

Title: Consumer Trust in Social Responsibility Communications: The Role of Supply Chain Visibility

Abstract: Consumers are becoming more knowledgeable about companies' social responsibility (SR) practices. As a result, consumers are also becoming increasingly skeptical when companies do not provide clear information about these practices. One way to overcome this skepticism is to strengthen consumer trust through improved supply chain transparency. To create transparency requires a company to both gain visibility into its supply chain and disclose information to consumers. In this paper, we focus on the dimension of supply chain visibility. Specifically, we employ an incentivized, human-subject laboratory experiment to investigate the impact of visibility on consumer trust in a company's SR communication, and as a result, its impact on consumers' purchase decisions. To further enhance our understanding of consumers' behaviors, we examine how consumer heterogeneity and workers' conditions in the upstream supply chain influence our results. We apply causal mediation analysis to answer our research questions. We show that increasing supply chain visibility always strengthens consumer trust. Furthermore, opportunities exist for a trust-driven revenue benefit due to greater visibility. In particular, when consumers are highly prosocial or have low general trust beliefs, or when the impact of an SR initiative is small, then the increase in consumer trust due to greater visibility can in turn increase sales. Our results underscore the crucial role that supply chain visibility plays in engendering consumer trust and highlight when this effect can generate a revenue benefit for a company.