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Cause-Relating Marketing: The Effects of Purchase Quantity and Firm Donation Amount on Consumer Inferences and Participation Intentions

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Abstract

A conceptual model for a cause-related marketing (CRM) campaign, which examines the effects of purchase quantity and firm donation amount on consumer perceptions of the firm (i.e., firm motive and corporate social responsibility) and participation intentions, is developed and tested in three separate studies. In Study 1, we find the positive effect of firm donation amount on participation intentions was fully mediated by consumer inferences about the firm and the negative effect of purchase quantity on participation intentions was only partially mediated by these inferences. In Study 2, and consistent with the persuasion knowledge model, we demonstrate that the effects of purchase quantity on firm inferences and subsequent participation intentions are moderated by consumer participation effort where higher participation requirements (e.g., mail-in proof-of-purchase) yield more negative purchase quantity effects. We extend the model in Study 3 to incorporate multiple exchange mechanisms and find that although purchase quantity does affect participation intentions by social exchange, the effects of purchase quantity are primarily the result of the economic exchange. Recommendations for the design of cause-related marketing campaigns and for future research are discussed.

Keywords: Cause-related marketing; Social responsibility; Persuasion knowledge model; Perceived manipulative intent; Inferences; Firm motive; Attitudes; Participation intentions

Manufacturers and retailers, including Proctor and Gamble, Home Depot, Kay Jewelers, and Ann Taylor, have long been involved with cause-related marketing (CRM) campaigns, making specified donations to non-profit partners each time consumers perform a prescribed behavior, such as purchasing the company's products. For example, Kay Jewelers donates $4 to St. Jude Children's Research Hospital for each limited-edition teddy bear purchased as part of its annual CRM partnership with the hospital. Such support is expected to continue, as 100% of Fortune 500 manufacturers and retailers indicated they will remain committed to their involvement in CRM, which is expected to represent a $1.60 billion business in 2009 (Hall 2009; PowerPact 2004).

While consumers generally infer that altruistic motives prompt firms to engage in CRM, there is the potential for campaign elements to promote skepticism among consumers (Barone, Norman and Miyazaki 2007). Such skepticism is beginning to surface in the marketplace where consumers are receiving warnings about the structure of campaigns (Frazier, 2007; Olsen, Pracejus and Brown 2003; Pracejus, Olsen and Brown 2004). For example, "Pink" campaigns are designed by firms to benefit non-profits promoting breast cancer awareness and research, and the "Think Before You Pink" initiative promoted by the Breast Cancer Action advocacy group urges consumers to investigate any "Pink" CRM campaign sponsored during October's Breast Cancer Awareness Month. The group encourages consumers to ask "critical questions" about the campaign tactics, including whether the purchase requirements (i.e., purchase quantity or other conditions) and donation are reason-

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able. Such criticisms concerning consumer purchase quantity requirements and firm donation amounts that are communicated to consumers have the potential to promote inferences of firm-serving rather than other-serving motives that may reduce campaign participation intentions (Webb and Mohr 1998).

The purpose of this research is to advance our understanding of how purchase requirements and firm donation amount affects consumer inferences and CRM participation intentions. In our first study, we address three research questions. First, does increasing purchase quantity adversely impact CRM participation intentions? Currently, no research on purchase quantity requirements exists in this context; yet manufacturers and retailers vary purchase requirements in CRM campaigns and advocacy groups consider them "tactics" that consumers should carefully evaluate. Second, does increasing firm donation amount improve participation intentions? Manufacturers and retailers vary firm donation amount assuming that these donations provide incentives for consumers to participate in CRM campaigns. However, the few studies that have tested this assumption report mixed findings. Finally, are the effects of purchase quantity and firm donation amount on participation intentions mediated by consumer inferences about the firm? Because advocacy groups are warning consumers to consider firm tactics in CRM campaigns, which may result in perceptions of ulterior firm motives (Barone, Norman and Miyazaki 2007), it becomes important to understand the mechanisms of these effects. To address these research questions, we develop a conceptual framework based on the persuasion knowledge model (Friedstad and Wright 1994) and perceived manipulative intent (Campbell 1995; Campbell and Kirmani 2008) and test the model in our first study using members of a national research panel.

We replicate and extend the conceptual model in two additional studies. Motivated by the observation that manufacturers and retailers often include non-monetary requirements in their CRM campaigns (e.g., mail-in proof-of-purchase) and that no study has previously investigated their impact, we explore the additional effects of consumer participation effort in the conceptual model. Thus, the second study replicates the first using a different sampling frame and extends it by introducing consumer participation effort. The findings in the first two studies suggested that the mechanisms by which purchase quantity affected participation intentions were not fully explained by the conceptual model. Thus, in Study 3 we extend the conceptual framework by incorporating additional mediators in the model and employ social exchange theory (Blau 1964) to further account for these mechanisms. In the following sections, we review the existing literature on purchase quantity and firm donation amount as they relate to firm motives, corporate social responsibility and behavioral intentions. Next, we develop a conceptual model and propose the specific hypotheses to be tested. The remainder of the manuscript focuses on replicating and extending the conceptual model with a moderator (consumer participation effort) and additional mediators (brand attitude and offer elaboration) to more fully understand both the managerial and theoretical implications of interest to manufacturers and retailers.

Literature review

Purchase quantity

We define purchase quantity as the magnitude of the buyer-seller transaction holding unit prices constant (e.g., $10 for one unit, $40 for 4 units, etc.). Consumers may infer that an objective of a CRM campaign is to motivate consumers to purchase more products, and Varadarajan and Menon (1988) note that this objective is consistent with the goals of CRM. Further, consumers tend to purchase the same brands, varieties (flavors or formulas), and package size across purchase occasions (Harlam and Lodish 1995); therefore, it is logical for retailers to incorporate the purchase of multiple items for a single shopping occasion into a campaign.

In the marketplace, the majority of CRM campaigns have been structured around a single purchase quantity requirement. Tums donated 10 cents to the First Responder Institute for each bottle purchased, and Coca-cola provided 15 cents to MADD for every case of soda purchased. However, some firms are beginning to structure campaigns with higher purchase quantity requirements. Polaroid donated $15 to the National Center for Missing & Exploited Children (NCMED) for every 150 KidCare kits sold. Sponsors of the Red Campaign, including The Gap and Apple, produce and sell a variety of "red" products, and each product purchased triggers a donation to The Global Fund for its mission to eliminate AIDS in Africa. While not requiring a particular number of items be purchased before donations are made, sponsors encourage consumers to buy more of these red products. In general, retailers often reward customers for purchasing more (e.g., sales promotions) and more often (e.g., loyalty programs), and it represents a viable structural element for CRM. But, can such heightened requirements elicit inferences of ulterior firm motives and damage participation intentions, and if so, why?

Firm donation amount

Firm donation amount, is defined as the absolute dollar amount provided by the firm to the charitable cause for each consumer transaction. For example, Procter and Gamble has offered 10 cents to the Special Olympics for each coupon redeemed, and Calphalon Corporation donated $5 to an anti-hunger non-profit organization for every frying pan sold. Unlike purchase quantity requirements, firm donation amount has received some attention in the CRM literature. However, only a handful of studies have examined the role of firm donation amount on behavioral intentions or firm motives, the latter which is a heightened concern of advocacy groups. Further, none have simultaneously considered these two variables, explicitly identifying whether varying levels impact intentions due to firm vs. other-serving motives.

In terms of behavioral intentions, the findings from existing studies that specifically assess effects of firm donation amount are relatively limited. Early work by Holmes and Kilbane (1993) examined three donation levels ($0, $.50, $1) and found that greater donation amounts did not lead to more positive behavioral intentions. One limitation of this study was the range of the