Cause-Related Marketing

Subjects: Others

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This entry aims to examine the influence of cause–brand fit on consumer attitudes, attributed company motives, and the moderating role of corporate reputation.

cause-related marketing   cause-brand fit   corporate reputation   motivation

1. Introduction

Companies and private organizations have been viewed as significant contributors to many contemporary environmental, social, and economic problems afflicting society, i.e., sustainability [1] Today, society expects not only performance from companies but also ethical and sustainable conduct [2]; consumers in the 21st century are increasingly aware of corporate social responsibility (CSR) practices [3]. In fact, consumers want products to be produced and sold in an environmentally friendly way that follows ethical standards [4]; technological developments have provided consumers with greater control over the information they receive and share, especially in the online environment [5]. In response, many companies have repurposed CSR into a means of gaining a competitive advantage [6] and promote socially responsible efforts by associating with social causes, which is known as cause-related marketing (CRM). CRM refers to the process of formulating and implementing marketing activities in which a firm commits to donating a specific amount to a non-profit organization (NPO) or social cause when customers purchase their products [7]. This marketing approach has been proven to be capable of benefitting the company, the consumers, and society simultaneously, and an effective strategy for companies to promote sustainability with. According to the IEG Sponsorship Spending Report (2019), CRM-generated sponsorship has increased from USD 630 million [8] to USD 2.23 billion (IEG 2019) in the last two decades. The benefits for the company include the opportunity to uniquely position the brand [9], increasing sales and market share [10], establishing long-term customer relationships (e.g., customer satisfaction, loyalty, and repurchase) [11], and enhancing corporate image and reputation [12][13]. Indeed, CRM has become a CSR practice widely adopted by companies [14], and academic reviews of CRM have gained recent interest [15][16][17].

Despite these benefits, CRM activities incongruent with the brand can invoke consumer skepticism toward the motives underlying a company's CSR initiatives [18]. Moreover, when company reputation is questioned, skepticism of CRM campaigns may be amplified [19], through which a lack of trust may cause negative consumer reactions to CSR initiatives [20][21][22]. Meanwhile, successful CRM is considered to result in consumer loyalty to cause-related products or services, being the result of an appropriate "fit" between the corporate branding and associated social causes [23][24]. Consumer perceptions of CRM are thought to depend not only on demographic factors including gender, age, education, and household income, but also psychographic factors such as systems of values, culture,

and the degree of trust in the company [25]. Many studies highlight positive consumer responses to firms with high cause–brand fit [26][27], and others reveal negative outcomes for low cause–brand fit [28]. Although greater congruency between the perceived interests of the brand and cause has been found to positively increase consumer attitudes [27][29], and minimize consumer skepticism [14][30], many researchers reveal conflicting results for the mediating effects of fit on attitudes and purchase intentions. Indeed, some research suggests that cause–brand fit does not play a significant role [31][32] or that lower congruency may sometimes result in better CSR outcomes [33][34][35]. For example, an experiment by Ellen et al. (2006) [35] found an insignificant difference between a moderate and a high degree of cause–brand fit in relation to purchase intent. Later findings by Lafferty (2007) [31] found that the fit (poor/good) between the cause and the brand did not affect consumer attitudes and purchase intentions regardless of the level of corporate credibility (low/moderate/high). Furthermore, the specific characteristics of the CRM program (e.g., the donation amount, cause type, and message framing) have shown positive outcomes, but mixed effects are persistent.

Consumer perceptions depend, to some degree, on the effectiveness of the companies' CRM communications [36], which have even been shown to vary based on the characteristics of the medium [37]. One critical element for the success of these communications is the perception consumers have of the company's commitment toward a social cause [38][39]. In fact, Yoon et al. (2006) [40] found that if a company is not able to gain trust in its sincere motives, the desired effects of CSR efforts become unlikely. Research suggests that whilst CRM efforts communicating a firm's high cause–brand fit or intrinsic (other-focused) motives is most effective [38][41][42][43][44][45][46], consumers understand the responsibility firms have to their shareholders to make a profit [47], and stakeholders may even appreciate the extrinsic (self-focused) motives involved [18][44][48][49]. The existing empirical evidence has shown that these types of motivations attributed to companies by consumers are partially affected by the perceived level of cause–brand fit [18][35]. In addition to attributed motives, the current evidence base varies widely regarding consumer responses to CRM campaigns, including attitudes [50] and purchase intentions [17].

2. Consumer Responses to CRM

The great interest firms have in adopting CRM lies in its effectiveness in generating positive consumer attitudes and increasing purchase intentions [51][52]. According to Brown and Dacin (1997) [53], an organization's actions and operations are one thing, and the consumer perceptions of those actions are another. As such, many studies investigate consumer behavior with CRM and develop useful models to explain such behaviors [54][55][56][57][58]. More specifically, the theory of planned behavior claims the most immediate and important predictor of consumer behavior is intention [59]. Attitudes are therein defined as the overall evaluation of the favorableness or unfavorableness of the outcomes of a behavior [59], with research consistently suggesting that attitude is a strong, direct, and positive predictor of intention [60]. In this way, the cognitive and affective characteristics of CRM communications evoke emotional responses in consumers that influence their attitudes and, therefore, their behavioral intentions [61]. Interestingly, psychology research has often demonstrated that negative information has a stronger impact on people's attitudes and impressions than positive information [62][63], where factors such as corporate reputation and attributed motives may work to reduce consumer skepticism [64]. Therefore, this study

attempts to build on the existing knowledge of consumer behavior and examine relationships between consumer perceptions, corporate reputation, and cause–brand fit, and to develop a model using consumer attitude as the factor of interest to be investigated.

3. The Role of Cause–Brand Fit

The key to successful CRM is consumer loyalty to cause-related products, being the prerequisite for corporate support to a social cause [41][57]. Perceived cause–brand fit has been defined as the degree of similarity and compatibility between a company and its efforts to address environmental and/or social problems [65]. Previous studies have shown that the companies that undertake CRM efforts with a high fit with their main business activities are better regarded by consumers [14][24][27]. Theoretical explanations of consumer behavior with CRM efforts have been approached through various perspectives in the literature [66]. In particular, cue congruency theory (also known as consistency theory) has been most frequently adopted to explain the relationships between cause–brand fit and other variables [31][67]. In this paradigm, Thomas et al. (2011) [68] suggests that effective CRM communicating the alignment of social with business actions allows consumers to recognize this compatibility and, therefore, regard them as more credible. Similarly, Becker-Olsen et al. (2006) [28] confirmed that when the fit between the company and the social cause was low, the consumer felt that the company was less credible. However, many researchers reveal conflicting results for the mediating effects of fit on attitudes and purchase intentions [31][32], and some even claim that lower congruency may result in better CSR attitudinal outcomes [33][34][35][48]. Attempts to address these mixed results have seen researchers identify components within cause–brand congruency such as natural and created fit [69], conceptual and perceptual fit [14], and functional and image fit [70]. Despite this, uni-dimensional conceptions of cause–brand congruency are still investigated in relation to corporate, reputation, and consumer attitudes [31].

4. Attributed Company Motives

According to attribution theory [71], consumers would attribute company motives for the CRM, which refers to the inferences that consumers make about the reasons for the company's CRM campaign [29][72]. Previous research has discussed the role of inferred motives in affecting consumer evaluation of the company and intention to participate in the CRM campaign [15]. However, the majority of this research into how individuals attribute firm motives has primarily focused on two opposing constructs—namely, benefit to those external to the firm (i.e., altruistic, or other-centered) versus benefit to the firm itself (i.e., egoistic, or self-centered) [29][30][38]. Hemingway and Maclagan (2004) [73] added complexity by classifying a third attributable motive where firms meet societal expectations and stakeholder expectations (i.e., stakeholder-driven). Ellen et al. (2006) [35], with an interview-based qualitative study, found that consumers differentiated four types of motives of companies' CSR efforts: other-centered motives that are value driven and stakeholder driven and self-centered motives that are strategic and egoistic [35]. CRM is one type of CSR campaign related to corporate donations [74]. Thus, we predicted that consumers would attribute these four motives to companies' CRM campaigns.

The cause–brand fit of CRM could influence consumers' attributed company motives, which would further influence their attitudes toward the company [14][41]. Previous research has found that a high cause–brand fit could lead to positive consumer attribution, while a low fit would result in negative consumer attribution because of the inconsistencies with consumer expectations [14][28]. For example, Kuo and Rice (2015) [14] found that the congruence between firm and cause was positively related with consumers attributing other-serving motives and was negatively related with self-serving motives, and altruistic and self-serving motives, furthermore, had positive and negative effects on consumer reactions, respectively [29]. Differentiating between the four motives, Ellen et al. (2006) [35] found that consumers would respond positively when they judged a company's CSR efforts as value driven and strategic while responding negatively when the CSR efforts were perceived as stakeholder driven or egoistic. That is, a value-driven motive and strategic motive are positive attributions, whereas stakeholder-driven and egoistic motives are negative attributions for further consumer evaluation for the company.

5. Corporate Reputation as a Moderator

Corporate reputation is the result of all the perceptions that individuals have of a company [64]. Fombrun (1996) [75] (p. 72) defined it as the "perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all of its key constituent when compared with other leading rivals". Many studies have expressed the ability of CRM activities to increase corporate reputation [15]. Looking closer, reputation is also one of the most important elements of persuasive messages and plays a key role in influencing consumer-attributed motives and attitudes [64]. More specifically, Elving (2013) [64] found that cause–brand fit can have positive, negative, or nonsignificant effects on consumer purchase intentions when mediating company reputation. With regard to consumer attitudes, the study found that a cause–brand fit strategy alters an individual's reaction to a company from negative to positive but does not affect an individual's attitude if the corporate reputation is good. When consumers are faced with CRM communications, their prior knowledge about the company plays an important role in affecting their perception of the new campaign/activity, subsequent evaluation, and even behavior [76].

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