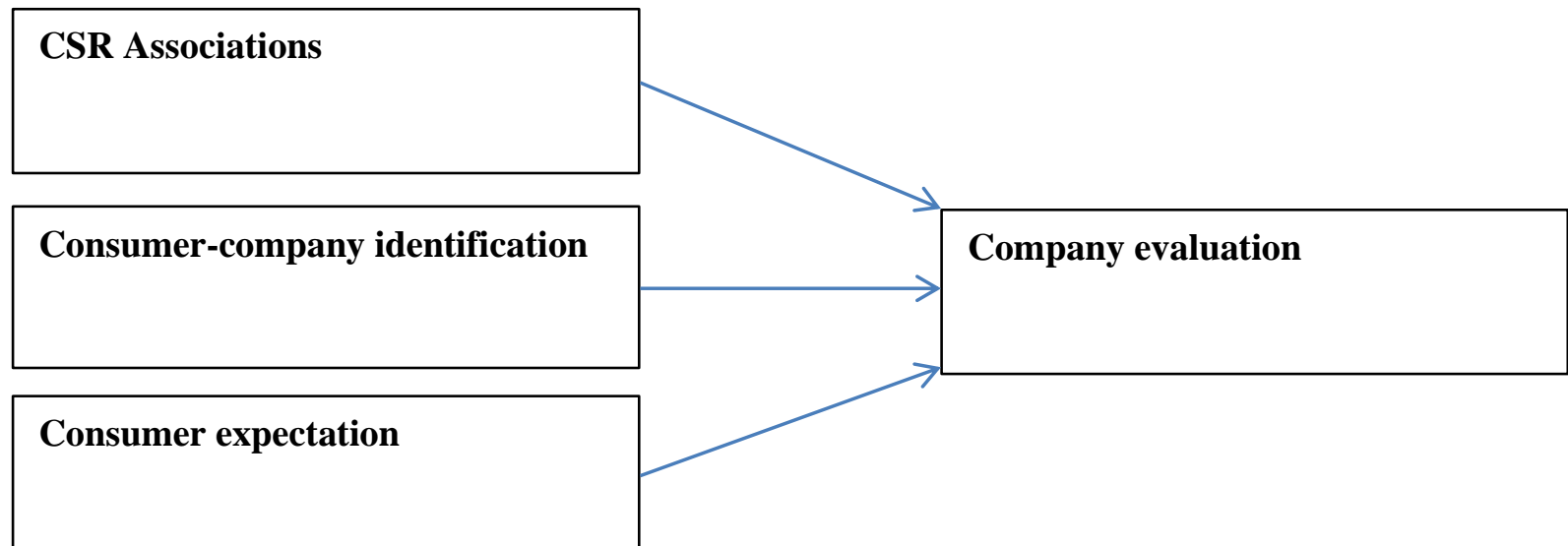
CONCEPTUAL UNDERPINNINGS AND RATIONALE

- The impact of CSR on buying behaviour has received considerable research focus (e.g., Becker-Olsen et al., 2006; Du et al., 2007; Mohr et al., 2001; Oberseder et al., 2011; Sen and Bhattacharya, 2001).
- CSR is a company's commitment to operate in an economically and environmentally sustainable way, while recognising the interest of multiple stakeholders and maximising economic, social and environmental values (Matten et al., 2003).

CONCEPTUAL MODEL

- The conceptual model of company evaluation which we propose and test in our research, is drawn from theories of social identity (Brewer, 1991) and organizational identification (Dutton and Harquail, 1994).
- Marin and Ruiz (2006) defined company evaluation as the degree of negativeness or positiveness of the subject's global judgement of the company. Consumers are likely to identify, or feel a sense of belonging with a company (Mael and Ashforth, 1992; Bhattacharya and Sen, 2003).
- Therefore, in our model, we consolidate these ideas from the literature and propose that smokers and non-smokers' evaluation of the companies (i.e., tobacco companies) is related to a set of four broad factors: (1) CSR associations; (2) consumer-company identification; and (3) consumer expectation regarding ethicality of corporate behaviour

Figure 1.
Correlates of identification





Source: https://www.google.com.au/search?q=spanduk+rokok+di+Indonesia&source=lnms&tbn=isch&sa=X&ei=XtVvUe_oB-jiAfct4GgAQ&ved=0CAoQ_AUoAQ&biw=1680&bih=922#tbn=isch&sa=1&q=billboard+rokok+di+Indonesia&gs_l=img.3...17209.21710.0.23878.15.14.1.0.0.0.198.1885.4j10.14.0.ernk_timepromotionb..0.0...1.1.9.img.yZMFTMK76tc&bav=on.2.or_r_qf.&bvm=bv.45368065.d.dGI&fp=f888a76c786bee1d&biw=1680&bih=959

CSR ASSOCIATION

- CSR associations reflect the organisation activities and status to its perceived societal and environmental obligations (Brown and Dacin, 1997; Carroll, 1999).
- Research shows that negative perceptions can be offset by perception of socially responsible activities (Bhattacharya and Sen, 2004). Therefore, despite any negative perception likely to be attributed toward tobacco companies, CSR effort will positively affect consumers' evaluation toward the companies. Thus, we hypothesize:

H1: *For smokers, CSR association will be positively related with the evaluation of the tobacco company.*

H2: *For non-smokers, CSR association will be positively related with the evaluation of the tobacco company.*

CONSUMER-COMPANY IDENTIFICATION

- C-C identification is defined as consumers' knowledge structures about a company which include consumers' perception and beliefs about relevant company characteristics such as culture, climate, and values (Brown and Dacin, 1997; Bhattacharya and Sen, 2003).
- The more prestigious an organisation is, the better opportunity for a consumer to increase self-esteem through a relationship with the organization (Mael and Ashfort, 1992). This leads us to the following hypothesis:

H₃: For smokers, C-C identification will be positively related with the evaluation of tobacco companies.

H₄: For non-smokers, C-C identification will be positively related with the evaluation of tobacco companies.

CONSUMER EXPECTATION OF ETHICAL BEHAVIOUR

- Consumers often expect firms to behave ethically and use this expectation as a reference point for evaluative decisions (Creyer and Ross, 1997).
- Studies show that consumers with high prior expectation of companies' behaviour reward and punish behaviour more than those who previously had low expectation (Mohr et al., 2001; Trudel and Cotte, 2009).
- Thus, consumers have both the capability and numerous opportunities to form expectations about the ethicality of tobacco companies (Cryer and Ross, 1997). This leads us to formulate the following hypothesis:

H₅: *For smokers, consumer expectations of ethical behaviour will be positively related to company evaluation of tobacco companies.*

H₆: *For non-smokers, consumer expectations of ethical behaviour will be positively related to company evaluation of tobacco companies.*

METHODOLOGY (1)

- Data was collected from a large private university in Surabaya, Indonesia. A lecturer in charge distributed the survey in a classroom. A total of 250 surveys were distributed and 201 surveys were returned. Specifically, the 10 respondents did not identify themselves as a smoker or non-smokers.
- There were 191 usable questionnaires with 91.7% male and 8.3% female, indicating a response rate of 76%.
- The number of smokers and non-smokers were evenly split, 49% smokers 51% non-smokers which is slightly lower than the 67% of male smokers in Indonesia.
- Of the 94 smokers in the sample, 69% reported smoking on a daily basis.

METHODOLOGY (2)

- C-C identification was measured using Mael and Ashforth's scale (1992).
- Company evaluation using a three-item scale from Mohr and Webb (2005).
- CSR association was captured using a three-item scale from Sen et al. (2006).
- Expectation of ethical behaviour was measured with items developed by Creyer and Ross (1997).
- Translation and back translation was used to ensure consistency (Chen and Borre, 2010). All constructs were rated on 5-point scale range from 1 (strongly disagree) to 5 (strongly agree).
- Coefficient alphas were all above the requisite cut-off rates ranging from 0.69 to 0.79.
- Analysis between smoker or non-smoker status (i.e., yes or no question).

RESULTS

- To test the proposed hypotheses, we estimated a multiple regression model using ordinary least square (OLS) regression.
- Smoker and non-smoker's company evaluation was regressed on CSR association, C-C identification, and consumer expectation.

$$\text{Company evaluation} = \beta_0 + \beta_1 (\text{CSR association}) + \beta_2 (\text{C-C identification}) + \beta_3 (\text{Consumer expectation}) + \beta_4 (\text{Smoker/ Non-smoker}).$$

RESULT (CORRELATION)

Variables (SMOKER)	Mean	s.d.	1	2	3	4
Company evaluation	3.16	0.75				
CSR association	3.13	0.74	0.32**			
C-C identification	2.17	0.73	0.33**	-0.04		
Consumer expectation	2.26	0.75	0.36**	0.20	0.61**	

Variables (NONSMOKER)	Mean	s.d.	1	2	3	4
Company evaluation	2.71	0.80				
CSR association	3.24	0.83	0.25*			
C-C identification	1.90	0.56	0.23*	0.14		
Consumer expectation	2.17	0.63	0.50**	0.22*	0.26*	

RESULT (REGRESSION)

Variable (SMOKERS)	Unstandardized Coefficient (T Statistic in parenthesis)	Standardized Coefficient
Intercept		
CSR association	0.326 (3.42)**	0.325
C-C identification	0.373 (3.85)***	0.367
R²	0.231	
F statistics	12.759***	
Excluded Variables		
Consumer expectation	0.177	-

Variable (NON SMOKERS)	Unstandardized Coefficient (T Statistic in parenthesis)	Standardized Coefficient
Intercept		
Consumer expectation	.634 (5.47)***	.500
R²	.250	
F statistics	29.926***	
Excluded Variables		
CSR association	.166	-
C-C identification	.109	-

SUMMARY OF HYPOTHESES

Hypothesis	Testing Results
H₁: For smokers, CSR association will be positively related with the evaluation of the tobacco company.	Supported
H₂: For non-smokers, CSR association will be positively be related with the evaluation of the tobacco company.	Not Supported
H₃: For smokers, C-C identification will be positively related with the evaluation of tobacco companies.	Supported
H₄: For non-smokers, C-C identification will be positively related with the evaluation of tobacco companies.	Not Supported
H₅: For smokers, consumer expectation of ethical behaviour will be positively related to company evaluation of tobacco companies.	Not Supported
H₆: For non-smokers, consumer expectation of ethical behaviour will be positively related to company evaluation of tobacco companies.	Supported

LIMITATION

- Firstly, the results of this study cannot be generalised beyond this context. A more precise company level or campaign level measurement may yield different outcomes and is recommended as an avenue for future research.
- This research was conducted in a university setting in Indonesia and the sample is likely to be more highly educated with a lower smoking prevalence rate when compared to the general population.

IMPLICATIONS FOR SOCIAL MARKETING

- The results of this study will have important implications for social marketing practice and research where the dominant focus remains on the downstream.
- Downstream social marketing operates under the assumptions that behaviours are under the control of the individual and that unhealthy behaviours such as smoking are a result of a lack of knowledge, or an attitude that reinforces that behaviour (Wymer, 2011).
- The results of the current study suggest that tighter tobacco control needs to be implemented including bans on advertising about CSR activities by tobacco companies or affiliates. Legislation is an important step toward a healthier society in Indonesia

IMPLICATIONS FOR SOCIAL MARKETING

- In the case of smoking in Indonesia social marketing efforts directed towards mid and upstream may be more effective than downstream social marketing interventions which have to compete with the might of global tobacco corporations.
- Indonesia is the only country in Asia that has not ratified the United Nations Framework Convention on Tobacco Control. Currently, cigarettes sell for about US\$1 a pack in Indonesia (Sagita, 2012).
- We call for serious moves to contain the corporate tobacco sector in low income countries such as Indonesia, which will require an upstream social marketing focus in the coming years.



THANK YOU...