The Roles of Product Characteristics and Framing Effects in the Effectiveness of Cause-Related Marketing

Chun-Tuan Chang, National Sun Yat-sen University, Taiwan
Yu-Kang Lee, National Sun Yat-sen University, Taiwan

Cause-related marketing (CRM) has become a major corporate philanthropic trend to donate money to a charity each time a consumer makes a purchase. This study examines consumer attitudes toward CRM with the roles of donation framing and product characteristics. Experimental results suggest that donation amount in absolute dollars and relative percentage of a sale price may not be equivalent with respect to their ability to enhance CRM effectiveness. The beneficial effects of frivolous products are held for the conditions of donation framed in absolute dollars but not for those conditions of donation presented in relative percentage. When the product price increases, influences of product type are diminished. Effects of donation magnitude on CRM effectiveness are contingent on donation framing and product price levels. Implications of the current findings for existing theory are discussed.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/13189/volumes/v35/NA-35

copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
The Roles of Product Characteristics and Framing Effects in the Effectiveness of Cause-Related Marketing
Chun-Tuan Chang, National Sun Yat-sen University, Taiwan
Yu-Kang Lee, National Sun Yat-sen University, Taiwan

EXTENDED ABSTRACT
Cause-related marketing (CRM) has become a major corporate philanthropic trend to donate money to a charity each time a consumer makes a purchase. CRM has been widely accepted as an effective marketing tool in terms of enhancing consumer perceptions of the long-term image of the sponsoring firm (Ross, Patterson, and Stutts, 1992; Berger, Cunningham, and Kozinets, 1999; Brown and Dacin, 1997; Bronn and Vrioni, 2001; Gupta and Pirsch, 2006) and boosting short-term sales (Varadarajan and Menon, 1988; Strahilevitz and Myers, 1998; Strahilevitz, 1999). Because of the increased use of charity-linked promotions in the marketplace, recent studies have begun to examine potential factors that might affect the CRM effectiveness and how consumers respond to CRM (e.g., Strahilevitz and Myers, 1998; Strahilevitz, 1999; Webb and Mohr, 1999; Hamlin and Wilson, 2004; Subrahmanyan, 2004). The objective of present study is to investigate potential influences associated with donation framing, product price, product type, and donation magnitude on CRM effectiveness (i.e., the effectiveness of using promised donations to charity as purchase incentives) in advertising contexts.

The experiment tested the relative effectiveness of ad messages to promote products on CRM in a 2 (donation framing: absolute dollar value vs. relative percentage of a sale price) X 2 (product price: low vs. high) X 2 (product type: frivolous vs. practical) X 2 (donation magnitude: low vs. high) mixed design. Product type and donation framing were selected to be between-subjects variables, and product price and donation/cash discount magnitude were operationalized as within-subjects variables. Participants consisted of 240 part-time undergraduate students (103 males, 136 females, and 1 who failed to identify sex) from seven evening courses across a variety of disciplines (i.e., language-related, business, engineering, humanity, and law school) at four large universities in Taiwan. Participants were randomly assigned to one of the four experimental conditions above. In order to eliminate the effects of product-selection bias, two products were chosen for each product type (frivolous vs. practical) based on a pre-test. In each experimental condition, eight scenarios were developed with order counterbalanced, varying from two products with two price levels and two donation/cash discount magnitudes. The participants had to choose one preferred option out of two alternatives (i.e., donation vs. cash discount) in each scenario.

Analysis of variance (ANOVA) was used to test interrelationships among the researched variables. Although previous studies (Strahilevitz and Myers, 1998; Strahilevitz, 1999; Subrahmanyan, 2004) suggest that product type and donation magnitude determine the effectiveness of product-cause bundles, the present study raises concerns over possible ineffectiveness of CRM when bundled with products of certain types (i.e., frivolous products) and when offered at certain donation magnitudes in cause-related advertising. Three observations regarding the CRM effectiveness are noteworthy. First, as is predicted, the results indicate that consumers may be more likely to choose a product offering a donation over the other providing an equivalent discount with a coupon subject to donation framing method and price level. The beneficial effects of product type on CRM may only occur when donation information is framed in absolute dollar terms or when the product has a lower price. Strahilevitz’s results (1999) are held for the conditions of donation framed in absolute dollars, but not for those conditions of donation presented in relative percentage of a sale price. Furthermore, there is no support for the role of product type either in the three-way interaction with product price and donation magnitude or in the three-way interaction with donation framing and product price. This suggests that the effects of product type decrease when both product price and donation magnitude are considered and framed in the ad.

Second, effects of donation magnitude can be conditional on CRM effectiveness. Consumers appear to accept a product with a cause more easily when the magnitude is lower than when it is higher. This finding may be counter-intuitive in that one might expect doing more good may lead to more purchases. When consumers face a large trade-off between charity motive and economic self-interest, they seem to prefer something directly beneficial to them, which may explain why a discount would be a more tempting and attractive option than a donation to a charity. Nevertheless, when the donation/discount magnitude is low, an absolute dollar amount could enhance CRM effectiveness, perhaps due to the tiny and relatively painless degree of monetary sacrifice. The obvious objectives of marketers are to communicate superior deal value to consumers and accelerate their purchase decisions in a CRM context, and an interesting aspect of this strategy is that marketers stand to gain not just by changing the donation magnitude of advertising package but by introducing appropriate “framing” of their offered products such that they enhance consumers’ likelihood to purchase a cause-related item. Investigating impacts of donation framing is an important marketing and public policy issue because both presentation formats of donation amount in absolute dollars and relative frequency are commonly used as good-faith attempts to express the amount being donated. However, they may not be equivalent with respect to their ability to enhance CRM effectiveness. There is a reason to believe that the percentage-of-price format can be more problematic and ambiguous than the absolute-dollar format since a percentage of a sale price requires a consumer to calculate the actual donation value in a mathematical step, thus increasing the complexity of the task and the comprehension. All these might reduce the advantages of CRM.

Third, the effects of product price and donation magnitude cannot be ignored. Effects of donation magnitude on CRM effectiveness could be contingent on product price levels. Although consumers may say that they would support charitable donation, many of them are not actually willing to share the costs and the responsibility of supporting the causes through their purchases. One explanation could be that at the lower product price, the amount stated as being contributed to charity is also low and hence perceived as a small request. A clear conclusion can be made that the appropriate CRM should rely on a harmless and tiny commitment through lower priced items with lower donation magnitudes. Either one of the two opposite conditions would eliminate CRM effectiveness.

This article has theoretical and practical contributions to CRM, consumer purchase decision-making, and marketing practice. Marketers of CRM should also decide how to present a donation amount appropriately. How the price effects of a pro-
moted product interacts with product type and donation magnitude
offer further useful implications for marketers who seek to optimize
the effectiveness of cause-related campaigns.

References
Berger, Ida E., Peggy H. Cunningham, and Robert V. Kozinets
Advertising,” in Advances in Consumer Research, Vol. 26,
ed. E. Arnould and L. Scott, Provo, UT: Association of
Consumer Research, 491-497.
Bronn, Peggy Simcic and Albana B. Vrioni (2001), “Corporate
Social Responsibility and Cause-Related Marketing: An
Overview,” International Journal of Advertising, 20 (2), 207-
222.
Gupta, Shruti and Julie Pirsch (2006), “A Taxonomy of Cause-
Related Marketing Research: Current Findings and Future
Research Directions,” Journal of Nonprofit and Public
Branding on Consumer Reactions to Products: Does Product/
Cause ‘Fit’ Really Matter?” Journal of Marketing Manage-
ment, 20 (7-8), 663-681.
Ross, John K., III, Larry T. Patterson, and Mary Ann Stutts
Cause Related Marketing,” Journal of the Academy of
Marketing Science, 20 (1), 93-98.
Strahilevitz, Michael (1999), “The Effects of Product Type and
Donation Magnitude on Willingness to Pay More for a
Charity-Linked Brand,” Journal of Consumer Psychology, 8
Charity as Purchase Incentives: How Well They Work May
Depend on What You Are Trying to Sell,” Journal of
Consumer Research, 24 (4), 434-446.
Subrahmanyan, Saroja (2004), “Effects of Price Premium and
Product Type on the Cause-Related Brands: A Singapore
Perspective,” Journal of Product and Brand Management, 13
(2), 116-124.
Marketing: A Coalignment of Marketing Strategy and
Corporate Philanthropy,” Journal of Marketing, 52 (3), 58-
74.
Consumer Responses to Cause-Related Marketing: From
Skeptics to Socially Concerned,” Journal of Public Policy
and Marketing, 17 (2), 226-238.