The **Component** Of Cause Related Marketing Campaign **Affecting On** Thai Consumer Patronage Intention

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**Abstract**

Cause Related Marketing (CRMK) has been becoming increasingly popular societal marketing tool which firms can contribute as Corporate Social Responsibility. Many previous researches stated that CRMK campaign had the important factors which influence on consumer response. The purpose of this research were as follows; 1) To **study** the opinion level of consumer toward to CRMK campaign component (cause important, brand-cause fit, and donation framing), Patronage Intention (purchase intention, repeat purchase, and word of mouth), and skepticism. 2) To **study** and develop the causal model effect of CRMK campaign component on consumer patronage intention. 3) To **study** and provide a guide of practicable CRMK campaign component for marketers.

This study was a descriptive research. Questionnaire was primary used instrument in the study. Structural Equation Modeling was used to assess model fit and investigation for parsimonious model to explain the effect of CRMK campaign component on consumer patronage intention. Research findings showed that CRMK campaign component effected on consumer patronage intention. The study showed cause important, brand-cause fit, and donation framing were considered to be used for the parts of CRMK campaign component with more agree level. They had high factor loading of 0.758, 0.924, and 0.986 which represented the important of these factors in CRMK campaign component.

The study shows that there is the strong negative relationship between CRMK campaign component and skepticism (standardized parameter estimate = -0.707), which is consistent with the expected observation. The study show the high appropriate component for CRMK campaign had a significant effect on consumer skepticism. The findings support the positive relationship between CRMK campaign component and patronage intention (standardized parameter estimate = 0.582), which is consistent with the expectation. Surprisingly, the findings show that there is a positive relationship between skepticism and patronage intention (standardized parameter estimate = 0.362) which is inconsistent with expectation and previous findings that consumers with a high level of skepticism will be less likely to respond positively to CRMK campaign than consumers with low level of skepticism toward CRMK campaign. For demographic factors, there were seven exogenous variables had direct effect on patronage intention, such as age, used to buy CRMK product, gender, donated within last 6 months, job related with marketing function, monthly income, and studying in MBA program.

These findings do suggest for managerial implications into three questions as follows: Which a major cause or charity should the CRMK campaign be focused? How should alliance between brand and cause be structured? And, How do we create a donation structure?

Keywords:

1) Cause Related Marketing Campaign Component, 2) Consumer Patronage Intention, Skepticism

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Introduction

Corporate social responsibility (CSR) is an important issue of the business practice. Many firms have been using CSR to address their social and environmental concerns. CSR reporting has been steadily rising since 1993 and it had increased substantially in the period of 2002 – 2005. The majority of Fortune Global 250 corporations increasingly published CSR information as part of the annual report from 52 percent in 2002 to 64 percent in 2005 (KPMG, 2005). CSR is one of today's core issues in marketing management. CSR has emerged as an inescapable priority for business leaders in global perspective. Specifically, the marketing case for virtue is strongest for firms that have made CSR part of their strategy for attracting and retaining consumers, employees, and investors, and for highly visible global firms that have been targeted by activities.

CSR programs have been becoming increasingly popular marketing tools and CSR marketing research has also increased importantly in this decade (Ellen et al., 2006; Lichtenstein et al., 2004). Kotler and Lee (2005, p.3) issued "corporate social initiatives" to describe major efforts under the corporate social responsibility umbrella and offer the definition. Corporate social initiatives are major activities undertaken by a firm to support social causes and to fulfill the corporate social responsibility commitment.

Cause related marketing (CRMK) is only one of CSR initiatives which directly measure financially impact of the marketing campaign because of CRMK campaigns rely on consumers to make purchases in exchange for a donation from the sponsoring firm to a cause (Varandarajan & Menon, 1988, p.58). One of the very notable examples was the American Express campaign to restore the Statue of Liberty and Ellis Island. The firm promise to contribute 1 cent for every card transaction and $1 for every new card issued during the last quarter of 1983 to the cause. In case of Thailand business, Cerebos (Thailand) Ltd. has used CSR concept to build brand loyalty of BRANDS' Essence of Chicken for over 20 years. In the period of November 2005 to January 2006, the firm had launched CRMK campaign "Buy every a BRANDS gift basket 10 baht donation to The Mother Princess Medical Volunteer Foundation" and program alive until early of the year 2009.

After reviewing the literature in this domain, almost of previous researches had stated consumers' response to CRMK campaign from United State of America representatives, Europe, and Australia. The results had mostly positive responses to CRMK campaigns. Moreover, most previous research studies focused on only consumer response with purchase intention or attitude toward brand and firm. Importantly, no finding of research study in correlation between CRMK and consumer patronage intention included an especially CRMK campaign component. Consumers and Marketers in Thailand are becoming an increasingly contribute to social issues nowadays. The questions have been raised on how firm should setup the component of CRMK campaign which affect on consumer patronage intention? The integrated approach which examining various factors in the component of CRMK campaign is necessary to Thai consumer behavior research. Many previous researches had stated that CRMK campaign influenced on consumer response. This study investigated CRMK campaign component as, cause important, brand-cause fit, and donation framing for academic and applicable resolutions.

Cause Important was examined in many previous researches and was confirmed positive effects on attitude toward brand and purchase intention. (Ellen et al., 2000; Kotler & Lee, 2005; Landreth, 2002). Cause important had many observed variables which be found out exactly these variables, such as; Personal Relevance (Ellen et al., 2000; Grua & Folsø, 2007; Landreth, 2002), Cause Proximity (Landreth, 2002), Cause Agent (Menon & Kahn, 2001), and Cause Claim (Berger, et al., 1999).
Brand-Cause Fit was particularly relevant in predicting positive consumer responses if prior consumer attitudes toward the partners were positive. Perceived fit has a significant effect on consumers with high fit having impact on purchase intention. (Gupta & Pirsch, 2006; Kotler & Lee, 2005; Pracejus & Olsen, 2004). Brand-Cause Fit has many observed variables which be found out exactly these variables, such as; Product Fit (Kashyap & Li, 2006), and Image Fit (Varadarajan & Menon, 1988).

Donation Framing was mentioned that consumer perception of donation quantifiers may also be influenced by the size of the donation relative to the price of the product offered for purchase (Olsen et al., 2003; Pracejus & Olsen, 2004). Furthermore, Transparent Donation (Grau et al., 2007; Olsen et al., 2003), and Donation Size (Kotler & Lee, 2005) will be keys of donation framing to successful CRMK campaign.

There were many previous researches had studied the relation between demographic factors and consumer responses in CRMK campaign. They found different Gender (Ross et al., 1992; Strailevitz & Myers, 1998) and Age (Straughan & Roberts, 1999) had a relationship to consumer attitudes toward CRMK campaign. However, some study did not show influences of Gender (Pracejus & Olsen, 2004) and Age (Peppas & Peppas, 2000) on consumer attitudes.

Several studies have investigated Patronage Intention regarding consumer perceptions of socially conscious businesses (Mohr & Webb, 2005; Ricks, 2005; Walker, 2007) and found that corporate associations influenced product evaluations and overall consumer attitudes about the organization. Patronage intention is the 'indicator that signal whether customers will remain with or defect from a firm (Zeithaml et al., 1996). The three most commonly examined dimension of patronage intention were purchase intention (Webb & Mohr, 1998), repeat purchase (Bloemer & Kasper, 1995), and word of mouth (Zeithaml et al., 1996).

Importantly, Webb and Mohr (1998, p.227) stated that skepticism toward CRMK campaign derives mainly from consumer's distrust and cynicism toward advertising. A few previous researches suggest that consumers with a high level of skepticism will be less likely to respond positively to CRMK campaign than consumers with low level of skepticism toward CRMK campaign (Mohr et al., 1998; Webb & Mohr, 1998). Differently, Youn and Kim (2008) found that high in advertising skepticism are more likely to trust a firm's willingness to engage in philanthropic commitment to social causes.

Purposes

The purpose of this study was contributed to a developing body of research in the component of CRMK campaign. The fundamental question addressed in this study was, how could the abstract concept of component of CRMK campaign be a practicality? This basic question leads to more complex issues regarding the interaction of various factors which influence consumer patronage intention. There were three objectives in this study. 1) to study the opinion level of population toward to CRMK campaign component (cause important, brand-cause fit, and donation framing), Patronage Intention (purchase intention, repeat purchase, and word of mouth), and skepticism. 2) to study and develop the causal model effect of CRMK campaign component on consumer patronage intention. 3) to study and provide a guide of practicable CRMK campaign component for marketers.

Operational Definition

Cause related marketing specificity was defined for this research as the process of formulating and implementing marketing activities which commits to making a contribution or donating an amount of revenues to a specific cause based on product sales.
Cause related marketing campaign was a marketing promotion campaign which had a combination of cause important, brand-cause fit, and donation framing.

Cause important was the important of a major cause which was the main issue for CRMK campaign.

Brand-Cause fit was the degree of similarity or compatibility that consumers perceive exists between the cause and the brand.

Donation framing was the structure of donation which include donation size and transparent donation.

**Research Methodology**

This study had used descriptive research for analyzing consumer reaction to various components of CRMK campaign related to the outcome variables of consumer patronage intention and used survey method by structured questions to assess respondent’s attitudes. The study was conducted from February to March 2009. The population in this study were graduate students of Ramkhamhaeng University, Huamak Campus, Bangkok Metropolitan. They were selected because CRMK campaign was a newly promotional marketing approach for Thai consumers, the participants with higher education could give appropriate answers for the research. Additionally, there were various occupations and ages which are between 23-80 years old include variety of knowledge in business and in general background would significantly the representative of study. Therefore, the survey results of these population could predict consumer’s attitude. The participants were separated into two groups of equal numbers, MBA students and Non-MBA students for a comparative study. The samples of study consisted of 943 graduate students, This study, non-probability quota sampling and convenience sampling, had used to select sampling sizes.

The questionnaire development procedure was divided into four approaches consecutively. First, the variables to be measured were specified from secondary data mostly obtained from EBSCOhost database during 1865 – 2008 which also were used for literature review and model and hypotheses development. Second, the first draft questionnaire was developed to best capture the meaning of the theoretical construct with transforming into items, the number of response alternative per item, and overall questionnaire organization. The questionnaire was divided into six sections: (1) personal data, (2) cause important, (3) brand-cause fit, (4) donation framing, (5) patronage intention, and (6) skepticism. In each section, there were a few of latent variables which include at least 3 items were needed to achieve adequate reliability and provide enough information to yield strict test of hypothesis in the structural equation model. Third, the items were evaluated via critical review by a group of dissertation consultants committee. The committee was provided with a short summary of the purpose of the study, the model and the hypotheses, Their comments and feedbacks were used to revise the questionnaire. Then, the questionnaire was pretested by a representative sample (n=110) from population of this study. The data of the pretest was checked for their reliability by Cronbach’s alpha which be higher than 0.70. After that, the questionnaire was revised some questions to make clearer in the main survey.

The statistics used for the data analysis were descriptive statistics such as frequency distribution, percentage, arithmetic mean, standard deviation and exploratory factor analysis with SPSS version 16.0. Confirmatory factor analysis and structural equation modeling analytical procedure AMOS version 7.0 were used to assess model fit and investigation for parsimonious model to explain the effect of CRMK campaign component toward to consumer patronage intention. The hypothesis had been drawn under the following frames:

- **H1**: CRMK campaign component negative related to Skepticism
- **H2**: CRMK campaign component positive related to Patronage Intention
- **H3**: Skepticism related to Patronage Intention
H4: Demographics impacted on Patronage Intention

![Diagram showing the impact of demographics on patronage intention]

Figure 1 A preliminary model of The sequent impact of CRMK campaign component on patronage intention

Results

Approximately, participants were students in MBA program 50.3%, female 50.3%, age not over 30 years old 58.2%, single 76.0%, office worker 47.4%, job related with marketing field 61.1%, monthly income not more than 20,000 baht 50.6%, have donated since 6 months ago less than once per month 52.1%, and used to buy products or services which had CRMK campaign 93.8%.

The hypothesis model for CRMK campaign component fitted the data very well as mentioned. All structural paths shown in the model were statistically significant at p<0.05. Structural paths and their standardized estimates were summarized in Table 1 along with results of hypotheses tests.

Table 1 Summary of structural paths and hypothesis testing results, standardized estimates (n=943)

<table>
<thead>
<tr>
<th>H: From</th>
<th>To</th>
<th>CRMK model</th>
<th>Standardized estimate</th>
<th>t-value</th>
<th>p</th>
<th>Hypotheses support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>CRMK campaign component</td>
<td>Skepticism</td>
<td>-0.707</td>
<td>-7.018***</td>
<td>***</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>CRMK campaign component</td>
<td>Patronage intention</td>
<td>0.838</td>
<td>8.437***</td>
<td>***</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Skepticism</td>
<td>Patronage intention</td>
<td>0.362</td>
<td>4.126***</td>
<td>***</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4a</td>
<td>Education in MBA</td>
<td>Patronage intention</td>
<td>0.075</td>
<td>2.269*</td>
<td>0.02</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4b</td>
<td>Gender</td>
<td>Patronage intention</td>
<td>-0.112</td>
<td>-3.637***</td>
<td>***</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Table 1 Summary of structural paths and hypothesis testing results, standardized estimates (n=943 (Continue))

<table>
<thead>
<tr>
<th>H: From</th>
<th>To</th>
<th>Standardized estimate</th>
<th>CRMK model t-value</th>
<th>P</th>
<th>Hypotheses support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4c Age</td>
<td>Patronage intention</td>
<td>0.183</td>
<td>4.155***</td>
<td>***</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4d Marital status</td>
<td>Patronage intention</td>
<td>0.003</td>
<td>0.075</td>
<td>0.940</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4e Occupation</td>
<td>Patronage intention</td>
<td>-0.021</td>
<td>-0.581</td>
<td>0.562</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4f Monthly income</td>
<td>Patronage intention</td>
<td>-0.092</td>
<td>-2.595*</td>
<td>0.009</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4g Job related with marketing function</td>
<td>Patronage intention</td>
<td>0.100</td>
<td>2.826*</td>
<td>0.005</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4h Used to buy CRMK product</td>
<td>Patronage intention</td>
<td>0.133</td>
<td>4.415***</td>
<td>***</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4i Donated within last 6 months</td>
<td>Patronage intention</td>
<td>-0.112</td>
<td>-3.596***</td>
<td>***</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**p<0.001, *p<0.05**

Two-tailed test of significance were employed to analyze the significance of each path coefficient. The majority of the hypotheses (9 from 12) were statistically significant in the hypothesized direction as expected, except the hypothesized relationship between skepticism and patronage intention (H3) which was statistically significant in the opposite direction as expected. Two paths were not significant and associated hypotheses were rejected. These were the path from marital status to patronage intention (H4d); and the path from occupation to patronage intention (H4e).

In total, direct and indirect effects of predictors and mediating factors were presented in Table 2. For CRMK campaign component, it was found that 47.9 percent ($R^2=0.479$) of its total variation can be explained by the regression model consisting of CRMK campaign component, skepticism, and demography factor such as age, used to buy CRMK product, gender, donated within last 6 months, job related with marketing function, monthly income, and studying in MBA.

According to CRMK campaign component model in figure 2, the results showed the degree of effects which influenced to consumer patronage intention. The direct effects, indirect effect, and total effects were examined.

Table 2 Direct effects, indirect effect, and total effect of CRMK campaign component model
<table>
<thead>
<tr>
<th>Used to buy CRMK product</th>
<th>0.133***</th>
<th>0.000</th>
<th>0.133***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>-0.112***</td>
<td>0.000</td>
<td>-0.112***</td>
</tr>
<tr>
<td>Donated within last 6 months</td>
<td>-0.112***</td>
<td>0.000</td>
<td>-0.112***</td>
</tr>
<tr>
<td>Job related with marketing function</td>
<td>0.100***</td>
<td>0.000</td>
<td>0.100***</td>
</tr>
<tr>
<td>Monthly income</td>
<td>-0.092*</td>
<td>0.000</td>
<td>-0.092*</td>
</tr>
<tr>
<td>Studying in MBA</td>
<td>0.075*</td>
<td>0.000</td>
<td>0.075*</td>
</tr>
</tbody>
</table>

DE= Direct effect, IE=Indirect effect, TE=Total effect
Significance at *** p<0.001, *p<0.05

Figure 2 Standardized estimates for CRMK campaign component model

A structural equations modeling was valid and fitted the empirical data due to the indicators comprised; Chi-square = 1078.2839, df = 1021, pvalue = 0.236, CMIN/DF = 1.056, GFI = 0.952, AGFI=0.927, NFI=0.926, IFI=0.980, CFI=1.000, RMR=0.019, RMSEA = 0.019 *P<0.05 and R² = 0.479. In order to examine whether the proposed measurement dimension represent the data sufficiently, confirmatory factor analysis (CFA) was used to examine the discriminant validity of latent variables by testing factor loading. Every latent variables and observed variables in the model had factor loading more than 0.30 was considered significant for large sample size (Sheskin, 2004 p.1022) that indicated the relationship between each observed variable.

Discussion

Findings on the effects of CRMK campaign component on patronage intention stated that CRMK campaign should be concerned about cause important, brand-cause fit, and donation framing (Factor loading 0.758, 0.924, 0.986). Cause important creation could be considered in cause agent (Factor loading 0.832) which take care a major cause that target consumers had passion about.
Additionally, a major cause should be considered in combination of cause claim, personal relevance, and cause proximity (factor loading 0.813, 0.784, and 0.632). Brand-cause fit creation should be mostly considered in product fit and image fit (factor loading 0.564, 0.76). Donation framing should be considered in transparent donation and donation size accordingly (factor loading 0.917, 0.625). In practical terms, CRMK campaign component creation should select a major cause or a charity partner that has a broad base of existing and has congruence with product and firm. The amount per transaction are generated by the campaign may be small and therefore high volumes donation size will be key to a successful campaign. However, consumers are most likely to look for information about the results and progressive of the CRMK campaign (factor loading 0.737, 0.737) therefore, firm has to communicate the information to target consumer.

The results in table 2 were arranged in order from high total effect to low total effect. CRMK campaign component had negative direct effect on skepticism was -0.707. CRMK campaign component had positive direct effect on patronage intention was 0.838 and had negative indirect effect through skepticism on patronage intention was -0.256. The total effect of CRMK campaign component on patronage intention was 0.582. Skepticism had positive direct effect on patronage intention was 0.362.

Result of factor analysis showed consumer responses to CRMK campaign with purchase intention, repeat purchase, and word of mouth (factor loading 0.773, 0.757, and 0.789). If firm has an applicable CRMK campaign component, consumers tend to more support the campaign. However, consumer skepticism can effect on patronage intention. A few previous researches stated that consumers with a high level of skepticism will be less likely to respond positively to CRMK campaign. This research results showed skepticism was positive effect on patronage intention which corresponded with only research of Youn and Kim (2008).

Normally, the more consumers experience perceived advertising deception and exaggeration, the more skeptical they will be. Advertising skepticism is a stable characteristic of consumers that plays a role in responses to advertising. Therefore, CRMK campaign component and advertising should consider the message, the content, the amount of communication and the media used. Communication must give balanced emphasis to the marketing efforts and the cause. Importantly, the contribution of the consumers needs to be acknowledged.

Some demographic factor significantly effect on patronage intention. Female tend to had more patronage intention than male (that supported previous researches), who married tend to had more patronage intention than single/divorced/widow, who sometimes donate to charity tend to had more patronage intention than always donate to charity, who used to bought product or service with CRMK campaign tend to had more patronage intention than who never used to.

Conclusion and Managerial Implication

Which a major cause should the CRMK campaign be focused?

In order to maximize consumer patronage intentions from both high and low cause importance, the safest option is to donate locally (such as the local cause which is the environment problem in consumers' community). In addition, it is important to be as specific as possible regarding the cause agent that is receiving the donation. The cause agent should be a well-know charity who is a really agency of problem solving. This research also highlights the importance of choosing a cause that a firm's constituents care about. This may increases attitude towards the product as well as purchase intentions and patronage intention on the CRMK campaign. However, consumers may have low level of cause importance, because of the cause is unaware or newly. This study states that cause claim in CRMK campaign advertisements have a very powerful influence on consumer patronage intention.

How should alliance between brand and cause be structure?
The study shows that brand-cause fit can blur or reinforce the firm’s positioning. Therefore, marketer needs to consider when choosing a partner in the CRMK campaign. The study shows that image fit is more important than product fit. However, the CRMK campaign component should be considered both of them. High brand-muse fit should be a key selection criterion for practitioners who are considering a brand-cause alliance if the aim of the campaign is to influence consumer attitude and consumer patronage intent. Realistically, there are many causes would be concerned and need helping from the society. Firms must consider their target audiences’ specific interests and needs. CRMK campaign may use strategically not pre-selected a cause partner, instead letting their consumers pick the cause. Consumers may want to give to charity, but they don’t want to feel sting. They also want to decide which charities or cause they support. So, the choice of causes will be collected and selected from market research.

How does campaign create a donation structure?

The result of this study indicates that, firms should express their donation using the exact amount of the donation. Consumers prefer to know exactly how much of their purchase is being contributed to the cause. Additionally, there seems to be a marginal relationship between the donation amount and product price. Consumers view small donations relative to purchase price negatively on average, which may in turn reflect poorly on the sponsoring firm. Donation quantifiers can calculate the percentage of price. However, the product which has high sales volume can donate with small donation size when comparing with the price. The study shows that the campaigns should have certain period and the time frame of campaign should be related with the target of donation size. Furthermore, consumers want "details, details, details," presumably to protect their own interests and to make intelligent judgments on how their contributions are directed. Therefore, the CRMK campaign should be publicized clearly information of donation such as target of donation size, accumulated donation and totally amount of donation when the campaign comes to an end.

Importantly, firm should stand for corporate social responsibility beyond only marketing tool. CRMK campaign is entirely based on integrity, ethics, openness, honesty, transparency, sincerity, mutual respect, partnership and mutual benefit. When planned, implemented and communicated well, CRMK campaign can provide huge rewards for business, cause, charity and wider community. When done poorly it puts all of them at significant risk.
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