



# Factors affecting donations in U.S. retail stores: A conceptual framework



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## ABSTRACT

The purpose of this study is to identify the factors that influence consumer donations in U.S. retail stores. The study provides a conceptual framework of factors derived from the cause-related marketing, consumer behavior and psychology literatures. These factors are categorized as consumer-related factors, retailer-related factors and context-related factors. Consumer-related factors include consumer-retailer identification, consumer-cause affinity, impure altruism, civic engagement and post-purchase cognitive dissonance. Retailer-related factors consist of retailer-cause fit, retailer's commitment to the cause, retailer image as being altruistic, and retailer credibility. Context-related factors include time pressure, social pressure, shopping amount, and perceived savings during the shopping trip. This conceptual framework serves as a foundation for future empirical studies.

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## 1. Introduction

This study examines the factors that influence consumer donations in retail stores. As part of their cause-related marketing campaigns, retail stores partner with non-profit organizations to raise funds for several causes such as health, human, animal or environmental issues. Although there are many studies in the literature that examined companies' cause-related marketing efforts in general, there are very few studies that examine these efforts in the retail context. Hence, this study aims to develop a conceptual framework that incorporates the influential factors on consumers' willingness to donate as well as their actual donation behavior at the checkout registers.

Cause-related marketing (CrM) is generally defined as "the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute an amount to a cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives" (Varadarajan and Anil, 1988, p. 60). CrM has been employed by companies as consumers progressively value corporate support for social causes (Cone et al., 2003). The majority of cause-related marketing campaigns are initiated by the collaborations between companies and non-profit organizations. Companies benefit from these collaborations by increasing their sales and brand loyalty, and improving their images, while their non-profit partners benefit by raising funds for several causes (Lafferty, 2009; Lafferty and Edmonson, 2009). These campaigns also lead to positive consumer

attitudes toward both parties (Nan and Heo, 2007), and create greater consumer satisfaction derived from donating to a cause (Strahilevitz and Myers, 1998; Luo and Bhattacharya, 2006).

As CrM becomes more common and successful, several studies were conducted to explain why consumers engage in CrM campaigns. These studies examined both consumer-related and company-related factors. Some consumer-related factors include consumer perceptions and feelings about the sponsoring company (Gupta and Pirsch, 2006), consumers' growing social consciousness (Dupree, 2000), altruistic needs of the consumers (Polonsky and Wood, 2001), their involvement in causes (Broderick et al., 2003), perceived congruence between their own character and company reputation (Sen and Bhattacharya, 2001), and cultural differences (Robinson et al., 2012; Wang, 2014). Some company-related factors include cause-brand/company fit (Hamlin and Wilson, 2004; Bigne-Alcaniz et al., 2012; Lafferty et al., 2004), corporate credibility (Lafferty, 2007), and positive brand equity and reputation (Dickinson and Barker, 2007).

Although all these studies provide general insights about why consumers engage in CrM campaigns, there is little evidence about why consumers donate in retail environments. Among all business areas, the retail sector generates the highest fundraising (Barone et al., 2007). Cause Marketing Forum showed that in the past thirty years checkout donation programs raised approximately \$2.3 billion; and, that in 2012 more than \$358 million was raised by a group of 63 well-known retailers using checkout donations (Cause Marketing Forum, 2013). Retailers incorporate CrM strategies by selling products that benefit charities and by requesting donations upon checkouts. Fundraising by retailers not only

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increase sales, but also improve store images. For example, CVS Corporation increased its sales by implementing the strategy of donating 25 cents of every \$35 purchase to Unicef (UNICEF, 2005). Similarly, the success of Macy's long lasting March of Dimes campaign energizes the entire organization, and customers appreciate the easy opportunity to give back (Cause Marketing Forum, 2013).

Given retailers' significant fundraising efforts, it is important to examine why consumers donate in retail stores. Thus, the current paper aims to develop a conceptual framework derived from CrM, consumer behavior and psychology literatures. This framework answers the question of "What are the factors that influence consumers' willingness to donate at the checkout registers in retail stores? ".

This study is significant in two ways. First, there is a lack of research examining why consumers donate in retail stores. Retail stores not only sell products whose sales are tied to several causes (cause-related products), but also collect a considerable amount of donations at the checkout registers, where the cashier directly asks customers whether they want to donate. However, previous CrM studies mainly examined consumers' attitudes toward cause-related products (e.g. Hamlin and Wilson, 2004; Bigne-Alcaniz et al., 2012; Lafferty et al., 2004; Gupta and Pirsch, 2006; La Ferle et al., 2013; Youn and Kim, 2008) and neglected donations at the checkout registers. This study aims to fill this gap in the literature.

Second, this study identifies several consumer (e.g. consumer-retailer identification, consumer-cause affinity, impure altruism, collective engagement, reduced post purchase cognitive dissonance) and retailer-related factors (e.g. retailer-cause fit, retailer's commitment to the cause, retailer image as being altruistic, retailer credibility) that affect consumers' willingness to donate. In addition, this study examines contextual factors (e.g. time limitation, social pressure, shopping amount, perceived savings) since consumers are also influenced by situation-specific circumstances. As a result, this research provides a comprehensive overview of why consumers donate in retail stores.

## 2. Literature review

Previous research has shown that CrM can positively influence consumers' evaluations and purchase intentions (e.g. Youn and Kim, 2008; Wang, 2014; Sen and Bhattacharya, 2001; Broderick et al., 2003; Bennett and Gabriel, 2000; Gupta and Pirsch, 2006). These studies examined several consumer-related constructs that affect consumers' attitudes toward CrM. For example, Youn and Kim (2008) examined the predictive impact of psychographic factors, such as self-confidence, public self-consciousness, interpersonal trust, advertising skepticism, personal and social responsibility on consumers' support for CrM. Sen and Bhattacharya (2001) identified consumers' perceived congruence between their own character and company reputation as another important factor. Likewise, consumers' cultural differences, specifically individualism and collectivism, and individual charitable giving as a social norm were found to be significantly associated with the attitude toward CrM (Wang, 2014).

In their in-depth qualitative research, Broderick et al. (2003) examined customers' perceptions, actions, and different levels of involvement and roles in CrM activities. Focusing on a case study of Breast Cancer Awareness campaigns, the emotional level of individual involvement was found to be the key differentiating factor. Bennett and Gabriel (2000) found that the degree of psychological involvement and inclination towards charity giving varies across consumers. Gupta and Pirsch (2006) argue that consumer identification with both the company and the cause play a key role in enhancing the success of a cause-related campaign. Moreover,

Dupree (2000) suggests that consumers' growing social consciousness is a significant reason behind the rapid growth and interest in CrM.

Robinson et al. (2012) examined a new form of CrM in which companies let consumers determine which cause should receive support. The study shows that consumers are more willing to pay for products associated with CrM campaigns when they perceive a greater personal role in selecting the focal cause of the campaign (Robinson et al., 2012). Similarly, Lafferty and Edmonson (2014) found that consumers are more inclined to donate to causes in a domain with which they closely associate. Koschte-Fischer et al. (2012) examined the relationship between donation amount and willingness to pay (WTP). The authors also found that donation-related (attitude toward helping others and warm-glow motive) and cause-related (cause involvement, cause-organization affinity and company-cause fit) customer predispositions moderate this relationship.

In addition to customer-related factors, there are also company-related factors that are identified in CrM studies. The most popular factors are company-cause fit and cause-brand fit (e.g. Gupta and Pirsch, 2006; Koschte-Fischer et al., 2012; Bigne-Alcaniz et al., 2012). While some studies agree that choosing a cause that is compatible with the identity of the company and its target market increases the likelihood of donations, other studies found that low company-cause fit raises more funds.

The brief literature review above shows various consumer and company-related factors that are considered in CrM studies. However, almost all of these studies only examined consumer attitudes toward cause-related products. There are few studies that discuss the influential factors on consumers' donation behavior in retail environments. One of the very few studies regarding donations in retail environments was conducted by Barone et al. (2007). The authors examined how retailer-cause fit affects consumer evaluations toward CrM. The results indicated that the effect of retailer-cause fit on donation behavior is moderated by retailer motivation for CrM and consumer affinity for the cause.

Another study that examined donations in retail environments was conducted by Ellen et al. (2000). The authors conducted the study across two retail contexts (grocery and building supply stores). They manipulated the donation situation, congruency of donations with the firm's core business, effort exerted by the firm, and commitment of the firm to the cause in order to examine consumers' donation behavior.

Given the limited research examining donations in retail environments, the present study takes a broader approach and proposes a conceptual framework that includes consumer, retailer and context-related factors that influence why consumers donate in retail stores. In the following section, each factor is discussed and related propositions are developed.

## 3. Conceptual framework and propositions

After thoroughly reviewing the literature, three categories of factors (consumer, retailer and context-related) are developed to understand what prompts consumers to donate in retail environments. Consumer-related factors include consumer-retailer identification, consumer-cause affinity, impure altruism, civic engagement, post-purchase cognitive dissonance. Retailer-related factors consist of retailer-cause fit, retailer's commitment to the cause, retailer image as being altruistic, and retailer credibility. Context-related factors include time pressure, social pressure, shopping amount, and perceived savings during the shopping trip. The conceptual framework (Fig. 1) and constructs with related theoretical explanations (Table A1) can be found in Appendix A. Next, each factor is discussed.

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