Relationship Segmentation: Analyzing Donor Behavior For a Public Good

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Consumer perceptions are the building blocks of relationships. The purpose of this research is to refocus customer relationship theory on the fundamental issue of how people relate to products, product categories and companies. Means-end theory is adopted to uncover the purposive, goal-driven meanings that constitute consumer relationships. We develop a framework that recognizes the dynamic interplay between consumer perceptions and the forces that drive relationship creation, growth, maintenance and decline. The key concepts are illustrated in a study of donor relationship patterns for a public good, specifically public television.

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Relationship Segmentation: Analyzing Donor Behavior for a Public Good
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Public goods are integral to quality of life and greatly enhance individual and collective well-being. Beyond the provision of basic necessities like public safety and security, public goods also facilitate the achievement of “the good life” resulting from the provision of law and order, health care, education, transportation, parks, arts and culture. For the most part, public goods are provided by government agencies and are funded by various types of taxes. Yet increasingly, agencies must also find ways to ease the financial pressure caused by budget cuts and escalating costs. Fundraising is now critical to the provision of many public goods: they depend on continued contributions from foundations, companies and individuals in the community.

Savvy fundraisers appreciate the importance of understanding donor needs and cultivating relationships with past, present, and prospective donors. Moreover, they know that giving is not an isolated act, but an interactive process that unfolds between donors and the charitable organization over time. The publicness of a good does not automatically imply that all people value it in the same way; divergences in demand for and consumer contributions to public goods are inevitable. Accordingly, we assert the advantages of segmentation initiatives over mass-market approaches to the provision of public goods and fundraising. Our contribution is to develop and demonstrate a relationship segmentation approach to donor relationship management that aims to serve the diverse needs of user-donors in the customer portfolio.

We investigate the dynamics of how consumers perceive value in a public good and how these perceptions may shift over time and alter their propensity to donate. Specifically, we provide a diachronic analysis of primary data collected through 60 depth interviews with multi-year donors to public television. This research takes an important initial step toward producing dynamic segmentation schemes that explicitly recognize that customer needs and behaviors are susceptible to change, and proposes new ways to formulate donor profiles. Our relationship segmentation framework extends existing theories of customer-brand relationships (Fournier 1998), customer perceived value (Flint, Woodruff, and Gardial 2002; Reynolds and Olson 2001) and nonprofit marketing (Andreasen, Goodstein, and Wilson 2005; Gengler, Mulvey, and Oglethorpe 1999). The findings are not only of theoretical interest; they are also of great practical importance to fundraisers who have to sustain a steady flow of contributions over time.

Sample and Data Collection
We conducted depth interviews with 60 multi-year donors to public television (33 women and 27 men). Four sampling criteria were used to insure a balanced profile of participants in the study: number of donations, giving interval, geographic location, and donor age. The sample was drawn from the membership files of the three stations in the study.

A professional agency assisted with the field research by booking facilities and providing recruitment and screening services. Data were gathered in one-on-one interviews, each lasting approximately 45 minutes. Interviews were conducted by one of three members of a research team that included the authors.

The interviews were semi-structured and covered the following topics: (1) review personal television viewing habits and preferences, (2) probe decisions to give/not give to public television in the recent past and near future, (3) assess current and past personal value perceptions of public television, (4) identify potential threats to continued giving behavior, (5) discern changes in donor motives since making the initial gift, and (6) ask for ways to improve solicitation methods. After conducting the seventh interview, the team added another topic: (7) compare public television to other causes and charities the donor supported.

Analysis
The first step in analyzing the data was to identify salient themes in respondents’ value perceptions and donation behavior. The first author began by analyzing the field notes he collected while conducting or observing interviews in the first two markets. Data analyses followed the grounded theory approach, building thematic codes in an iterative and inductive process of categorization and comparison. Like statistical factors, thematic codes group disparate pieces of data into more inclusive and meaningful wholes. This initial attempt at data reduction extracted and mapped the common concerns that accounted for the rich diversity in donor value perceptions and giving behavior.

Next, members of the interview team met for a multi-day analysis workshop. To begin, the remaining interviews, collected by the co-author in the third market, served as a holdout sample to verify the scope and consistency of the findings. The results exhibited a high degree of concordance with the exception of a theme that appeared unique to the third market. Our attention then turned to using the interviews’ insights to further refine the themes and to develop an overall framework of donor giving and lapsing. Team members took turns at assuming a contrarian stance, noting inconsistencies, asking questions and presenting evidence that examined the data in new ways.
Field notes and interview transcripts were carefully reviewed to validate emergent themes. After several iterations, a consensus was reached.

As a final measure of quality assurance, a research assistant was hired to provide an independent assessment the dominant motivations and concerns of each respondent. Single-page memos were generated to summarize the essence of each transcript. These results were cross-checked with the team’s theme x case matrix and were used to catch any outlier ideas and idiosyncratic concerns that may have eluded initial detection.

Results

Our results yielded five segments of donors: (1) “Stakeholders” who felt they were part of the community, and were committed to the station whether or not they viewed the programming themselves or not; (2) “Steady Donors” who derive value from the programming, but also feel involved as part of the community; (3) “New and Sporadic Donors” for whom each individual donation is like a vote for / against current programming; (4) “Free Riders” who enjoy the programming but do not donate; and (5) Non-viewers. Our research defines in detail the sources of value each group derives from their involvement, and charts the causes for individuals move from one segment to another, either towards becoming Stakeholders or becoming less involved.

References


Scale Development: Importance of Apparel Store Image Dimensions

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Assessing consumer perceptions of store image is critical to ensure congruence between the image mix desired by the target market and the store’s projected image. Strategic management of store image requires an instrument to continually monitor store image.

Researchers investigated store image from different perspectives but only a few such as Menezes and Elbert (1979), Manolis, Keep, Joyce and Lambert (1994) as well as Dickson and Albaum (1977) endeavoured to develop and test instruments to measure store image. The diverse and even contradictory findings of the existing research could be partially attributed to the complexity of this construct but also to the variety of measuring instruments implemented by researchers. This further substantiates the need to develop a measurement scale based on previous research in the field of store image. It is also widely accepted that empirical validation of the conceptual extensions of theory is a critical element of the scientific process (Chowdhary, Reardon & Srivastava, 1998).

Objectives

Objectives of this research are to (1) develop a scale for the measurement of consumers’ perceptions of the importance of store image dimensions, (2) establish reliability and content validity, (3) assess the fit of the measurement model implied by the architecture of the instrument and the constitutive definition of the theoretical store image construct.

Literature

Specifying the domain and boundaries of a construct is instrumental in guiding scale development and assessment of validity (DeVellis, 2003; Netemeyer, Bearden & Sharma, 2003). Despite the absence of a clear definition of store image it can be deduced from literature that this construct comprises distinct dimensions (and sub-dimensions), including tangible (functional) and intangible (psychological) dimensions. An in-depth review of literature was done, covering seminal work (e.g. Martineau’s, 1958 & Lindquist, 1974–1975) and recent investigations (e.g. Sullivan, Savitt, Zheng & Cui, 2002; Wong & Yu, 2003; Koo, 2003; Grace & O’Cass, 2004). The information disclosed was used to delineate eight dimensions (Atmosphere, Convenience, Facilities, Institutional, Merchandise, Promotion, Sales Personnel, Service) and sub-dimensions (for each dimension) underlying the store image construct. These findings could also enhance the accuracy and comprehensiveness of the store image definition and contribute to domain specification.

Methodology

Churchill’s (1979) framework for scale development and recommendations from literature (DeVellis, 2003; Hair, Black, Babin, Anderson & Tatham, 2006; Netemeyer, et al., 2003), were used to identify a four-phase methodology. Only the first three phases are reported here.
Phase one: Domain specification and construct definition. A theoretical model delineating the relationship between store image and other consumer behaviour variables was proposed. Further to this, the Model of the underlying structure of store image was proposed. This model represented the construct definition and served as point of departure for scale development.

Phase two: Generating measurement items and finalising the scale format. A pool of 371 items was generated. These items were judged by subject experts and members of the identified sample population (face validity). A preliminary 232-item scale resulted.

Phase three: Purifying the scale. Two pilot studies were conducted employing convenience student samples (Pilot 1: n=89 and Pilot 2: n=173-two data-gathering sessions: n=72 and n=101). Statistical analysis of data aimed at establishing reliability and addressing scale length.

Results

Pilot study 1: Reliability results (coefficient alphas) for the store image sub-dimensions ranged from 0.56 to 0.85. Coefficient alphas (>0.7), item-total correlations (> 0.3) and inter-item correlations (0.2-0.4) were used as guidelines for acceptance of items (Blankson & Kalafatis, 2004; DeVellis, 2003; Netemeyer, et al., 2003; Nunnaly, 1978). This resulted in a 214-item scale administered in the second pilot study.

Pilot study 2: The first data set (n=72) was subjected to coefficient alphas analysis. Results were: Atmosphere (α=0.77), Convenience (α=0.81), Facilities (α=0.81), Institutional (α=0.64), Merchandise (α=0.78), Promotion (α=0.73), Sales Personnel (α=0.86) and Service (α=0.79). After item elimination (criteria as above), a scale of 198 items resulted. Scale length remained an issue.

Data from both data-gathering sessions were combined and a split sample approach was employed, identifying a development (n=107) and a test (n=66) data set. Reliability analysis was performed on both data sets. The results (development/test data sets) were: Atmosphere (α=0.83/0.72; 6 items), Convenience (α=0.80/0.62; 7 items), Facilities (α=0.86/0.61; 7 items), Institutional (α=0.84/0.70; 6 items), Merchandise (α=0.83/0.64; 8 items), Promotion (α=0.84/0.68; 8 items), Sales Personnel (α=0.88/0.79; 5 items) and Service (α=0.86/0.59; 8 items).

Exploratory Factor Analysis (EFA) utilising principle axis factoring was performed on each subscale separately by forcing the extraction of one factor on the development data set. Items loading 0.5 or higher on their designated factors were retained resulting in a 55-item scale. A correlation analysis between the original scale (214 items) and the shortened version (55 items) was performed. Satisfactory values (p<0.001) were obtained supporting the shortened version: Atmosphere (r=0.94), Convenience (r=0.90), Facilities (r=0.87), Merchandise (r=0.90), Promotion (r=0.90), Sales Personnel (r=0.94) and Service (r=0.92).

Confirmatory Factor Analysis (CFA) was performed on the test data set for further refinement of the shortened scale (Hair et al., 2006). Each subscale was submitted to CFA separately to allow for the investigation of individual items. Some of the Goodness-of-Fit Statistics (e.g. RMSEA, NFI, AGFI) were disappointing, but the Goodness-of-Fit Index (GFI) was more satisfactory: Atmosphere (GFI=0.90), Convenience (GFI=0.91), Facilities (GFI=0.87), Institutional (GFI=0.91), Merchandise (GFI=0.85), Promotion (GFI=0.92), Sales Personnel (GFI=0.91) and Service (GFI=0.81).

Taking into account all statistical indicators the 55-item scale was retained for further testing and refinement in this ongoing research. The values indicate that the model may still be substantially improved.

References


