

Consumer response to retailer use of cause-related marketing: Is more fit better?

Michael J. Barone^{a,*}, Andrew T. Norman^{b,1}, Anthony D. Miyazaki^{c,2}

^a University of Louisville, College of Business, Department of Marketing, 2301 South Third Street, Louisville, KY 40208, United States

^b Drake University, College of Business and Public Administration, 2507 University Avenue, Des Moines, IA 50311-4505, United States

^c Florida International University, College of Business, 11200 SW 8th Street, University Park, RB 307B, Miami, FL 33199, United States

Abstract

Although marketers increasingly rely upon cause-related marketing strategies to increase sales, controversy exists regarding whether a retailer should partner with causes offering high or low fit levels with its core business practices. The present investigation extends prior research by examining how retailer–cause fit affects consumer evaluations of retailers’ cause-related marketing strategies. The results indicate that the effects of retailer–cause fit are moderated by consumer perceptions of the retailer’s motive for engaging in cause-related marketing (Study 1), by the affinity that consumers hold for the social cause component of the campaign (Study 2), as well as by the interactive effects associated with the two moderators (Study 3).

© 2007 New York University. Published by Elsevier Inc. All rights reserved.

Keywords: Cause-related marketing; Retailer–cause fit; Charitable contributions; Corporate social responsibility

Many companies employ cause-related marketing strategies that link product sales to the support of a charity to create and maintain favorable brand images. The growth of cause-related marketing in retailing illustrates a shift toward branding strategies that incorporate marketing tactics beyond those typically viewed as antecedents to store image (e.g., merchandise selection and service quality; Grewal et al. 2004; Peterson and Balasubramanian 2002). Given that this emphasis on branding has been viewed as a key trend in retailing (Grewal et al. 2004), a driver of retailer success and equity (Levy et al. 2005), and a source of protection against competitive actions (Ailawadi and Keller 2004), cause-related marketing is increasingly being deployed by retailers.

In support of this increased reliance, the retail sector generates the largest fundraising sums of all business areas (Holmes 2003), as reflected in numerous examples of retailers’ use of cause-related marketing strategies. For instance, CVS Corporation recently implemented a strategy of donating 25 cents per purchase of \$35 made at its retail

outlets to UNICEF, resulting in an 11 percent increase in sales for the retailer (UnicefUSA 2005). Another retailer, Blockbuster Entertainment, donated proceeds from video rentals and sales to the Starlight Children’s Foundation, an effort that enhanced the firm’s branding efforts and revenues (Business in the Community 2005). Other examples of cause-related marketing include Target Corporation’s giving 1 percent of purchases made on the Target Visa card to schools and Avon Products’ fundraising efforts for breast cancer awareness and research.

As cause-related marketing becomes more common, retailers must be strategic in deciding when and how to implement this strategy if it is to provide a basis for meaningful differentiation. Accordingly, the current paper focuses on a critical aspect of retailers’ decision making associated with the development of cause-related marketing campaigns—namely, the fit or relatedness that is perceived to exist between the retailer and the cause. As is subsequently discussed in greater detail, controversy exists regarding the level of fit a retailer should cultivate in selecting a partner charity. While some recommend relatively high levels of fit between the retailer and the cause (e.g., Footlocker’s support of refurbishing public school playground basketball backboards), others question the wisdom of such an approach, instead advocating more of an “arms-length” rela-

* Corresponding author. Tel.: +1 502 852 6440.

E-mail addresses: mjbaroo2@louisville.edu (M.J. Barone), atnorman@drake.edu (A.T. Norman), miyazaki@fiu.edu (A.D. Miyazaki).

¹ Tel.: +1 515 271 2758.

² Tel.: +1 305 348 3330.

tionship with causes that bear a lesser degree of fit with the company's core products (e.g., Nissan Corporation's support of education). In addressing this dilemma, we examine how the influence of fit might be moderated by consumer perceptions of the retailer's motives for engaging in cause-related marketing (Study 1), the affinity that consumers hold for the cause (Study 2), and the interaction of these two moderators (Study 3). Before detailing these studies, we present a theoretical framework regarding how retailer–cause fit can impact response to cause-related marketing.

Fit effects on evaluation of cause-related marketing strategies

As noted earlier, one recommendation in formulating cause-related marketing strategies is for retailers to develop partnerships with causes that are related to their core business practices. Although the issue of company–cause fit has been discussed in the literature (e.g., Hoeffler and Keller 2002), few studies have empirically examined its effects on consumer reactions to cause-related marketing strategies. Accordingly, we next look at the evidence available regarding how retailer–cause fit may influence the effectiveness of cause-related marketing. Several recent conceptual papers have focused specifically on company–cause fit in the context of managers' decisions to deploy cause-related marketing strategies. For example, in developing a research agenda on corporate identity, Dacin and Brown (2002) posed the question of whether the level of fit (or congruency) between a company and a cause can affect consumer response. Hoeffler and Keller (2002) provide a more detailed conceptual analysis to address the strategic issue of which cause a company should sponsor. Specifically, they suggest that high levels of company–cause fit will help companies bolster existing brand associations, while low levels of fit are more conducive to augmenting current associations as a means of creating inter-brand differentiation.

While these papers acknowledge the potential importance of fit on cause-related marketing strategies, they are inconclusive in terms of their ability to resolve competing recommendations regarding the effects of achieving lower versus higher levels of retailer–cause fit on consumer response to these strategies. However, two recent empirical investigations directly consider the effect of company–cause fit on consumers' evaluation of cause-related marketing efforts. Drawing from the brand extension literature, Pracejus and Olsen (2004) note that extensions from a well-liked brand are more favorably evaluated when they are viewed as being more (vs. less) similar to other products marketed under the brand name (Boush and Loken 1991). Analogously, they observed a positive relationship between company–cause fit and the evaluation of cause-related marketing strategies. While important insofar as it represents the initial investigation into the role of fit on consumer response to cause-related marketing efforts, Pracejus and

Olsen's research did not explore potential moderators (e.g., perceived company motives, affinity towards the cause) of this relationship, and thus is silent in terms of identifying potential boundary conditions to fit's influence on the effectiveness of cause-related marketing strategies.

Similarly, Rifon et al. (2004) demonstrated that greater fit between a company and a cause can promote positive evaluations of the sponsoring company. Rifon et al. (2004) also extended Pracejus and Olsen's (2004) initial findings by providing process evidence indicating that company–cause fit influences perceived motives, which, in turn, impacts the credibility and attitudes associated with the sponsoring firm. However, while Rifon et al.'s (2004) work examines consumers' attributions about the company's motives for engaging in cause-related marketing as a *mediator* of fit's effect on evaluations, we examine such motives as a *moderator* of cause-related marketing strategies by examining the interactive effects that fit and company motive exert on consumer evaluations.

In sum, extant research provides evidence that higher levels of fit between the retailer and the cause will enhance evaluations of cause-related marketing strategies. In practice, however, companies often provide support for causes that are relatively unrelated to the firms' core business practices (Brown and Dacin 1997) thereby exhibiting low degrees of fit. Moreover, some (e.g., Drumwright 1996) have cautioned companies about pursuing partnerships with charities that are too closely related to their core products and services, given that this high degree of fit may result in perceptions that the company is being exploitative in its sponsorship of the cause (Barone et al. 2000). Accordingly, we next present a framework hypothesizing how perceived retailer motivation and customer affinity for the cause can exert independent and interactive moderating effects on the relationship between retailer–cause fit and consumer responses to cause-related marketing strategies.

Theoretical framework

The moderating role of retailer motivation for cause-related marketing

As noted earlier, one basis for expecting that retailer–cause fit will positively affect consumer evaluations of cause-related marketing comes from the brand extension literature (cf. Pracejus and Olsen 2004). Higher levels of perceived similarity between a core brand and a brand extension enable categorization processes that result in the transfer of evaluations from the core brand to the extension (Boush and Loken 1991; Keller and Aaker 1992). In a similar manner, greater perceived fit between a retailer and a cause may induce categorization as a means of evaluating cause-related marketing strategies. When fit is high, evaluations associated with a well-liked retailer can be used to appraise the cause, and vice versa (Pracejus and Olsen 2004). High fit levels should also

Download English Version:

<https://daneshyari.com/en/article/886632>

Download Persian Version:

<https://daneshyari.com/article/886632>

[Daneshyari.com](https://daneshyari.com)