Different donation structures and their impact

on the effectiveness of a cause-related marketing campaign

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Abstract

With the booming popularity of cause-related marketing, managers are trying to develop creative CRM campaigns that can help them stand out in this rapidly crowding marketplace. Different promotional messages are becoming a strategic tool that marketers increasingly rely on and donations to a worthy cause go well beyond money contributions. And while a substantial amount of studies has been focused on how to improve a CRM campaign, none has researched the impact of different donation structures on the campaign's effectiveness. This paper aims to fill in the gap in literature by empirically testing how donations formulated in monetary vs. non-monetary terms influence consumers' choice. The data collected through an online survey was processed using choice based conjoint analysis to test the value people assign to the different donation messages, together with the importance they attach to the type of cause the donation goes to and the price of the product. In addition, several consumer characteristics where included in the analysis to test if the effect of different donation structures varies across segments – gender, past purchasing behavior regarding cause-marketed products, purchasing intentions for CM products and skepticism towards CRM campaigns. Results showed that there is clear preference for donation messages expressed in non-monetary terms, causes that fit well with the product category and lower price levels. Moreover, several segments were identified where preference for non-monetary donation was stronger. Men appeared to attach more value to non-monetary donation than women, and people who have previously purchased CM products are considered more likely to buy products linked to donations other than money. This type of donation messages was also found to decrease the negative impact that skepticism towards CRM campaigns has on consumers' choice for CM products. Hopefully, the findings of this paper will allow marketers to make better informed decisions on how to properly structure the CRM campaign message in order to reach their target market and maximize ROI. However, this is just the first step in understanding how different donation structures impact consumers' choice and the study is limited to a single type of non-monetary donation message for a single product category – water. Future research should be conducted, expanding the scope of this paper by investigating different product categories as well as different types of non-monetary donation messages.

Table of contents

1.INTRODUCTION

Over the last few decades the importance of corporate social responsibility (CSR) has been growing constantly and at a very fast past. Starting as a businesses' voluntary initiative to show a social concern, CSR actions have become a necessary tool for companies that want to stay competitive in the market place. Managers have come to the realization that CSR does not only benefit a good cause, but if used properly can also help improving the brand image and preferences of consumers, leading to a better performance of the business. Part of CSR, and one that shows impressive increase in popularity, is cause-related marketing (CRM). In essence, CRM is a practice of integrating CSR activities in the marketing communications of a company, by linking its product to a social cause. American Express is accepted as the pioneer of the CRM concept with its campaign dating back to 1983, when the company committed to donate 1 cent for each card transaction to support the restoration of the Statue of Liberty (American Express, 2013). Since then, the number and scope of cause-related marketing campaigns have skyrocketed. According to the IEG Sponsorship Report, cause sponsorship in North America alone, is predicted to reach $1.78 billion in 2013, a projected increase of 4.8% over 2012.

Like with all business practices, the importance of standing out and differentiating your company from competitors increases with the growth in popularity of the market, and the same phenomenon could be observed in companies implementing CRM campaigns. Procter and Gamble for example, developed a ‘1 pack = 1 vaccine for UNICEF’ campaign for their brand Pampers, donating the cost of one life-saving tetanus vaccine for every purchase of Pampers pack (UNICEF, 2013). Instead of communicating money donations, Oboz Footwear Company has promised to plant a tree via the cause Trees for the Future, for every pair of shoes bought (Oboz, 2013). And while the framing of the promotional message is a great way to differentiate your company or product in a crowded market place, little is known on whether the different donation structures have influence on consumers’ choice of products (Chang, 2008). How should companies communicate their cause-related marketing campaign if they want to maximize the return on investment? Is it better to use a promotional message that shows the amount of monetary contribution made for every purchase or a message showing how the company is trying to help the cause directly, stating the benefit from a donation? These are the main questions addressed in the present study. The aim of the paper is to investigate the importance that people assign to the framing of the donation message of a

CRM campaign when choosing a product and how this affects their purchasing decisions. To summarize and clarify the topic, the following research question was developed:

How does the framing/structure of the donation message in a cause-related marketing campaign influence consumer choice?

To answer the research question, several sub-questions were developed and these will be answered based on either existing literature, empirical evidence, or both. The answers to these sub-questions will help solve the main research problem logically and consistently:

1. What is the definition of corporate social responsibility in general, and of cause-related marketing in particular?
2. What is the impact of CSR and CRM on consumers' attitudes towards the company/brand/product and on their purchasing intentions?
3. What are the different donation messages used with Embedded Premium promotions, defined as relevant for the research?
4. What are the main product attributes that might influence consumer choice in addition to the framing of the donation message, relevant for the research (e.g. price)?
5. What are the additional factors that can have moderating effect on consumer choice behavior, relevant for this research (such as past purchasing behavior for example)?

To test the main research question empirically, the popular research technique known as choice-based conjoint (CBC) analysis will be used. CBC analysis has become a typical tool for marketers who want to see how individual product attributes affect consumer purchasing behavior, because it requires respondents to repeatedly choose an alternative from different sets of profiles, most closely mimicking actual choices (Haaijer and Wedel, 2000). And even though the primary goal is to investigate the effect of the donation message framing, in order for the analysis to be statistically valid and accurate, there are also additional product attributes taken into consideration, namely price and the social cause that the company supports. Price is considered to be among the most important trade-offs that consumers make when choosing between competitive products, and has been extensively examined in previous researches on consumer choice (e.g. Dellaert et al., 1999; Macdonald and Sharp, 2000). Failing to investigate its feasibility to this research may result in developing alternatives that are not representative of actual choices, which will lead to inaccurate analysis. In addition, a growing body of literature has been examining the importance of choosing the right cause for

the success of a CRM campaign, focusing on the role of fit between the cause and the product (e.g. Pracejus and Olsen, 2004; Trimble and Rifon, 2006; Nan and Heo, 2007). While bigger part of the studies show that in general consumers are more likely to respond positively to products linked to causes with high fit, the results are usually restricted, and in some cases inconclusive. Others, like the study conducted by Bloom et al. (2006), suggest that in some situations low fit between the cause and the product can actually benefit the company as consumers might see it as more sincere. In any case however, results show that the fit between product and cause can significantly influence consumer choice, and authors suggest it is taken into consideration in future research. All of the before mentioned attributes will therefore be further investigated and reviewed in more detail in following chapters.

If performed correctly, the results of this analysis can have significant implications for both scientific and managerial circles. From scientific point of view, conclusions based on the research will allow academicians to deepen their understanding of both consumer choice behavior and cause-related marketing. On one hand, the choice behavior of consumers has proven to be constantly evolving, thus incredibly hard to define and influence. Identifying additional drivers of choice, such as affiliations with social or environmental causes and different CRM campaign messages, will help future research of both economic and psychological subjects regarding this kind of behavior. On the other hand, cause-related marketing is still a relatively young topic and has a great potential for future research. And while a growing body of literature has focused on how to choose the right cause to link to company's product (e.g. Gupta and Prisch, 2006; Barone, 2007), there is very little information on how to properly structure the donation message. Chang (2008) and Grau et al. (2007) are among the very few who have addressed this issue, by investigating whether donation structures in absolute terms or as a percentage of price have more influence on consumer choice. This study aims to further build on their research and investigate the importance that consumer assign to CRM promotional messages, communicated in non-monetary vs. monetary terms, compared to traditional product attributes such as price. Results can therefore be used to understand the importance of using cause-related marketing campaigns as a promotion strategy and the importance of differentiating CRM donation messages, as well as to provide better insight into the effectiveness of CRM as a marketing tool.

From managerial point of view, the implications could be even more substantial. Correctly identifying the influence that CRM messages have on consumers, will provide managers with valuable information when making decisions about the choice of proper cause and the manner in which the campaign is implemented. Companies will not waste their resources for ineffective CRM promotions, so it is very important that they can see what type of donation message is more beneficial for them. Managers can learn whether it will be better to communicate financial support to a cause, or create a message that shows how the donation will benefit the cause directly. Moreover, results can show which embedded promotional message is best for which combinations of product attributes (like price). Understanding the trade-offs that consumers are willing to make for purchasing a product with a specific donation message, will help managers understand what trade-offs they should make when developing the marketing campaign, so that they can maximize its efficiency. This, in turn, can help them not only to increase return on investment, but also to enhance the brand image, increase customer loyalty, and consequently improve the performance of the company. Additionally, and possibly more important, it can allow them to differentiate the company or its products from the competition, which is essentially the job and the biggest challenge for every marketer.

The remainder of this paper will be organized as follows: The next section will review existing literature, building the theoretical foundation of the research. The section after that will include the methodology of the research, describing the data and the statistical modeling. Following, the results of the analysis will be presented and discussed. And last, the relevant conclusions will be drawn, discussing the most important implications, as well as the limitations of the study, providing guidance for future research.

2. THEORETICAL BACKGROUND

The goal of this chapter is to build a solid theoretical framework, providing support and arguments for developing the research question. There is an immense amount of research done on different factors influencing consumer choice. Therefore, it is imperative that the theory development is based on examining the results of a research stream that is relevant to the subject of this paper. Following a deductive approach, the chapter will start with an examination of what Corporate Social Responsibility is and how it affects consumer choice. From there, a more concrete stream of literature will be reviewed, on the topic of Cause-Related Marketing, and how it influences buyers when implemented on both corporate and product-level. After that, the focus will shift onto different framing of cause-related donation messages that have been examined, as well as what types have the potential to influence choice, thus should be examined further. Additional product attributes such as the type of causes, brand and price will be included in the framework as well, reviewing previous evidence of their impact on consumer choice. In the end of the chapter, a review of the main consumer characteristics that could have moderating effect on choice, such as past purchasing behavior for example, will be provided. During the process, the relevant hypothesis of this research will be drawn. A visual representation of the conceptual framework and all the hypothesis is depicted in Figure 2, at the end of the chapter.

2.1 Corporate social responsibility and consumer choice.

Although Corporate social responsibility (CSR) has been widely used in literature and business practice, there is no universal definition of the term. After examining a total of 37 definitions of the term in his study, How Corporate Social Responsibility is Defined (2008), Alexander Dahlsrud concludes that the definitions are mostly consistent with each other, which makes the lack of a universal one more acceptable. For this research a more general definition is fitting, such as the one provided by the Commission of European Communities (2001), according to which, the CSR is defined as *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".*

Similar to the definitions research, most studies also show cohesive results when it comes to the effect of CSR on consumers' attitude towards the company. In general, CSR initiatives are perceived as positive by people and tend to improve the image of the company in the eyes of

consumers (e.g. Brown and Dacin, 1997; Mohr, Webb & Harris, 2001). Hoeffler and Keller (2002) present more detailed discussion and show that CSR can benefit a company in various ways, from increasing brand awareness, through evoking brand feelings such as social approval and self-respect, to enhancing the corporate image by building personality and establishing credibility.

Looking at how these findings translate into purchase intentions of customers however, the results are not so obvious and straightforward. Although still with mostly positive nature, the purchasing intentions of consumers are proven to be a lot more complex and dependent on external factors. Mohr et al. (2001) show that only small part of consumers transfer the positive corporate image into purchasing decisions, and these are the consumers for whom social responsibility is important on a personal level as well. The research of Sen and Bhattacharya (2001) is consistent with the one of Mohr et al. (2001) in a sense that it also highlights the importance of consumers' perceptions of their own character and that of the company. Sen and Bhattacharya (2001) go even further in their findings, showing that under certain circumstances CSR initiatives can actually decrease purchase intentions. It would therefore be beneficial for companies to differentiate between various CSR actions and the impact each of them has on purchasing intentions, in order to be able to properly target consumers and maximize effectiveness.

2.2 Cause-related Marketing and consumer choice

Considered as the pioneers in cause-related marketing (CRM) research, Varadarajan and Menon (1988) has defined CRM as *"the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives"* (p.60). Even though this definition is more than 20 years old, it is so exhaustive and complete that it is still cited and adopted in most studies on the subject (e.g. Webb and Mohr, 1998; Gupta and Pirsch, 2006; Nan and Heo, 2007). The aim of this research however, is to examine the effect that different donation structures will have on consumer choice, so contributions are not necessarily limited to money. Including contributions other than "a specified amount" in the definition is necessary in this case, in order to capture the whole range of possible cause-related marketing promotions. In more recent study, Brink, Odekerken-Schröder and Pauwels (2006) manage to overcome this limitation and increase the number of different contributions that a company can make by

changing "specified amount" to "company resources". In their research Brink et al. (2006) give the definition of cause-related marketing as follows: *"CRM is a specific marketing activity in which the firm promises its consumers to donate company resources to a worthy cause for each sold product or service"* (p.16). Another reason why this definition is appropriate for this study is because it is specifically for a product level CRM, whilst the one provided by Varadarajan and Menon (1988) is also representative of a CRM strategy on a corporate level.

As Krishna and Rajan (2009) point out in their study, the literature focusing on corporate level cause marketing is similar in nature to the one about CSR. Considering that CM is part of the overall CSR of a company, this observation is not so surprising. As expected, based on CSR literature examination, consumers have positive general responses towards a company that is implementing cause marketing (Webb and Mohr, 1998). Webb and Mohr (1998) performed a series of in depth interviews to come to the conclusion that even though most respondents realize that a company has self-interest in implementing CRM and will probably benefit from it, they still appreciate its support to a worthy cause. In the same time however, they "undercover various ways in which consumers think about CRM", suggesting different factors that can influence their evaluations of the company and their purchase intentions. Such factors include, but are not limited to: skepticism towards advertising in general and CRM campaigns in particular; the importance of traditional purchasing criteria (e.g price); the fairness of the CRM campaign, etc. In the same line of research, but examining different moderating factors is the study of Ellen, Mohr and Webb (2000). Testing moderating effects of four pre-derived conditions, Ellen et al. (2000) show that respondents evaluations of cause marketing are more positive for disaster-related versus ongoing causes, and for donations that involve higher involvement (e.g. product vs. cash contributions). The research of Hajjat (2003) is also adding to these findings. Instead of company involvement, the author investigates the role of involvement from the consumer as moderating factor of attitudes and purchase intentions. Hajjat (2003) reports positive evaluations of CM, when consumers' involvement matches donation size, namely high (low) involvement results in positive evaluations for high (low) donation.

Product level CM, on the other hand, has only recently been investigated in academia, while it is clear that companies often use cause marketing for a specific product. Arora and Henderson (2007) try to bridge the gap in literature and focus on product level CM. They define products

that are enhanced by a social cause as "embedded premium" (EP), and consider it as a sales promotion strategy. From there a different critical overview of CM can be derived, such as what the effect on consumer choice is of EP against no EP promotion (Nan and Heo, 2007), of EP against traditional sales promotions (e.g. price discount) (Arora and Henderson, 2007), and of EP against other marketing affiliations like entertainment events (Bloom et al, 2006).

The most straightforward effect of embedded premium promotion can be observed when compared to products marketed without promotion. When testing the relationship of brand-cause fit, Nan and Heo (2007), got to the conclusion that advertisements of products that are linked to a social cause result in more favorable response from consumers, as opposed to advertisements of non-enhanced products. Results of these findings however, cannot be translated into positive impact on consumer choice of products, and from there – into increased sales. This type of research is what Krishna and Rajan (2009) focus on. Testing the utility benefit to consumers from cause marketing, the authors show that linking a specific company product to a social cause should result in increased sales, and not only sales of this product but also, via spillover effect, of other products in the company portfolio.

Although of high value, comparing EP vs. no promotion at all, does not help managers decide on the benefits of its implementation over other marketing initiatives. Arora and Henderson (2007) take the stream of research one step further, focusing on the effect of EP promotions compared to the traditional sales approach of discounts. What the authors conclude after the analysis, is that EP not only positively influence consumer choice, but the impact is stronger than traditional price promotions for low promotional level. Henderson and Arora confirm and amplify these results in a consecutive, more recent study (2010), where they focus on implementing EP programs across product categories. In light of their findings, Arora and Henderson (2007, 2010), consider EP as not only more efficient, but also possibly cheaper alternative to coupons and price reductions, ultimately leading to better ROI for marketing managers.

With the goal to better understand how cause marketing can improve the return on investment as well, is the research of Bloom et al. (2006). The authors use conjoint analysis to predict what kind of affinity marketing program offers the highest ROI for a company. Comparing a product linked to a social cause with one linked to a commercial cause (sports or entertainment), Bloom et al.'s analysis shows that the weight consumers give to the social cause is higher than the commercial one, thus choosing the product linked to the social cause

will result in higher utility. Based on consumer choice theory, it is accepted that people will choose to buy the product that maximizes their utility. Following these tested assumptions, Bloom et al. (2006) conclude that spending their marketing budget on affiliation of a product to a social cause will result in better ROI for managers.

Even though the studies reviewed so far differ in the theories they adopt and in the essence of their research, the general assumption that cause-marketing a product influences consumer choice and leads to increased sales, has remained the same. Therefore in this research it is also expected that consumers will choose the product with the EP promotion over the one without. The focal point of this study however is to investigate what are the most effective EP promotional messages, comparing between different types, rather than between EP promotion versus another type of promotion. The next step will then be to differentiate between the different framings of an embedded premium promotional message and develop a theoretical foundation to base assumptions for its impact on consumer choice.

2.3 Framing of the promotional message and different donation structures

In marketing literature, message framing is commonly used to describe the different ways to present equivalent information in an advertising message (Levin et al., 1998). What is also generally accepted among academicians is that people respond differently to different representations of information (Braun et al., 1997), described in either positive (the glass is half-full) or negative (half-empty) terms. Such kind of differentiation between message framings, however is not applicable for this study. The difference of the message in this case is not represented in positive or negative frames, but rather is embedded in the structure of the donation to a given cause. In their study of "Framing Theory", Chong and Druckman (2007) categorize the above mentioned framing as equivalency effects, and identify a different category, namely the emphasis effects. According to the authors, while equivalency frames represent descriptions that consumers can recognize as equivalent (half full is equal to half empty), the emphasis frames represent *"qualitatively different yet potentially relevant considerations"* (p.114) on which people base their evaluations. In essence, what Chong and Druckman (2007) have explained is that in some situations one type of framing does not necessarily equate the other. The 'emphasis framing' categorization is more representative for the goals of this study, as in most cases, there is no direct equivalent between a message stating a monetary contribution and one stating direct benefit for the cause (UNICEF's 1pack=1vaccine campaign does not provide information on the amount of money donated for

example). For the ease of operation, this study adopts a definition of promotional message framing that is interchangeable with 'donation message structure', and represents the way the donation is communicated to the end consumer (in monetary and non-monetary terms).

Considering the amount of papers devoted to the impact of CRM on consumers' attitudes and buying behavior, it is a bit surprising how underexplored the area of embedded premium promotions is, and in particular, how EP promotional messages are framed and communicated to the consumer. In recent years, only few studies have been focusing on donation structure and message framing, and whether and how they may influence consumer choice (Grau, Garretson, and Pirsch, 2007; Chang, 2008). In their research on donation structure issues, Grau et al. (2007) find that structural elements of CM campaigns do indeed influence consumers' perceptions. What is considered by the authors as the most influential element is the donation quantifier. According to Grau et al. (2007) consumers express strong positive feelings towards donations communicated in absolute terms (instead of percentage of price or profits) and the amount of donations can negatively influence consumers' perceptions, if seen as small or unfair relative to the price of the product. The authors argue that exact quantifiers (absolute value of donation presented) improve the level of trust and decrease the skepticism towards the CRM campaign, and consumers are evaluating such promotional messages more positively. The study however, only focuses on perceptions, and not on purchase intentions or buying behavior of consumers. In addition, it is of exploratory nature and does not provide evidence of causal relationship among the variables. The research of Chang (2008) is building on these limitations.

Analyzing the effectiveness of CRM campaigns, by investigating the impact of donation framing and product characteristics on consumer purchase behavior, Chang's study is primarily focused on causality. The author finds a number of interaction effects such as the insignificance of donation framing for high magnitude donations, or the limited influence of donation magnitude for high-priced products. Supporting the findings of Grau et al. (2007), Chang also concludes that absolute dollar value of donations is more effective than offering a percentage of the price, but only for low-priced products.

Both these articles are great at tapping into an unmapped area of cause marketing research and detecting influential factors of building a successful embedded premium promotion strategy. None of these studies and none of all the studies reviewed so far for that matter (with the exception of Ellen et al. 2000), discusses or takes into account promotions featuring donations

structures offering contributions that are not expressed in monetary terms. There are different ways that a donation message can be structured and presented, the main ones of which are presented in Figure 1, including an example of a company implementing given CRM campaign and its promotional message. For instance, donations can be in the form of products or services, if the cause and the company's product/service match. Such is the example of Chesapeake which donated heavy machinery usually used for drilling, to help clear rubble from a tornado in Oklahoma city. Although this is a high volume, one time donation, it is also applicable for consumer goods companies with regular CRM campaigns, as is the case with TOMS One-for-One campaign (Toms, 2013). Toms has partnered up with many international organizations and through them, it aims to deliver one pair of shoes for a child in need, for every pair of shoes bought. Other possibility is making donations that involve spending time and/or making effort, when the company doesn't have appropriate products or services to donate. Such is the case for both Oboz Footwear Company and WeWood Watches, which promised to plant a tree (via different charities) for every product bought. (Oboz, 2013; WeWood, 2013). Such types of donations are regarded as expressing more effort from the company to show its commitment to help a cause (Ellen et al., 2000). As Ellen et al. (2000) state in their study, *"although earning money takes effort, that effort is generally not directed specifically at the receiver of the gift, so giving money is seen as less effortful than giving another type of gift"* (p.398). As already mentioned earlier, according to the findings of the authors, product contributions communicated greater sacrifice by the company than cash. The research shows that at corporate level, higher commitment to the cause shown from the company has stronger positive impact on consumers' attitudes and evaluations.

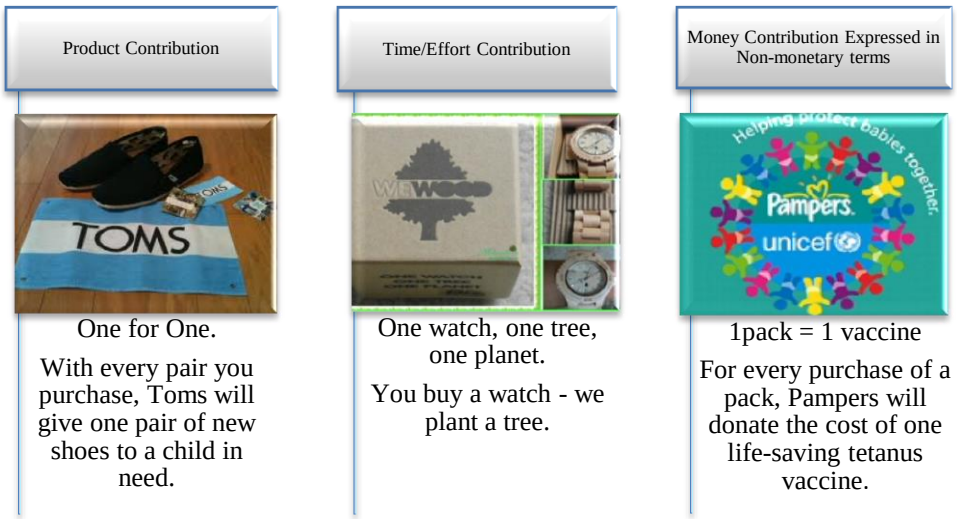
Product or time/effort donations however are not applicable for every brand, or for every cause. In such cases though, even if the actual donation is money being given to the cause, there are different ways to formulate the promotional message, so it conveys the benefit that the cause will get instead of the monetary contribution the company has made. One such example is the case of the already mentioned Pampers CRM campaign. Another example is a CRM campaign by Snickers, or the parenting brand MARS, which has committed to donate an equivalent of one hot meal to Feeding America, for every unique code (found on the package) that is registered on their website (Mars, 2013). In essence the company is still donating money, but the promotional message is communicated in terms of how many hot meals Feeding America will get.

In general, donations that try to convey more sincere concern from the company, are seen as more genuine and credible by consumers, and their givers – as more generous and caring (Ellen et al., 2000). It is thus considered by the authors that consumers will evaluate EP promotion campaigns more positively when the company is perceived as spending more effort in the implementation. It will therefore be wise to investigate whether such positive responses will also be observed at product level CM, and more importantly – will they influence consumer choice of a product, thus leading to increased sales and better ROI for companies.

Another logical argumentation, supporting donation messages expressed in non-monetary terms, could be based on the Etile and Teyssier's (2011) observation on information asymmetry between the company and the consumer. According to the authors, inaccurate or missing information on the CSR activities from the company's part can result in decreased purchasing intentions for consumers. Linking their findings to the topic of this study, donating money doesn't offer any insight on how this money will be spend to help the given cause while donations expressed in non-monetary terms provide more information on the benefits that the cause will get. Thus it could be assumed that CRM promotional messages expressed in non-monetary terms will improve the transparency of the CRM campaign, and thus will be more likely to positively influence consumer choice. On the basis of these two lines of argumentation, the following hypothesis will be tested:

> H1: Consumers will get higher utility by choosing products with donation message that communicates non-monetary benefit for the cause, rather than a donation message expressed in monetary terms

Figure 1: Different donation structures with examples of a company and its promotional message



2.4 Main attributes influencing consumer choice

When conducting a research on consumer choice, it is important to consider various product attributes that might have an impact on the purchasing decision of people in addition to the main attribute of interest, in this case –the donation message. For this study, three additional attributes where chosen for further investigation and based on their relevance for the research a decision was made whether or not to include them in the set of product attributes used in the analysis.

2.4.2 The brand

In reality, when consumers shop they are almost always faced with a variety of brands offering similar products. Brand name has been examined in literature to show that it plays an important role in consumer purchasing intentions and behavior (e.g. Grewal et al., 1998; Macdonald and Sharp, 2000). In their research Macdonald and Sharp (2000) even show that brand awareness is a dominant choice tactic for common, repeat purchase products. This finding raises some concerns regarding the use of brand as a product attribute for this research. The brand awareness in this case is a hidden factor that is proven by Macdonald and Sharp (2000) to significantly influence consumer choice. But brand may also represent a variety of additional hidden factors like perceived quality, brand loyalty, etc. (Struhl, 1994). Such factors have the potential to overshadow the importance of other product attributes, especially for frequent purchase products, where consumer involvement is relatively low and cognitive steps of the decision making process are often skipped.

Because the purpose of this research doesn't involve brand choice and/or market shares, brand is not an essential attribute, and it is considered more appropriate to keep it constant across different choice options. As to the author's knowledge, this is the first study to test the effects of framing message in monetary vs. non-monetary terms, so their impact on consumer choice will be more clearly observed in a more controlled environment. The inclusion of a reference brand however is proposed for this analysis because of two reasons. First, it will serve as a basis of obtaining price levels for the products used in the conjoint study. Second, it will allow customers to relate easier to a situation where they have to make a purchasing decision.

2.4.2 The cause

Nowadays, marketers have such a huge pool of NPOs on their disposal that just the choice of a cause to support can be baffling and confusing. This is also valid the other way around, but this paper is from the company's perspective. Based on these observations Polonsky and Macdonald (2000) suggest that CM link is not always successful (see also Hoek and Gendall, 2008). In order to be able to choose a proper cause to link to a product, marketing managers should first have a set of differentiation criteria. Even more, they should be clear on the impact of these criteria on consumer choice of products, so they can choose the one that will maximize the ROI.

The role of brand-cause fit has been researched quite extensively, especially in the last decade. Compatibility of the cause and the company/product is commonly seen by academicians as an integral part of decision making process, influencing consumers' evaluation towards the CRM campaign and their purchase intentions (e.g. Gupta and Pirsch, 2006; Barone et al., 2007). Although Barone et al. (2007) report some controversy as to whether is better to engage with a cause with high or low fit regarding the company's core business practices, seems like they are one of the few. Trimble and Rifon (2006) show empirical evidence to the common assumption that high fit between the company and the cause will improve consumer perceptions of the donor. These findings are also supported in the research of Hamiln and Wilson (2004), who identify the high fit between the cause and the product as an important aspect for the success of CRM initiatives, even suggesting that fit "is the single most important aspect". Using choice-based conjoined analysis, Pracejus and Olsen (2004), extend previous findings, by focusing on the effectiveness of CM campaigns. The authors conclude that donation for high-fit cause can result in 5-10 times donation to a low fit cause, tested in terms of trade-offs against price discounts. Relying on these findings, the type of cause that the company is supporting (in terms of low or high fit) is considered to be a significant factor influencing consumer choice and is included in the set of attributes. It is expected that in general, consumers will be more likely to choose a product that is linked to a high-fit cause.

Adopting a different perspective, the study of Bigné-Alcañiz et al. (2012), considers cause-brand fit as moderating instead of mediating factor in consumers responses to CRM, showing that consumer purchase intentions are reinforced by high perceived fit of product and cause. In the concept of this research, it is more suitable to also consider the fit as a moderator. The

cognitive process behind consumers' decision to choose the product with the high fit is based upon the assumption that congruence between product and cause increases the credibility of the relationship (Barone et al., 2007; Bigné-Alcañiz et al., 2012). Going back to the study of Ellen et al. (2000), donations different than cash are also perceived to be more genuine, thus increasing the credibility of the CRM campaign, and is expected that donation messages framed in non-monetary terms will convey the same message. As the type of cause and the donation message are very complementary in a CRM campaign, it could be expected that consumers will find it easier to relate donation messages expressed in non-monetary terms to causes that fit better with the product category. It is thus logical to assume that, in addition to the main effect of the cause on consumers' choice, there will be an interaction effect between the fit and the donation message, which will amplify the impact of the framing of the message on consumer choice:

> H2.a: Consumers will derive higher utility from choosing products that are linked to a high-fit cause.
>
> H2.b: The type of cause will moderate the effect of the framing of a donation message on consumer choice. Consumers will assign higher importance to a donation message framed in non-monetary terms for products supporting a cause with high fit.

2.4.3 The price

Price is one of the most traditional product attributes, when it comes to product related research. For any normal goods, applying basic economic principles leads to expecting that price will have a negative effect on consumer choice. Put in simpler words, it is assumed that when price level is higher, the utility of choosing a product will decrease. The question of interest for this research is whether the price level of the product will have an impact on the effectiveness of different donation messages. Chang (2008) investigates the effectiveness of CM incentives for high versus low priced products, showing that in general the effectiveness is expected to be higher for low-priced products. As possible reasons Chang (2008) gives the suggestion that for high-priced products the link to a cause is seen as an exploitation of the cause to manipulate consumers to purchase more expensive goods. Alternative explanation given by the author is the fact that when faced with low priced products, the perception of donation is seen as almost cost free, while for higher priced products, consumers perceive the donation as more costly for them. In both these situations, developing a promotional message

that shows more effort in supporting the chosen cause, may improve the perceptions of people, seen that when there is no monetized donations, consumers don't get the feeling that the cost of the donation is put over to them (Chang, 2008). In the same time, when buying more expensive products, consumers are more likely to follow a cognitive approach in decision making, and therefore more likely to be positively influenced by a donation message that shows direct benefit for the cause.

H3.a: Price will have negative effect on consumer choice (Consumers will derive higher utility from choosing products with lower price).

H3.b: The price of the product will moderate the effect of the framing of a donation message on consumer choice. When the product price is higher, a donation message expressed in non-monetary terms will be more effective than a message expressed in monetary terms

2.5 Moderating factors

Previous purchasing behavior

In a relatively recent study, Hoek and Gendall (2008) undertake a different approach in examining cause-related marketing, suggesting that CRM may be more logically aligned with a behavioral response from consumers. The authors analyze past purchases of embedded premium products as a predictor of choice behavior. Even though the hypothesis that consumers who had previously purchased brands because of their support of a cause will be more responsive to CRM was rejected, it poses a valid observation. The role of past behavior is commonly omitted in existing literature, despite of evidence for its impact on purchase intentions and future behavior (Ajzen, 1991; Ouellette and Woord, 1998). This is why it will interesting to test whether previous purchase of EP products will have a moderating effect on consumer choice. Relying on the TPB (Ajzen, 1991) it can be induced that people who have previously bought a product because of its support to a cause will be more likely to choose to buy one again. The direction of this effect however is not so obvious. Based on logical thought process, customers who have already purchased embedded premium products are considered as more socially responsible and are more likely to be actively involved with CM. It is therefore assumed that they will assign more value to the communication of the

campaign, expressed by the promotional message, and will be more likely to choose the message stating the benefit to the cause, over the one stating money contribution:

> H4: A donation message framed in non-monetary terms is more important for consumers who have previously purchased cause-marketed products.

Gender

Previous literature has identified gender differences in the way people engage in helping and supporting others (Ross III, Patterson and Stutts, 1992; Berger, Cunningham and Kozinets, 1999), favoring women as more willing to behave in such 'prosocial' way. According to Berger et al. (1999), CRM can be viewed as "a form of commercial purchase with connection to prosocial values". The authors find supporting evidence that women are expected to show more positive attitudes and express higher purchasing intentions for products with CRM advertising than men. Similar findings are also reported in the research of Ross III et al. (1992). In addition, testing gender differences in information processing strategies for advertising responses is the study of Darley and Smith (1995). The researchers show that women are considered more comprehensive information processors, and thus are more likely to respond to both subjective and objective cues, while men tend to use heuristic processing and miss subtle cues. This leads to the assumption that women, being more emotionally engaged with CRM, and more responsive to subtle promotion messages, will be more likely to respond positively to EP promotion that communicates what is the benefit to the cause, instead of how much money are donated, thus leading to the following hypothesis:

> H5: Women will assign higher importance to a donation message framed in non-monetary terms than men.

Figure 2: Conceptual framework

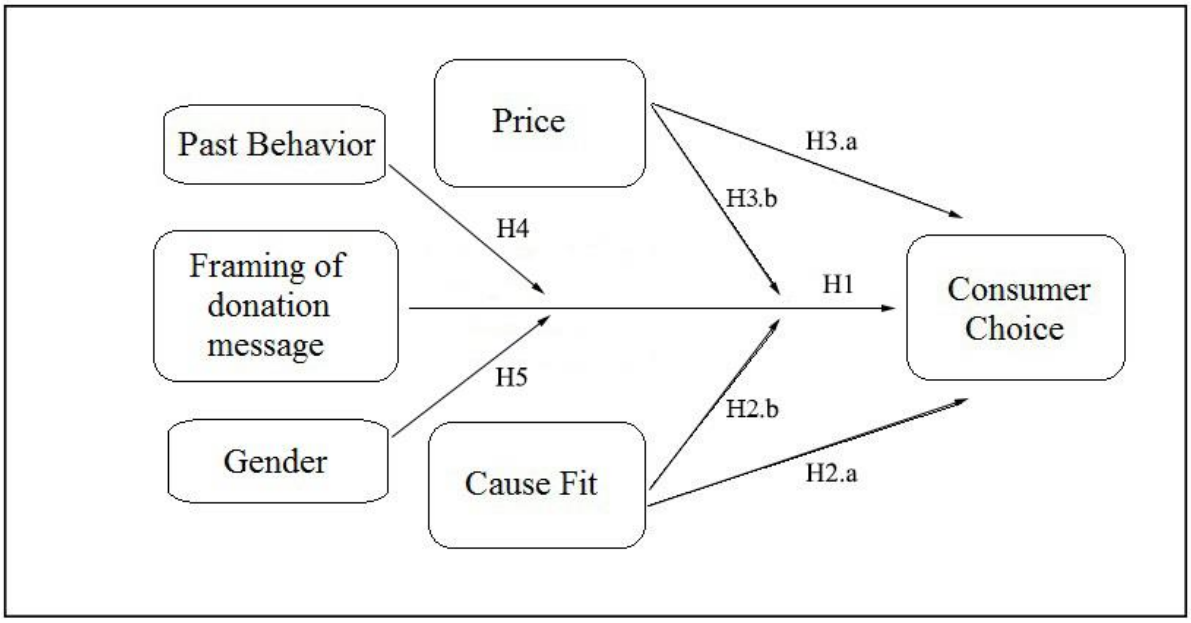


Table 2.1 Summary table of contribution

Study	Method	Price	Cause fit	Framing Donation message	Past behavior or gender
Gupta and Pirsch (2006)	Analysis of variance ANOVA	no	yes	no	no
Pracejus and Olsen (2004)	Choice based conjoint	yes	yes	no	no
Chang (2008)	Choice based conjoint	yes	no	Absolute dollar amount vs. percentage of sales	no
Arora and Henderson (2007)	Choice based conjoint	no	no	Donation vs. price discount	no
Grau, Garretson and Pirsch (2007)	Explorative study	yes	no	Exact vs. Calculable quantifiers	no
Mohr and Webb (2005)	Analysis of variance MANOVA	yes	no	no	no
Hoek and Gendall (2008)	Discrete choice experiment	no	yes	no	yes
This thesis	Choice based conjoint	yes	yes	Monetary vs. non-monetary	yes

3. METHODOLOGY:

As already mentioned in the introduction, the marketing tool that will be used to test the research question is choice-based conjoint (CBC) analysis. Conjoint analysis allows marketers to estimate the impact of selected product characteristics on consumer choice for products, and is predominantly used for researching new product design, pricing, market segmentation and effectiveness of advertising campaigns (Cattin and Wittnik, 1982). In conjoint studies products are presented as a combination of a number of attributes (product characteristics), each with a limited number of levels (Haajer and Wedel, 2000). Unlike traditional conjoint, where respondents are asked to rate or rank different alternatives based on their preferences, in CBC participants are required to choose the most preferred product from a smaller choice set, allowing for a more realistic representation of purchasing behavior, because in reality, people don't usually rank alternatives when buying a product, they make choices. This is generally considered as a major advantage of CBC over standard conjoint (e.g Louviere and Woodworth, 1983; Carson et al., 1994). Additional advantages of CBC often cited include part-utilities reflecting impact on choice, rather than change in ranking, choice probabilities being directly estimated and more flexible design for a wider range of choice context (DeSarbo, Ramaswamy and Cohen, 1995; Haajer and Wedel, 2000). Conjoint analysis was selected for this study because it also allows for calculating attribute interactions, so it is possible to observe the effect of the framing of the donation message when combined with different product characteristics.

There are also some disadvantages regarding CBC analysis. Designing the study can prove to be complex, requiring two designs, instead of just one with the traditional conjoint: one design is needed for developing the profiles and another is needed to combine those profiles in various choice sets (Haajer and Wedel, 2010). There are several steps to be taken in order to develop a study that will provide reliable results. First, a short motivation will be presented for the choice of product category that will be investigated. Second, the attributes and the corresponding levels for each attributes will be defined. From there, the next step will be the evaluation of the design of profiles and choice sets will be discussed. Data collection and the statistical modeling will be presented in the end.

3.1 Choice of product category

There is no specific market segment on which this study is focusing. Therefore it is important to select products that are widely used in everyday life and appeal to the general population.

For this purpose, it seems appropriate that a FMCG product is selected, assumption that is also confirmed by comparing the products/product categories investigated in recent conjoint studies from the CRM research stream (Table 3.1). It is visible from the table that previous research has been predominantly focused on FMCG, and in particular drinks markets. Following Arora and Henderson's (2007) approach, water was chosen as a product category for this study. There is no segmentation regarding the use of water and because of worldwide clean water issues, it could be easily related to different causes. In addition, it will be interesting to compare results from an existing study (Arora and Henderson, 2007) with results of this study focusing on a different perspective of embedded premium promotions. The brand Evian was chosen to represent the water product category in this study. Evian is a very well-known international brand, and is expected that it will be easier for people from different backgrounds to relate to an actual purchasing situation.

Table 3.1: Summary of product/product categories used in recent CRM research on consumer choice

Author(s)	Method	Product/ Product category
Pracejus and Olsen (2004)	Choice-based Conjoint	Theme park tickets
Bloom, Hoeffler, Keller, and Meza (2006)	(Traditional) Conjoint analysis	Beer / Chocolate milk
Arora and Henderson (2007)	Conjoint Choice task	Water
Chang (2008)	Full factorial choice analysis	Shampoo/ toilet paper classical cd/ movie ticket
Hoek and Gendall (2008)	Choice-based Conjoint	Coffee
Krishna and Rajan (2009)	Choice Experiment	Beverage (unspecified)
Henderson and Arora (2010)	Hierarchical Byes conjunctive choice model	Shampoo/ Body wash/ Lotion

3.2 Attributes and levels

Price – This attribute reflects the amount of money consumers will have to pay for the bottle of water of their choice. The price level as included in the model is based on the average price level of the reference brand in the Dutch market. Then additional, higher price levels were included in order to investigate the willingness of people to pay more for cause-marketed products and for different donation structures.

Cause – This attribute represents the cause that the company is supporting. The two levels are chosen to be a high-fit cause and a low-fit cause, fit representing the congruence between the cause and the product itself. For this study causes are deliberately chosen to be fictional. This way consumer involvement with a specific cause or difference in familiarity between causes is controlled for. The two fictional causes were created in such a way, that one has a high fit with the product (Clean Drink), and the other has low fit with the product (Fair Farmers).

Donation message (DM) – This attribute represents the different framings of the donation message - monetary and non-monetary expression, stating the benefit to the cause. The monetary donation is chosen to be 10% of price, because after reviewing existing cause marketing campaigns, this was the most neutral form of a donation, irrelevant of product category and price. For the non-monetary framing of the donation message, a donation of 5 liters of clean water is formulated. The idea was taken from an existing CM campaign of Ariel, where P&G promise to donate 10 liters of clean water for every special pack sold, via Partners for Safe Drinking water (PSI website, 2013). Providing clean water instead of money was considered appropriate choice for several reasons. First it is extremely relevant for the product category that will be investigated. Second it fulfills the requirement of communication of non-monetary contribution to the supported cause. And third – it states directly how the contribution from the company will help people.

Table 3.2: Product attributes and their levels

Attributes	Levels
Price	€0.89 and €0.99
Cause	Clean Drink – non-profit organization bringing clean, safe drinking water to people in developing countries Fair Farmers – non-profit organization that supports local farmers in remote and dry locations
DM	10% of price – For every unit sold, 10% of price will go to the supported cause 5l clean water – For every unit sold, Evian will provide 5 liters of clean water to people in need via the supported cause

3.3 Evaluation task

The attribute levels combine to a 2x2x2 design = 8 alternative profiles. The number of profiles is not that high, which allows for a full factorial design. When the number of possible

combinations is relatively low, full factorial design has an advantage, because it allows for the profiles to be both level balanced and orthogonal, which are two of the main criteria for efficient design (Huber and Zwerina, 1996). The level balance means that all the levels of an attribute are represented with equal frequency across the profiles. In an orthogonal design, on the other hand all pairs of attribute levels appear together an equal number of times across profiles. In this 2x2x2 design with 8 profiles for example, price level of 0.89 appears four times, and so does price level of 0.99 (this holds for the other two attributes as well). In the same time, all pairs of levels appear exactly two times, which means that both the criteria are satisfied. Full factorial designs also allow for calculation of all interaction effects between attributes. In the table below the list of all profiles is presented.

From the full factorial design of the profiles, 16 choice sets are developed, so every respondent will have to make a choice 16 times. Again, choice sets where designed orthogonally, so that every profile and every attribute appeared an equal number of times. For every choice set, there are two alternatives. Including a *'none'* option as a third alternative to the choice tasks has been taken into consideration, to create a more realistic representation of actual choice (DeSarbo et al., 1995). However, in this case there is no need for market simulation, because deriving market shares is not an objective of the study. Adding a base alternative on the other hand is necessary in order to observe the added value of an CRM campaign to companies. The aim of the study is to investigate the impact of specific donation message on choice, but a base option of buying a product with no CM message (just price) should be included as a third alternative for direct comparison.

Table 3.3: List of all possible profiles of the conjoint study

Profiles	Price level	Cause	DM
Base Profile	0.75	-	-
Profile1	0.89	Clean Drink	10% of price
Profile 2	0.89	Clean Drink	5l clean water
Profile 3	0.89	Fair Farmers	10% of price
Profile 4	0.89	Fair Farmers	5l clean water
Profile 5	0.99	Fair Farmers	10% of price
Profile 6	0.99	Clean Drink	5l clean water
Profile 7	0.99	Fair Farmers	5l clean water
Profile 8	0.99	Clean Drink	10% of price

3.4. Data collection

In order to collect data for the research a questionnaire was created on the online survey platform Qualtrics, and it can be found in Appendix A. The survey was conducted online and spread through social media platforms, direct and indirect mailings. Participants were asked to contribute to a research on different cause-marketing campaign messages, and in the beginning of the survey they were presented with a list of the attributes, and a description of the different causes and donation messages used in the choice sets.

The survey can be loosely divided into three parts based on the type of questions respondents were asked. In the first part, people were asked to imagine a purchase situation and make a series of choices (16) in the form of a multiple choice questions, indicating the option that they liked the most. For each choice task, people were presented with one fixed option (the base alternative) and two different profiles of the conjoint study design. The second part of the questionnaire incorporated two multi-item 5-point Likert scales, each containing three questions, used to assess consumers attitude towards cause marketing. The first three questions relate to purchasing intentions of people for cause-marketed products and the scale is adapted from a research of Roy and Graeff (2003). The second scale is measuring consumer skepticism towards CM campaigns and the credibility perceptions for this type of promotions (Putrevu and Lord, 1994). In the last part of the survey, respondents were asked some general questions for several demographics – age, gender, income level, nationality and previous experience with purchasing cause-marketed products.

Table 3.4: Questionnaire structure

Question type	Source	Structure
Conjoint questions	Full factorial 2x2x2 design	Multiple choice options of different alternatives
consumers purchasing intentions towards cause marketed products	Roy and Graeff (2003).	3 items 5-points Likert scale
consumer skepticism towards CM campaigns	Putrevu and Lord, 1994	3 items 5-points Likert scale
Demographic questions	Age, gender, income, nationality, past behavior	Multiple choice or open end questions

Once the survey was developed, a pretest was conducted, mainly to see whether the difference between price levels in the conjoint design was perceived as acceptable by respondents, but also to test the general attitude towards all the attribute levels. The trial survey was sent to seven people, who filled it in, and agreed to answer a couple of questions afterwards. During the post-survey interviews, people were asked for the reasoning behind the choices they made, their general perception towards the two causes and the different framings of the donation messages. In the process, it became clear that the difference between price levels was perceived by people as insignificant, and could potentially result in very low variance of the dependent variable, compromising the validity of the analysis. Taking precautionary measures, prices were adjusted, decreasing the price level for the base alternative from 0.79 to 0.75 euro and increasing the highest price level from 0.95 to 0.99.

3.5. Statistical modeling

In its essence conjoint analysis is a decomposition model that estimates consumer preferences for different product attributes, given their overall evaluations of a set of alternatives with predefined levels of these attributes. Trade-offs that people make can be decomposed into part-worth utilities that can then be studied. Part-worth utilities reflect the contribution of an attribute level to the total utility. The deterministic component of a consumer's utility for alternative *j* will be expressed as a linear function of observed variables, the attributes of *j* (Guadagni and Little, 1983). In general this is formulated as:

$$v_j = \sum b_{jk}\, x_{jk}$$

Where:

x_{jk}^{i} = observed value of attribute *k* of alternative *j* for consumer *i*, and

b_{jk} = utility weight of attribute *k* of alternative *j*.

The Random Utility model (McFadden, 1976) is then adopted for the choice model, The Random Utility Maximization assumes that consumers will purchase those products that result in the highest utility. In discrete choice studies, this utility is described as a function of the product's characteristics (deterministic utility), as well as a random error component that

captures unexplained variance in the consumer utility function (DeSarbo et al., 1995).

As outlined by Guadagni and Little (1983), if an individual *i*, is confronted with a choice from a set S_i of alternatives, then alternative j ($j \in S_i$), holds for the individual a preference or utility of:

$$u_j = v_j + \epsilon_j,$$

Where:

v_j = deterministic component of i's utility (defined earlier), to be calculated from observed variables, and

ϵ_j = random component of i's utility, varying from choice occasion to choice occasion, possibly as a result of unobserved variables.

Confronted by the set of alternatives, individual i chooses the one with the highest utility on the occasion, hence, the probability of choosing j is:

$$P_s(j) = P\{u_j \geq u_l, l \in S_i\}$$

Important assumption made in order for this probability axiom to hold is the *Independence from Irrelevant Alternatives* (IIA). The IIA assumption is needed to ensure that the probability of choosing alternative j depends on the attributes of this alternative and on consumer characteristics, but not on the nature of choice set S_i or on the attributes of other alternatives.

To calculate the probability of choosing an alternative as a function of the attributes of all alternatives presented in the study, the conditional logit (CL) model is used. The CL model is less known and used than its popular alternative of Multinomial Logit model (MNL), when it comes to analyzing discrete choice of an individual among a set of alternatives. While the MNL focuses on the individual and uses individual characteristics as predictors of choice, CL is focusing on the set of alternatives for each individual, and the choice is modeled using the characteristics (attributes) of those alternatives as the explanatory variables (Hoffman and Dunkan, 1988). In its general form CL is shortly explained by Hoffman and Dunkan (1988) as follows:

Suppose Z_{ij} is a vector of the characteristics of alternative j for individual i, and V_{ij} is the value of alternative j for this individual. Then

$$V_{ij} = f_1 Z_{ij}, \text{ and}$$

$$P_{ij} = P(V_{ij} > V_{ik}), \text{ all } k \text{ not equal to } j$$

As the authors argue, the specific form of this equation will vary with the nature of the problem and the discipline. For this research, it will take the form, already outlined in the beginning of the section, of an utility function, using the random utility maximization principle. Therefore, for the ease of operation, the annotations used earlier will be adopted in the model.

Assuming independently and identically distributed extreme value error (McFadden, 1986) in the utility equation, the choice probability for individual *i*, for alternative *j* can then be calculated as follows:

$$Pij = \frac{\exp(u_j)}{\sum_j \exp(u_j)}$$

The choice based conjoint analysis is going to be performed in the statistical program SPSS. Performing a conditional logit model in SPSS however, poses some challenges, as the program doesn't support it like it supports normal logistic regression and some adjustments of the data should be made and explained before writing the equations for all the models. The main adjustment is defining the outcome variable (choice). Even though there are three choice alternatives in each task, instead of three categories, the outcome variable will take values of 1 if the event occurs (if the alternative was chosen), and 0 otherwise (alternative is not chosen) within each choice set. The choice sets are then grouped together, so that the choice variable is related to the specific choice set. An additional variable is included in the dataset, to define the base alternative or the fixed profile of the conjoint design for each choice set. The base alternative is then included in the model, to serve as a reference category. With this changes made, the equations for the different models calculated can be formulated:

Model 1: $Logit(P=1|0) = Base\_choice + \beta_1 * Price + \beta_2 * Cause + \beta 3 * DM$

The first model used in the analysis is investigating the main effects of the product attributes on consumer choice. In this model the dependent variable is the choice and independent variables are the product attributes, namely price, cause and donation message (DM). The *'Base_Choice'*, is the variable name of the base alternative, which, as already mentioned, will

serve as reference category for the utility. The first model will test hypotheses H1, H2.a and H3.a.

Model 2: $Log(P=1|x) = Base\_choice + \beta_1 * Price + \beta_2 * Cause + \beta_3 * DM + \beta_4 * DM * Price + \beta_5 * DM * Cause + \beta_7 * DM * Cause * Price$

The second model is an extension of the first one, but in addition to the main effects of the product attributes, testing hypotheses H1, H2.a and H3.a, it incorporates interactions between attributes as well. The underlining assumption when testing interaction effects, is that the total utility of an individual is higher than the sum of part-worth utilities of different attributes As the interest of this research is to investigate the effects of different framings of a donation message in a CM campaign, only interactions between the donation message and the other two attributes were included. The first couple of interactions (DMxPrice and DMxCause) are two-way interactions, and are used to investigate whether the effect of the donation message will vary significantly for different levels of the other two attributes (cause and price). This model will test hypotheses H2.b and H3.b. In addition a three-way interaction between all the attributes is included, to provide a complete information on interaction effects of the donation message.

Model 3: $Log(P=1|x) = Base\_choice + \beta_1 * Price + \beta_2 * Cause + \beta_3 * DM + \beta_4 * DM * Gender + \beta_5 * DM * Previous\_CM$

The third model is basically the same as the second one, but instead of interactions between product attributes, the interactions included here are between the donation message and consumer characteristics. Based on existing literature, two consumer characteristics were chosen as most likely to moderate the effect of the framing of the message, and are thus included in this model – previous purchasing behavior for cause-marketed products and gender. This model will test hypotheses H4 and H5.

4. RESULTS

4.1. Reliability and validity check for multi-item scales.

Two multi-item scales are used in this thesis: purchasing intentions for CM products and skepticism towards CRM campaigns. First, a principal axis factor analysis was conducted for these items to test validity i.e. whether the items of a scale measure what they meant to measure. We expect two separated factors, one for purchasing intentions and one for skepticism. Indeed, the SPSS output in appendix B.1 confirms that two factors can be extracted from the six items of the Likert scales. Factor 1 in the SPSS output is representing skepticism towards CRM and for ease of operation will be labeled Skepticism, while Factor 2 will be label Purch_intentions, representing the purchasing intentions of consumers for cause-marketed products.

The reliability of the constructs for each factor was tested using Cronbach's α and results are provided in appendix B.2. The α-value for both tests is higher than the acceptable level of 0.7, which indicates good reliability of the individual items. The α-value for Skepticism constructs is 0.847, while the one for Purch_Intentions is 0.763. In addition excluding any of the items used in the multi-item scales will decrease the α-value, showing that all items are contributing to improving the scale.

Since constructs are valid and reliable, we can take the average of items and use scale mean of purchasing intentions for CM products and skepticism towards CRM in further analyses:

$$Skepticism = (Q19\_1 + Q19\_2 + Q19\_3)/3$$

$$Purch\_intentions = (Q18\_1 + Q18\_2 + Q18\_3)/3$$

4.2. Descriptive statistics

The web-survey was active online in the period between 9th and 12th of August. During that time 169 participants filled in the questionnaire. From all the respondents 32 have left the survey before completing all the questions. As in the discrete choice analysis all of the choice tasks differed in alternatives and attribute levels of those alternatives, it is not an appropriate method to give missing values the mean of responses of this respondent. Therefore, all

incomplete responses were deleted from the dataset, leaving 137 completed responses that were used in the analysis.

Starting with an exploration of the demographics of the sample, 40.9% of respondents were male against 59.1% of females. More than half of the respondents, or 56,2% of the sample belong to the lowest income category, with a cumulative percentage of only 15.3% distributed in the three highest categories. The mean age of the respondents was 28 years, with a standard deviation of 9 years, and 24 years being the age with the highest frequency in the sample. Regarding previous CRM experience 83% of all the respondents stated that they have previously purchased a product with a CRM campaign.

When looking at the purchasing intentions of respondents for cause-marketed products, the statistics of interest are the means of the Likert scale items. Taking values from 1 ('Strongly disagree') to 5 ('Strongly agree'), the means of all three Likert scales are above the neutral point, indicating that overall respondents agree with the statements they were presented with. Mean values are summarized in table 4.1, indicating that overall, respondents are more willing to purchase products from companies implementing CRM, even at a premium price.

Table 4.1 Purchasing intentions for CM products

Purchasing intentions for CM products	**Mean(M), Standard deviation(SD)**
Item 1: "I would buy a product that supports a cause over one that doesn't when the price is the same"	M = 4.34 SD = 0.94
Item 2: "In general, I am willing to pay premium price to buy a product that supports a cause"	M = 3.58 SD = 0.95
Item 3: "In general, I prefer to buy products from companies that support worthy causes"	M = 3.91 SD = 0.99
Scale mean = 3.94	

When it comes to the skepticism towards the genuineness of companies promise to donate resources to a worthy cause, however, results are not so positive. In fact, all three questions of the second multi-item scale have a mean value of around the neutral 3 ('Neither agree nor disagree'), which is also the median value for the three items. It is important to note, that the first two questions were presented in positive wording while the skepticism is representing negative attitude. Therefore for the first two variables a reverse coding was used, and an increase in mean value actually shows higher level of disagreement with the given statement.

Mean values are summarized in table 4.2. Since all the mean values indicate slight disagreement compared to the median value (3), it can be assumed that in general people cannot express strong opinion on whether donation campaigns of companies are honest.

Table 4.2: Skepticism towards CRM campaigns

Skepticism	**Mean (M) and Standard Deviation (SD)**
Item 1: "I believe companies are sincere in their donations"	M = 3.10 SD = 0.84
Item 2: "I believe that companies donate what they have promised"	M = 3.19 SD = 0.76
Item 3: "I believe donation campaigns are dishonest"	M = 2.75 SD = 0.76
Scale Mean = 3.01	

People were also asked to choose the type of causes they were most passionate about, to help give an idea of the causes that get highest attention. For this sample, education is the most popular cause supported by respondents (49%), followed closely by cancer (46%). Childhood nutrition, animal welfare, people with disability also are all supported from more than 30% of respondents. Water, sanitation and hygiene, which is the category of this research, was chosen by 31% of the people, which shows relatively high level of interest, suggesting people will have stronger incentive to change their purchasing behavior in order to support CRM.

4.3. Testing the hypotheses

The hypotheses of this research were tested using Cox Regression analysis in the statistical program SPSS. In its nature, the Cox Regression is a stepwise analysis, where additional variables are included in the model block by block. However, when variables appear to have insignificant effect on consumer choice, meaning that they do not contribute to the goodness of fit of the model, they are not included in consecutive steps. The full model with all the blocks, including all variables tested is available in Appendix D. In this section, a separate overview of the results from each step is presented, following the approach described in the methodology section.

When developing the models however, couple of things has to be taken into consideration. First of all, it is important to note that the variables cause and donation message are only

relevant for two out of the three choice options in each choice set. Second, even though the price variable is relevant to all choice options, it does not vary in level for the base choice alternative, and for the other two, it never takes the value of the constant choice option, namely 0.75. Therefore, a separate variable is included in the equation, representing this constant alternative (Base_choice), and the effect of the rest of the variables is then compared between their different levels.

Model 1

Starting with the first model, in addition to the base choice variable, included in the equation are only the three main product attributes, namely the price, the cause and the donation message (DM). Running the Cox regression models, SPSS always starts with providing a value of the -2LogLikelihood for the null model, which doesn't include any of the independent variables. This step is needed to allow the program to construct the likelihood ratio tests for the effects of these independent variables. As you can see in Appendix D, the first of the SPSS output tables contains information for the overall score of the model, as well as the change from the previous step or block (in this case they are the same, indicating the change from the null model), expressed in the chi-square values and their significance levels. For model 1, both the overall score and the change from previous block are highly significant (p=.000), which means that as expected, including the three main product attributes in the equation improves the model significantly.

The individual effect of each independent variable can then be deduced from table 4.3 below. Starting with the overall effect of each variable, *price, cause and DM,* all have significance levels of 0.000, which means that every variable contributes substantially to the model explaining variance in consumer choice. Using the *B* coefficients from the table, the model equation can then be written as follows:

$$Utility = -0.704*Base\_choice + 0.696*price(1) - 0.517*cause(1) - 0.452*DM(1),$$

Where:

Price(1) is the first level of product attribute price, or 0.89;

Cause(1) is the first level of product attribute cause, where donation goes to the low-fit cause Fair Farmers, and

DM(1) is the first level of product attribute DM, or a donation expressed in monetary terms (10% of price goes to chosen social cause)

Table 4.3: Variables in Equation 1

	B	SE	Wald	df	Sig.	Exp(B)
Base_choice	-.704	.072	96.389	1	.000	.495
price			112.345	1[a]	.000	
price(1)	.696	.066	112.345	1	.000	2.006
cause			81.080	1[a]	.000	
cause(1)	-.517	.057	81.080	1	.000	.596
DM			56.150	1[a]	.000	
DM(1)	-.452	.060	56.150	1	.000	.636

a. Degree of freedom reduced because of constant or linearly dependent covariates

Because all the variables in the equation take values of either 1 or 0, the coefficients of each variable are representing the part-worth utility that each attribute level adds to the total utility of the respondents. In this case, all other things constant, price has the highest contribution with part-worth utility of 0.696 for the lower price level, while the donation message has the smallest impact of the three with a value of -.452 for donation expressed in monetary terms. The direction of the effects of all three main attributes however, are as they were expected based on the theoretical background. The signs of the coefficients are reversed because the coefficients are representative for the lower levels of each attribute. In simple words, the negative coefficient of variable *DM(1)* means that, on aggregate level, respondents will get -0.452 lower utility from a product with money donation, compared to one with a donation expressed in non-monetary terms, which is supporting hypothesis H1. Hypotheses H2.a and H3.a are also accepted. For cause, the negative coefficient of *cause(1)* can be translated into the lower utility (-.0517) that respondents will get from choosing a product where donation goes to a low fit cause, over the utility they will get if the donation went towards a cause that fits better with the product category. Same goes for price, where choosing a product with the highest price of €0.99 will result in 0.696 lower utility for respondents compared to the price of €0.89.

The negative coefficient of the *Base_choice* variable is representative of the added value of the existence of a CRM campaign to the consumers' utility. Even at the lowest price level,

where price is downwards sloping, choosing a product alternative that does not support any cause will result in negative utility for consumers. What is more, because the base alternative only incorporates the price attribute, the magnitude of the coefficient (-.704) is the difference in utility levels between the lowest price level of €0.75 and the highest level of €0.99 (the reference category). For the price of €0.89 the difference in part-worth utilities will be even higher: 1.4 (0.696+0.704).

Because of the nature of the logistic regression, interpreting how the coefficients of the variables actually translate into change in the probability of choosing a certain option is not straightforward and requires some additional information. For that purpose, the values of *Exp(B)* are used to observe the effect of the independent variables on the odds ratio, or the ratio between the probabilities of choosing vs. not choosing a product. Because all variables are dummy coded, for the ones with positive coefficients, such as price, the Exp(B) has value higher than 1, and shows that the odds of choosing a product are increasing when this attribute level is present. In model one the value of Exp(B) is 2.006, meaning that, all other things being equal, the odds of choosing a product with price €0.89 are two times the odds of choosing one with price level of €0.99. For variables with negative coefficients, the Exp(B) takes value between 0 and 1, and the effect on the odds ratio is reversed. When a product is linked to a low fit cause, the odds of choosing this product decrease with 100% - (100%*0.596) = 40.4%. Similarly, the presence of a donation message giving 10% of price to a social cause will decrease the odds of choosing this option with 100% - (100%*0.636), or 36.4% compared to the odds of choosing a product with a donation message in non-monetary terms. Based on the numbers reported, it can be concluded that all three hypotheses tested in model one (H1, H2.a and H3.a) are accepted.

Model 2:

The second model, as explained in the methodology section, includes the interaction effects between the donation message and the other couple of product attributes. Looking at the omnibus tests of models coefficients, it could be noticed that the change in -2LogLikelihood value from model 1 is only 5.3, while the value itself is as high as 4414.6. In addition, the change in the model fit compared to the first model has a significance value of p=0.256, well beyond the threshold of 0.05. It can therefore be assumed that including the interaction effects in the model equation does not add any significant contribution to explaining the variance in consumer choice. This statement is also confirmed by looking at the coefficients of these

interaction variables, all of which have significance levels higher than 0.05 (See Table 4.4). Based on all this information, it is safe to conclude that hypotheses H2.b and H3.b will be rejected. However, an interesting observation for this model is, that the main effects of the three attributes are still highly significant (p=0.000), with the same direction of effects as in model 1, but the magnitude of price's effect, or the part-worth utility for price has decreased, while the negative effect of a low fit cause has increased.

Table 4.4: Variables in Equation 2

	B	SE	Wald	df	Sig.	Exp(B)	95.0% CI for Exp(B)	
							Lower	Upper
Base_choice	-,784	,093	70,674	1	,000	,457	,380	,548
price			21,331	1[a]	,000			
price(1)	,577	,125	21,331	1	,000	1,780	1,394	2,274
cause			36,556	1[a]	,000			
cause(1)	-,761	,126	36,556	1	,000	,467	,365	,598
DM			18,518	1[a]	,000			
DM(1)	-,545	,127	18,518	1	,000	,580	,453	,743
DM*price			,108	1[a]	,742			
DM(1)*price(1)	,059	,180	,108	1	,742	1,061	,746	1,509
DM*cause			2,809	1[a]	,094			
DM(1)*cause(1)	,323	,193	2,809	1	,094	1,382	,947	2,016
DM*cause*price			3,534	2[a]	,171			
DM(1)*cause(1)*price(1)	,049	,184	,072	1	,788	1,051	,733	1,506
DM(2)*cause(1)*price(1)	,331	,177	3,516	1	,061	1,393	,985	1,970

a. Degree of freedom reduced because of constant or linearly dependent covariates

Model 3:

The third model aims to test the last two hypotheses, namely the interaction effects between the donation message and gender, as well as between DM and previous purchasing behavior regarding CRM products. Because in the second model, all the interaction effects between the main variables were insignificant, the last block is no longer included in the model, which means that the likelihood ratio is again constructed based on model 1. The -2LogLikehood value has decreased to 4237.239, a significant change in chi-square of 182.719 (p=0.000). Therefore it is assumed that the inclusion of gender and previous purchasing behavior (variable in SPSS is called *Previous_CM*) add a significant contribution to the model, which in turn is explaining the variance in the dependent variable better than previous models. Using

the coefficients from table 4.5, the equation for this model is then formulated. In contrast to model 1, where only one coefficient for DM is calculated, the interaction of DM with gender and previous_CM results in two coefficients each. The reason is because these interaction terms represent the difference in importance for different segments (men vs. women for instance) and not the difference between levels of DM. The overall effects of all the variables included in the equation are very significant, with only one variable having a significant level higher than 0.000, but still below 0.05 – the DM*Gender interaction effect (p=0.022). However the interaction between the second level of DM (*DM(2)*) and gender has a p- value of 0.108, and is therefore excluded from the model. The final equation is then presented:

$$Utility = 0.559*Base\_choice + 0.711*price(1) - 0.521*cause(1) - 0.778*DM(1) + 0.361*DM(1)*Gender + 1.749*DM(1)*Previous\_CM + 1.496*DM(2)*Previous\_CM$$

Where, in addition to all the variables already explained in previous models:

DM(2) is the second level of product attribute DM, or a donation message expressed in non-monetary terms;

Gender is a dummy variable, taking value of 1 if respondent is a women; and

Previous_CM is a variable indicating whether respondent has previously purchased a product because it was linked to a social cause.

Table 4.5: Variables in the Equation 3

	B	SE	Wald	df	Sig.	Exp(B)	95.0% CI for Exp(B)	
							Lower	Upper
Base_choice	,559	,144	15,120	1	,000	1,749	1,319	2,318
price			114,136	1[a]	,000			
price(1)	,711	,067	114,136	1	,000	2,037	1,788	2,321
cause			81,414	1[a]	,000			
cause(1)	-,521	,058	81,414	1	,000	,594	,531	,665
DM			18,543	1[a]	,000			
DM(1)	-,778	,181	18,543	1	,000	,459	,322	,654
DM*Gender			7,631	2	,022			
DM(1)*Gender	,361	,131	7,592	1	,006	1,435	1,110	1,856
DM(2)*Gender	,201	,125	2,587	1	,108	1,223	,957	1,562
DM*Previous_CM			164,663	2	,000			
DM(1)*Previous_CM	1,749	,166	111,135	1	,000	5,748	4,153	7,957
DM(2)*Previous_CM	1,496	,146	104,317	1	,000	4,463	3,349	5,947

a. Degree of freedom reduced because of constant or linearly dependent covariates

The first thing that is noticeable from the table is the positive coefficient of the base choice. With a value of 0.559 (p=0.000), choosing the constant alternative brings positive part-worth utility, contrary to previous models. An explanation could be that the part-worth utility for the highest price level has dropped substantially and can no longer compensate the added value of cause-marketing a product. Another striking observation is the extremely high positive values for the interaction effects between the donation message and the previous CM behavior. With both coefficients higher than 1, and values of Exp(B) of 5.748 and 4.463 for donation in monetary and non-monetary terms respectively, the odds of choosing products with either one of the donation messages increase more than 4 times for people who stated that they have previously purchased cause-marketed products compared to people who have never purchased goods linked to a worthy cause. These results however, should be interpreted with extreme consciousness because the variance of the Previous_CM variable is very low and thus could not be reliable in explaining the variance in the dependent variable. If all the observations have the same value, then no conclusion about how this variable affects choice can be deduced. In this case, it is also possible that because previous purchases of CM products is so common and DM is not relevant for the base alternative, the added value of a CRM campaign is actually incorporated in the coefficients of these interaction effects, which might explain why the values of these coefficients are that high.

When looking at the direction of the moderating effect of previous purchasing behavior on the importance of framing of the donation message, the odds of choosing the product with a donation message in non-monetary terms are 4 times higher for people who have previously purchased cause-marketed products, which means that hypothesis H4 is accepted. However, when comparing between the two interaction effects (*DM(1)*Previous_CM* and *DM(2)*Previous_CM*), the odds of choosing a product will increase more substantially if donation is money, compared to a donation message framed in non-monetary terms.

Even though gender does have an overall significant effect and positive coefficients of the interaction terms, only one-sided conclusions can be made for the moderating effect of gender on the importance of the framing of a donation message. With a positive coefficient of 0.361 and Exp(B) of 1.435, the odds of choosing a donation message framed in monetary terms are 43.5% higher for women than the odds of men choosing product with this type of donation.

For donation message framed in non-monetary terms however, the coefficient of the interaction term, although positive, is insignificant. That means that no statistically reliable conclusions can be made regarding which gender is more likely to choose products linked to a donation other than money, leading to the rejection of hypothesis H5.

Another way to test hypotheses H4 and H5 is to run two separate models for the two segments of interest, and then compare the results. Coefficients can then be compared between models to see whether differences are consistent with what was already reported. Summary of all the coefficients is presented in table 4.6. Starting with gender segmentation, the odds of choosing a product with a monetary instead of non-monetary donation will decrease with 43.1% for men, while for women those odds will decrease with only 31.7%. In simple words, these findings suggest that men are more likely to choose a product linked to non-monetary donation than women, which confirms the rejection of hypothesis H.5. Results for the segmentation between people who have previously purchased CM products and those who haven't , suggest that the first group is indeed more likely to choose a product if donation is expressed in non-monetary terms. The value of Exp(B) is lower for this group, which means that the odds of choosing a product linked to donating money will decrease more substantially with the presence of previous CM purchase, confirming that H4 should be accepted. Very interesting observation for these two segments can be made when looking at the base choice coefficients, which have different signs for people who have previously purchased CM products and those who haven't. This difference shows that people who have experience with cause-marketing assign a lot more value to the presence of a CRM campaign and are more willing to purchase a product even at the highest price just because it is linked to a cause.

Table 4.6: Separate models for different segments:

	Women		**Men**	
	B	Exp(B)	B	Exp(B)
Base_choice	-,881*	,414	-,482*	,617
price				
price(1)	,653*	1,922	,765*	2,149
cause				
cause(1)	-,487*	,614	-,566*	,568
DM				
DM(1)	-,381*	,683	-,564*	,569

	Have previously purchased CM product		Haven't previously purchased CM products	
Base_choice	-1,050*	,350	,437*	1,548
price				
price(1)	,761*	2,140	,424*	1,528
cause				
cause(1)	-,561*	,570	-,250*	,779
DM				
DM(1)	-,687*	,503	-,429*	,651

***statistically significant coefficient at p<0.05**

Model 4: Other control variables added to the model

Even though consumers' attitude towards CRM was not included in the theoretical framework of this paper, data on the purchasing intentions and the skepticism of respondents was already proven to be reliable and it will be interesting to observe whether it moderates the effect of the donation message on choice. Therefore an additional model was constructed, where both factors are included as variables interacting with DM. The change in chi-square compared to model 3 is significant at p=0.000 and results in decrease of the -2LogLikelihood of 284,771, showing that the inclusion of the factors have substantially improved the model. All the coefficients can be seen in table 4.7. Both variables have significant overall effect (p=0.000), as well as all the interaction terms at different DM levels.

Looking at the table of coefficients, again there are couple of interesting observations. The first one is that the magnitudes of the coefficients of the main effects of price, cause and DM have all increased, especially the DM, which now has the strongest impact of the three. The second observation is regarding the gender interaction. Contrary to previous model, gender interaction is now significant for a donation message framed in non-monetary terms and insignificant for money donations. However, the direction of the significant interaction is reverse to what was expected in hypothesis H5, with exp(B) = 0.76, which means that being a women actually decreases the odds of choosing product with non-monetary donation message by 24%. This in fact is in line with the results from the separate models for men and women, where it was concluded that men are more likely to be positively influenced by non-monetary donation messages.

Table 4.7: Variables in the Equation 4

	B	SE	Wald	df	Sig.	Exp(B)
Base_choice	,613	,076	65,057	1	,000	2,437
price			118,524	1[a]	,000	
price(1)	,746	,069	118,524	1	,000	2,108
cause			83,150	1[a]	,000	
cause(1)	-,534	,059	83,150	1	,000	,586
DM			19,027	1[a]	,001	
DM(1)	-,759	,174	19,027	1	,001	,439
DM*Gender			6,164	2	,046	
DM(1)*Gender	,014	,143	,010	1	,921	1,014
DM(2)*Gender	-,275	,139	3,914	1	,048	,760
DM*Previous_CM			52,195	2	,000	
DM(1)*Previous_CM	1,228	,181	46,221	1	,000	3,415
DM(2)*Previous_CM	,795	,169	22,051	1	,000	2,214
DM*Purch_Intentions			160,029	2	,000	
DM(1)*Purch_Intentions	,609	,089	46,555	1	,000	1,838
DM(2)*Purch_Intentions	1,206	,096	156,765	1	,000	3,339
DM*Scepticism			43,475	2	,000	
DM(1)*Scepticism	-,604	,096	39,471	1	,000	,547
DM(2)*Scepticism	-,468	,092	25,660	1	,000	,626

a. Degree of freedom reduced because of constant or linearly dependent covariates

Taking a look at the first factor, coefficient of the interaction between DM framed in non-monetary terms (DM(2)) and the variable explaining purchasing intentions of respondents is 1.206, with a value for Exp(B) of 3.339, meaning that one unit increase in the value of Purch_intentions variable will increase the odds of choosing a product with DM(2) more than three times. Translated in simple words, what that means is that when people agree they are more likely to buy products that support worthy causes over one that don't, they will be more than three times as likely to choose a product that is linked to a non-monetary donation.

Skepticism towards CRM campaigns on the other hand negatively influences the effect that DM has on consumer choice. What that means is that the more skeptical people are towards CRM campaigns, the less likely they are to choose products linked to either donation message. For donation messages expressed in non-monetary terms, the odds of choosing this type of product are decreasing with 37.4% for every unit increase in the value of Skepticism variable. Taking into consideration that skepticism is in general regarded as negative attitude,

these results are not surprising. What is interesting to observe is that a non-monetary donation message can actually decrease the negative effect of skepticism compared to monetary donation, where 1 unit increase in skepticism variable will decrease the odds of choosing the product with money DM with more than 50% (55.3%).

Table 4.8: Summary of hypotheses

Hypothesis	Conclusion
H1: Consumers will get higher utility by choosing products with donation message that communicates non-monetary benefit for the cause, rather than a donation message expressed in monetary terms	Accepted
H2.a: Consumers will derive higher utility from choosing products that are linked to a high-fit cause.	Accepted
H2.b: The type of cause will moderate the effect of the framing of a donation message on consumer choice. Consumers will assign higher importance to a donation message framed in non-monetary terms for products supporting a cause with high fit	Rejected
H3.a: Price will have negative effect on consumer choice (Consumers will derive higher utility from choosing products with lower price).	Accepted
H3.b: The price of the product will moderate the effect of the framing of a donation message on consumer choice. When the product price is higher, a donation message expressed in non-monetary terms will be more effective than a message expressed in monetary terms	Rejected
H4: A donation message framed in non-monetary terms is more important for consumers who have previously purchased cause-marketed products.	Accepted
H5: Women will assign higher importance to a donation message framed in non-monetary terms than men.	Rejected

4.4. Relative importance

In this section, the relative importance of the three product attributes across the different models will be shortly discussed. The relative importance of each product attribute is obtained using a simple formula calculating the ratio of the distance between the highest and lowest utility of this attribute to the distance between the highest and lowest utility of all the attributes. Taking DM for example, the difference in utilities between monetary and non-monetary donation message is divided by the sum of differences in utilities for all three product attributes. The results for the four different models are summarized in table 4.8:

Table 4.8: Relative importance of product attributes

Attribute\Model	Model 1	Model 2	Model 3	Model 4
Price	41.8%	30.6%	35.4%	36.6%
Cause	31.1%	40.4%	25.9%	26.2%
Donation message	27.1%	29%	38.7%	37.2%

Note: Model 1 – Including only main effects of product attributes; **Model 2** – including main and interaction effects between product attributes; **Model** 3 – main effects and interactions between DM and gender and previous behavior; **Model 4** – All included in model 3 plus interactions between DM and skepticism and purchasing intentions.

It is very interesting to observe the increase in the relative importance of the donation message as moderating factors were included in consecutive models. While in the first model the donation message was the least important factor of all three, by model 3 and 4, it already accounts for the highest of the weights consumer assign to the three attributes when making a choice. In the same time the relative importance of both price and cause is gradually decreasing, with the exclusion of model 2, which didn't contribute significantly to explaining the variance in choice over model 1.

5. CONCLUSIONS

5.1 Discussion

The aim of this research, was to investigate the effect that different donation structures have on consumer choice of cause-related products. As Arora and Henderson (2007) prove in their paper, cause-related marketing is a legitimate promotional strategy and in certain situations is even more effective than traditional sales promotion such as discounts and coupons. A growing evidence of cause-related marketing in both business and academic environment, has made it clear that 'doing good' is not the only objective of a CRM campaign anymore (Krishna and Rajan, 2009; Nan and Heo, 2007). These findings are also emphasized in this research, investigated by including the constant alternative of a product with no CRM. Results showed that people prefer products with CRM campaign over ones without. In more basic models, where only main variables where included this preference for CRM products were present even at highest price. When including more drivers of consumer choice in the model however, the value of CRM no longer compensates the negative effect of the highest price. In such case, the CRM preference is more dependent on consumers characteristics and its positive value is incorporated in the coefficients of these characteristics rather than in the price coefficients.

Using these finding as a basis, the next step is then trying to find a way to improve the effectiveness of a CRM campaign using different promotional tools that managers have at their disposals. And while there is clear emphasis on the choice of a proper cause the company decides to support, the possibility to capitalize on different donation messages seems rather neglected. In an increasingly crowded market place, linking a product to show support to a social or environmental cause has gone well beyond just money donations, while evidence on its efficiency has been lacking. That is why the donation message and its different framings was chosen to be the focus of this research. Supporting the main hypothesis (H1), it was shown that the structure of the donation message has a significant impact on consumer choice and the probability of choosing a certain product is higher when the donation message is framed in non-monetary terms, directly stating how the donation will benefit the social cause. The expected effect of the other two product attributes used in the study were more straightforward, taking into account the considerably larger number of previous papers investigating their impact. The direction of those effect were as formulated in the hypotheses: increase in price the probability of choosing a product decreases, while

respondents were more likely to choose products that are linked to a cause that closely fit the product category. These findings also support previous research on the product-cause fit such as the one of Trimble and Rifon (2006) and Hamiln and Wilson (2004), once again highlighting the importance of the proper choice of cause the company decides to support.

Unfortunately in this research the interaction effects between the product attributes turned out to be statistically insignificant. Based on the examined literature it was expected that the effect of the framing of the donation message will vary across different levels of price and for different causes, but based on the data available no such conclusions could be made. However, that does not necessarily mean that the effect of different donation structures won't be moderated by other product attributes not included in this study, or for a different product category. Water is a low involvement product with a very low price, so it is possible that consumers don't see it as such a big decision to trade off their preferences for a rather small change in price for example. As Chang(2008) argues that for higher priced products donations are seen as more costly for consumers, difference in price levels or different causes will be more likely to significantly moderate the effect of donation message framing.

Even more than interaction between product characteristics, marketers should understand how individual characteristics moderate the different aspects of a CRM campaign. From the two demographic control variables that were included in the theoretical framework, one hypothesis was supported and one was rejected, but both gender and previous purchasing behavior of cause-related products had significant effect on the importance of the donation structure. While the direction of the effect of previous CM purchases was positive for donation messages framed in non-monetary terms as expected, the effect of gender was not that straightforward. In the first model where gender variable was included as interaction with the donation message, the positive effect of being a woman was only significant for donation message expressed in monetary terms. However, in the later model, being a woman actually led to decreasing the probability of choosing a product with a non-monetary donation structure, a complete opposite of what was expected in hypothesis H4. While Berger et al. (1999) shows that in general women are more willing to act in a pro-social way, this study shows that different donation structures can actually provoke such behavior in men as well.

Going beyond testing hypotheses, two additional consumer characteristics showed significant moderating effect on donation messages – purchasing intentions for cause-marketed products and skepticism towards CRM. Both these factors are closely linked to the general attitude of

consumers towards cause-related marketing, and results show that the more positive their attitude is, the more likely people are to choose products linked to a social cause. In addition, non-monetary donation messages improve the transparency of the CRM campaign and increase the knowledge consumers have about the program. According to Brønn and Vrioni (2001), knowledge has a negative impact on a person's level of skepticism, and this could be the reason why the negative effect of skepticism is actually lower for donation messages expressed in non-monetary terms. Researching and developing new framings for the donation message to show more genuine interest to support a cause, can significantly improve the credibility of the CRM campaign and positively influence not only the ROI for this campaign, but also the overall image of the company, ultimately leading to some substantial long-term benefits.

5.2 Scientific implications

Building on a growing body of existing literature focusing on developing an efficient CRM campaign (e.g. Gupta and Pirsch, 2006; Arora and Henderson, 2007, 2010), this research identifies an additional factor that influences consumers' choice and can thus be used to increase the campaign's effectiveness – the structure of the donation message. Findings in this study help deepen the understanding of cause-related marketing as a promotional strategy, but can also allow academicians to acquire new knowledge about drivers of purchasing decisions of people. In addition, the paper develops a base set of consumer characteristics that influence the effect that donation framing has on choice, that provides scientists with insight on different market segments.

5.3 Managerial implications

The findings of this study provide enough evidence to managers about the importance of considering all the aspects of a CRM promotional strategy very carefully in order to develop an efficient campaign design. Structuring a donation message that communicates a direct benefit for the supported cause instead of monetary contribution is shown to positively influence consumers and increases the probability of a purchase. As already argued in the previous section, building such donation message improves the transparency of the campaign and decreases the negative effect of skepticism. That means that the more information a consumer has about how the cause will benefit from the CRM, the less skeptical he will be, which will result in more willingness to support it by buying a product.

Another important recommendation deduced from this study is the need for careful segmentation of the market. To be successful in developing a CRM promotional strategy marketers should clearly define their target group and use different donation structures to reach it. Based on the findings of this paper, a donation message expressed in non-monetary terms will be more effective for men and for people who have already purchased products because they were linked to a social cause. Proper segmentation will also allow managers to better understand whether for people the form of donation is more important than the type of cause the donation goes to. As it appeared in the beginning, the type of cause was more important, but including different segmentation criteria, the structure of the donation message became more valued.

The most fundamental lesson that managers can take is that CRM has turned into a very popular marketing tactic, and as such it needs some carefully selected promotional tools that can maximize its efficiency. This paper tried to show statistically reliable evidence that the framing of the donation message is one such tool, and building the donation structure should be based on solid strategic considerations.

5.4 Limitations and directions for future research

Like with any other research, there are some limitations of this study that have to be taken into consideration. First of all, the general scope of the research was limited due to the fact that this was a Master's paper. As data was primarily collected in direct environment, sample might not be optimal in representing the general population. The cross-sectional nature of the data could also possibly be hampering optimal results. As cause-related marketing has been proven to be a legitimate promotional strategy it will be wise to investigate its effect on consumers over time. It might be that attitude towards the CRM campaign changes with time and an effect is carried over after the campaign has finished. In any case, longitudinal data will help deepen the knowledge and understanding of how CRM campaigns influence consumers' behavior.

Another limitation is the fixed brand used in the survey. Although for this study, the decision to keep the brand constant across different choice options was appropriate and well-reasoned, in real life people are required to choose between several brands more often than not. Brands are already proven to bring certain values and provoke different emotional as well as cognitive responses in consumers. It is possible that the effect of a donation message in a CRM campaign will differ across brands. It will therefore be interesting to expand this study

and to observe the changes that will result from including different brands in the research model.

In addition to brand restrictions, product category is also one of the constraints of this study, offering a lot of opportunities for further research. As one of the very few researches to address the effect of donation framing on consumer choice, water was a great product category for this paper, mainly because it is very easily related to a very popular worldwide issue. However, the majority of consumer goods are not that easily attached to a social or environmental cause that fits the nature of the chosen cause-marketed product. In such cases it might be harder to develop a donation message expressed in non-monetary terms. It will be beneficial for managers and academicians to investigate whether the positive effect of this type of donation messages on consumer choice will also be observed for different product categories and different type of causes. Moreover, as outlined in section 2.3, non-monetary donation messages can have several structures, so future research could also look into the different effect those might have on choice of consumers, when compared to one another and not only to monetary donations.

As we saw from the last model tested, there are additional factors moderating the effect of the framing of a donation message used in a CRM campaign that were not initially included in the theoretical framework. This leads to the assumption that these might not be all the factors explaining consumer choice behavior, and it will be wise to investigate how to further improve the model by adding more individual characteristics as control variables.

Lastly, even though a choice-based conjoint study most closely mimics real choice situations, it is by no means representative of an actual purchasing behavior. Conducting survey in an online environment always comes at the cost that people might be inclined to give the answers they think will show them in better light. In the same time, cause-related marketing has gained enough popularity that there are all types of different donation messages in the market place. A research collecting and processing real market data could yield different results regarding the effect of a give donation message. But even if results are similar, the information will be much more accurate and reliable, so performing real data analysis should be taken into serious consideration.

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APPENDICES

Appendix A: Survey

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Dear Participants,

For my Master's Thesis I am conducting a research on different cause-related marketing campaign messages. Cause-related marketing campaign occurs when a company links a specific product to a worthy social or environmental cause and makes a donation for every sold unit. Your preference and opinion is of great importance for this study and it will be very much appreciated.

Filling in the survey will take 10-15 minutes of your time and the answers you give will stay completely anonymous, so please answer openly and truthfully.

In order to answer the questions, imagine that you are about to buy a 1L bottle of Evian water (Evian is a very popular, international water brand). You will be required to make a series of choices from a different set of alternatives. Please always choose the one that you think is the best option for you. Every alternative will differ from the other two in terms of the price you will have to pay, the cause that the company has chosen to support, and/or the donation terms. In the table below you can find a brief description of the different causes and the different donation messages:

Cause	*Description*
Clean Drink	Clean Drink is a non-profit organization bringing clean, safe drinking water to people in developing countries.
Fair Farmers	Fair Farmers is a non-profit organization that supports local farmers in remote and dry locations
Donation Message	***Description***
10% of price	For every unit sold, 10% of the product price will go to the supported cause
5l clean water	For every unit sold, Evian will provide 5 liters of clean water to people in need, via the supported cause

Choice 1:

qualtrics.com

Imagine that you want to buy a bottle of Evian water (1L), and you are presented with 3 different options. Which one would you choose?

€ 0.75 Not supporting any cause	€ 0.89 Cause: Clean Drink Donation: 10% of price	€ 0.89 Cause: Clean Drink Donation: 5l clean water

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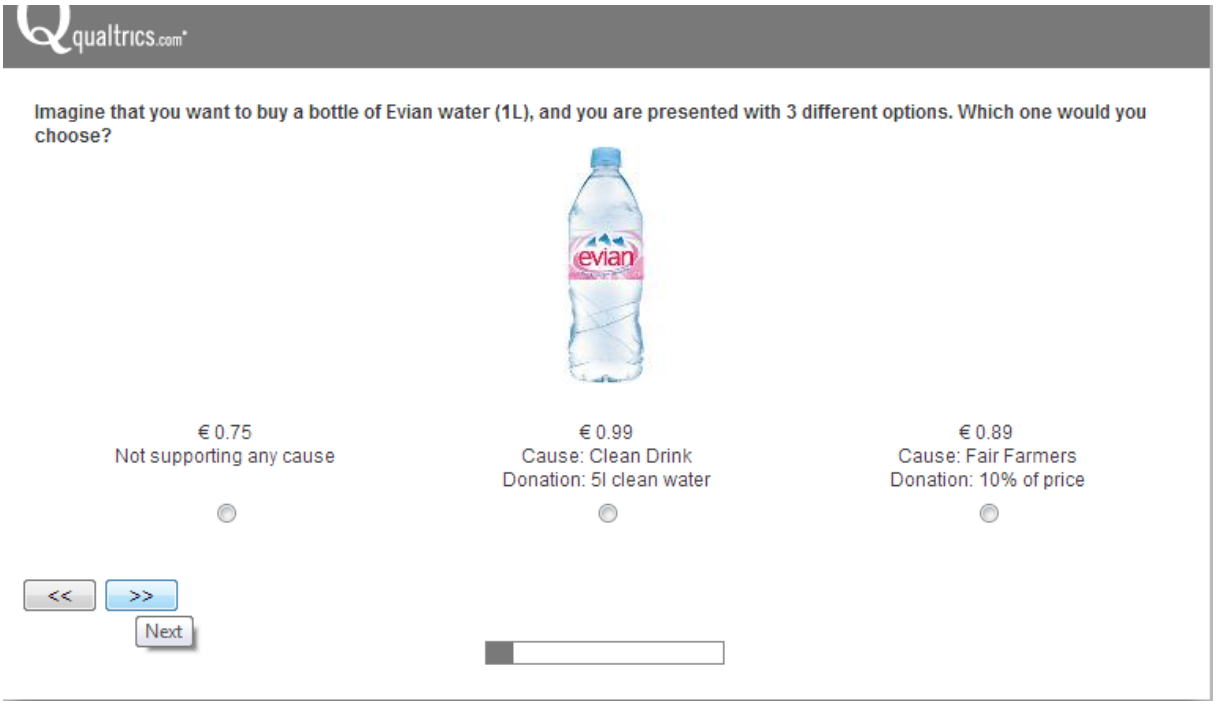
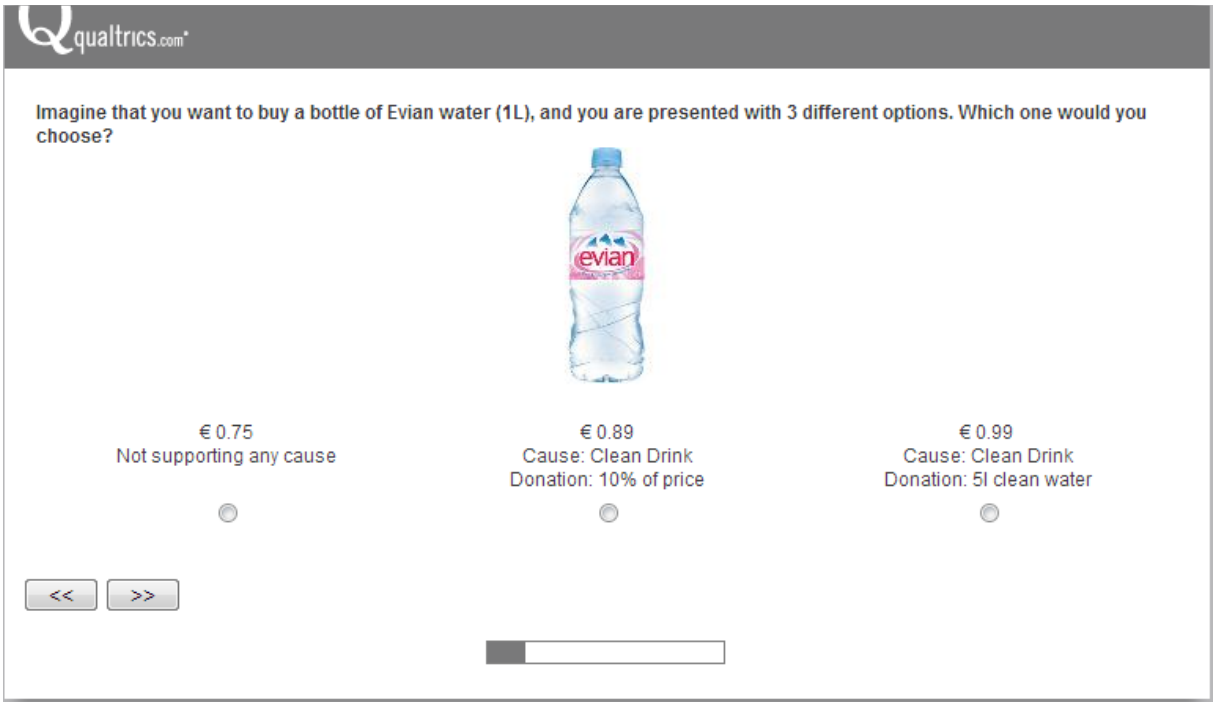
Choice 2:



Choice 3:



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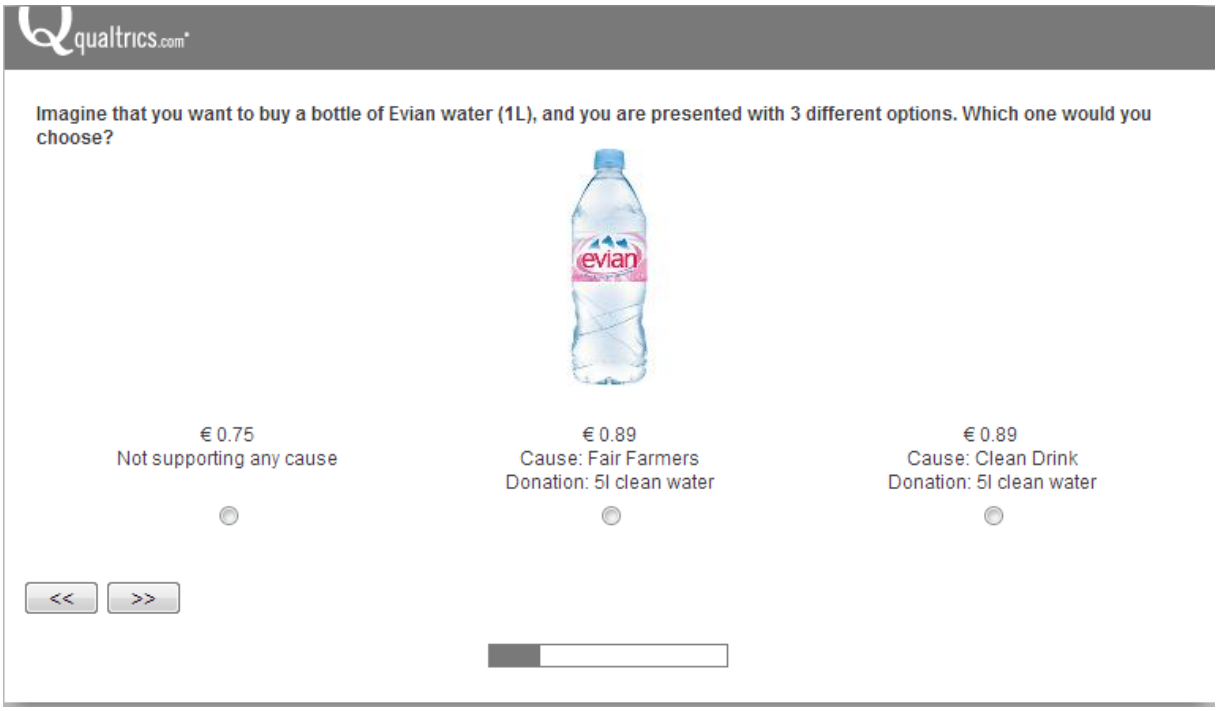

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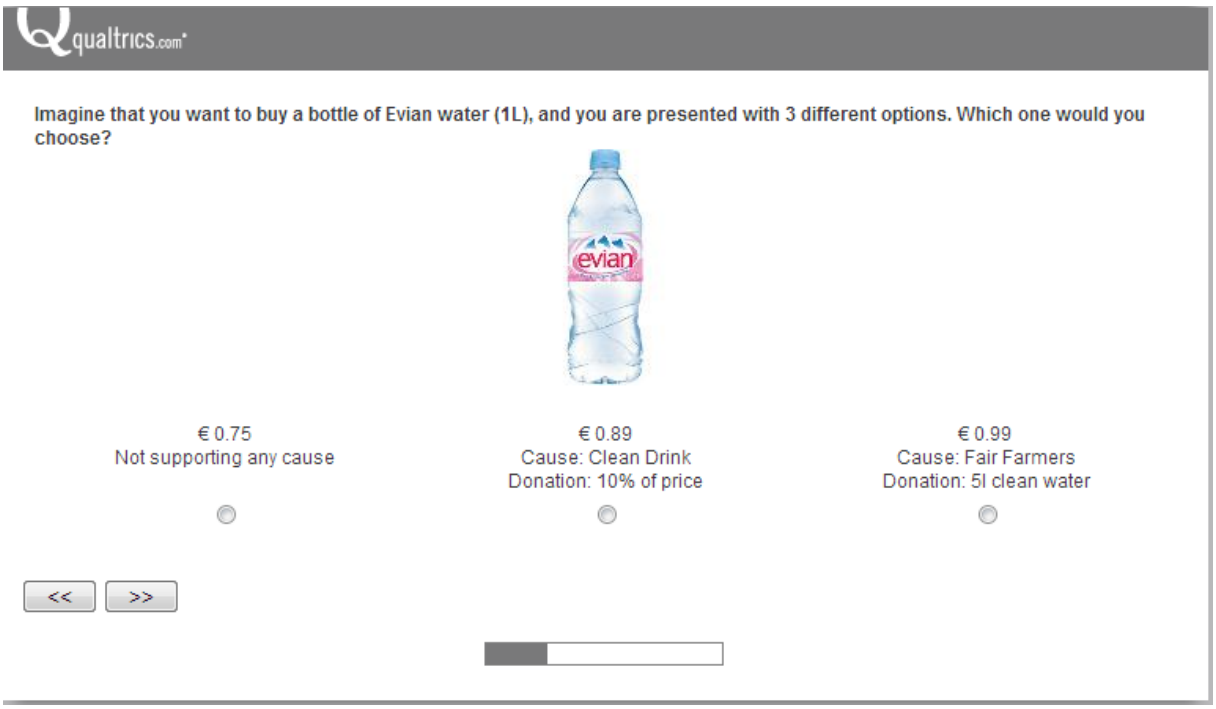

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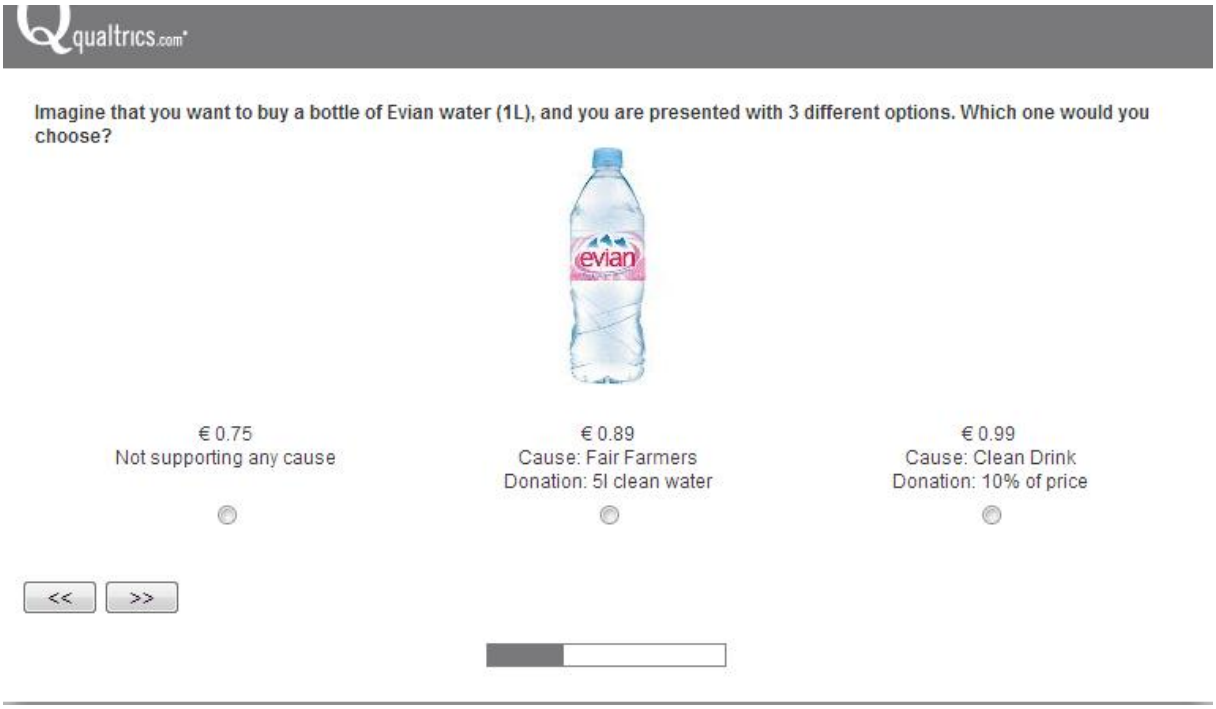
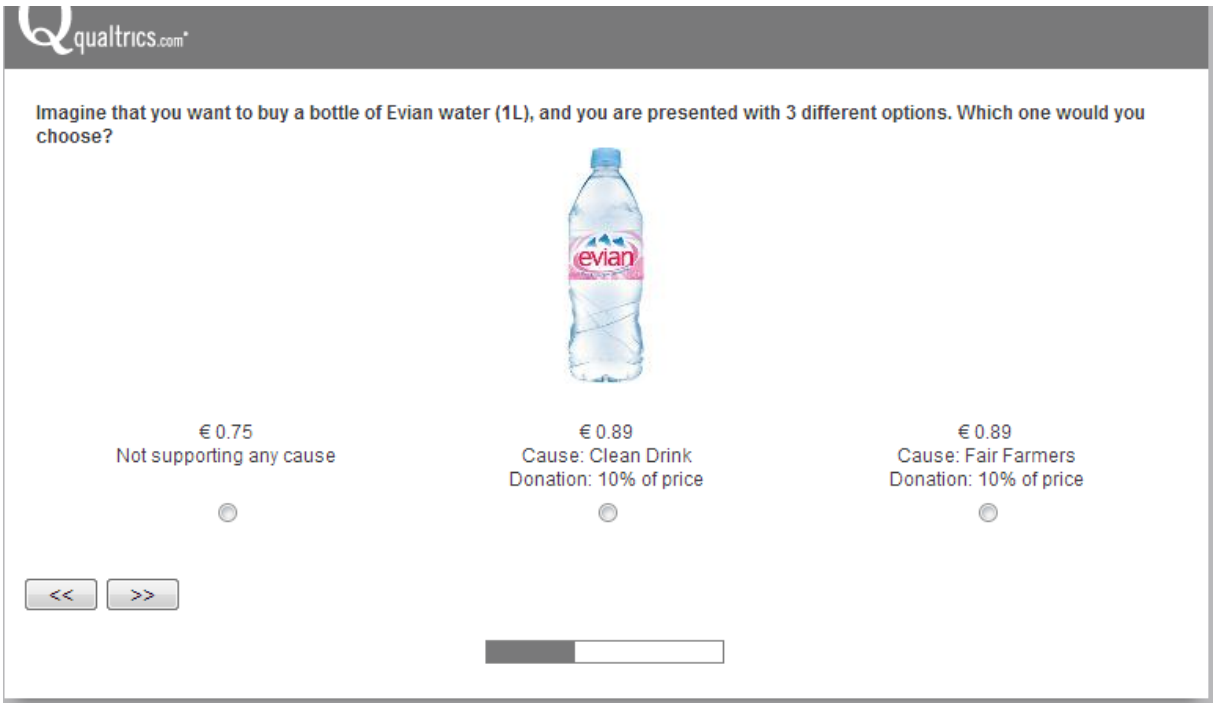
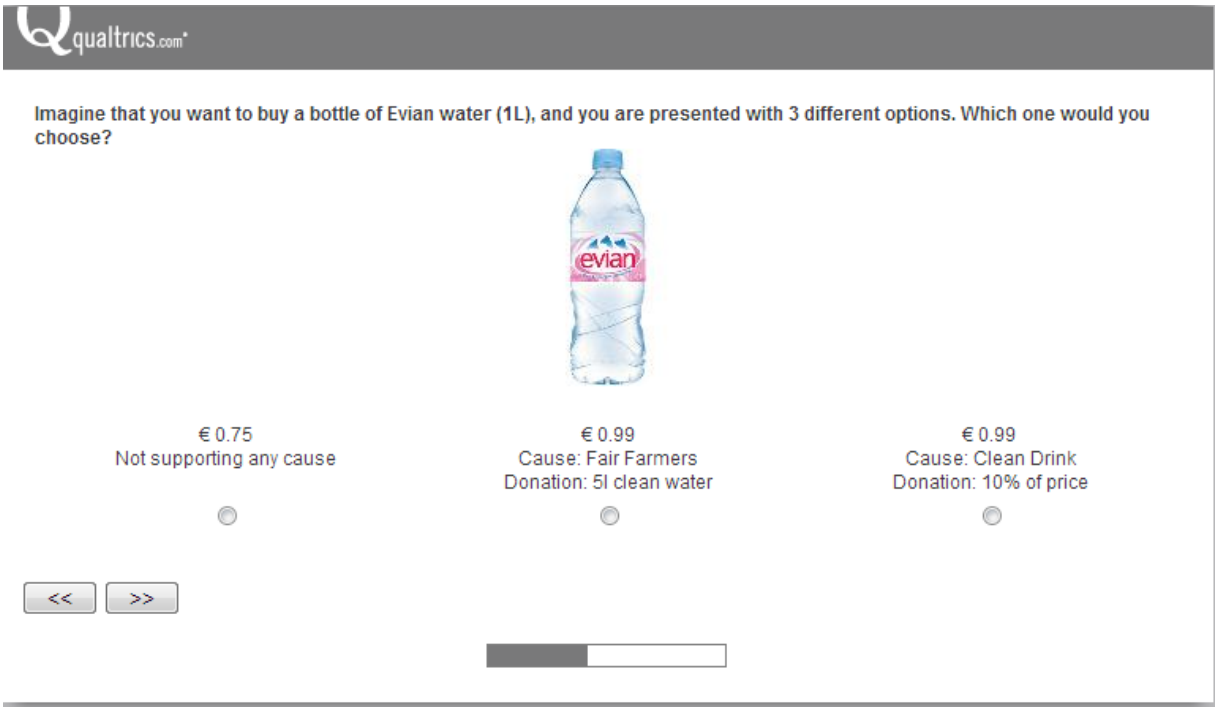


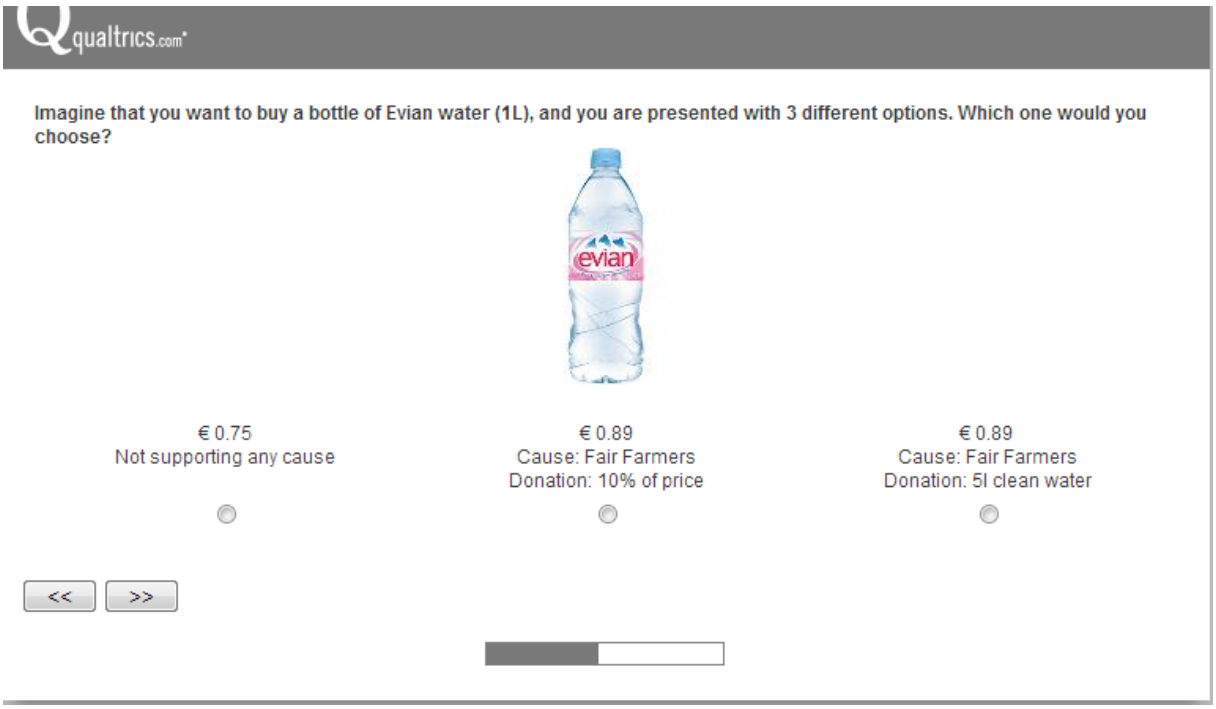
Choice 7:



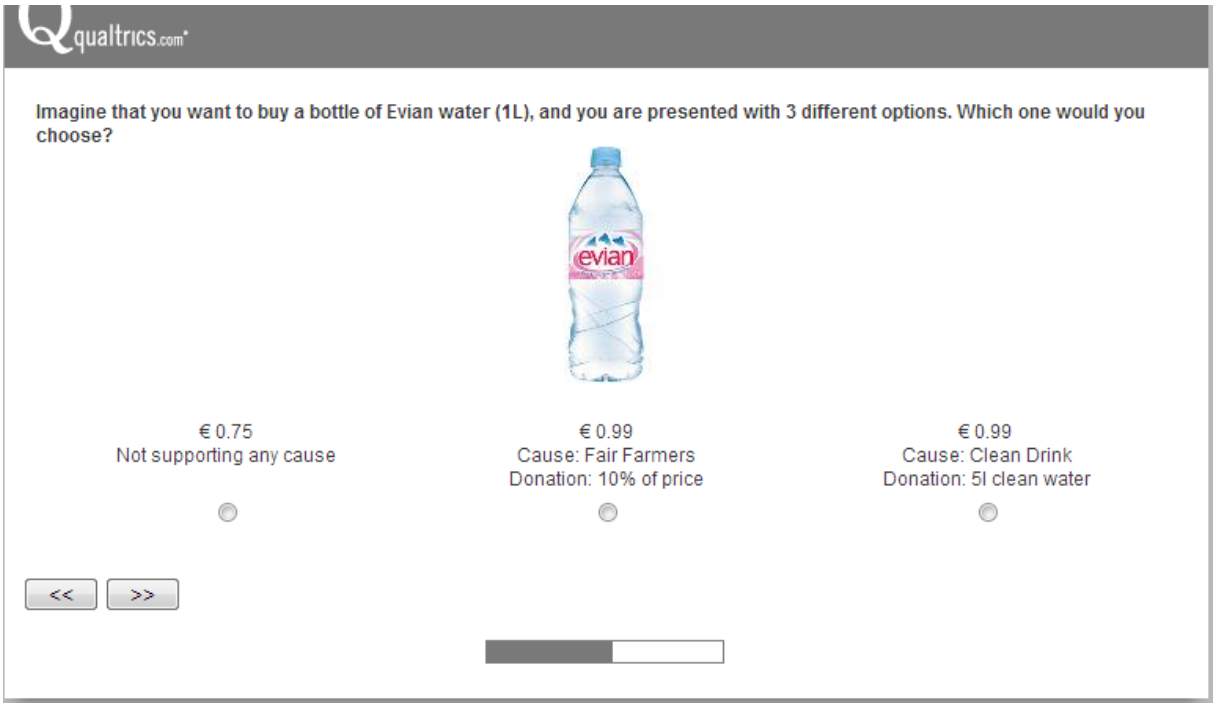
Choice 8:



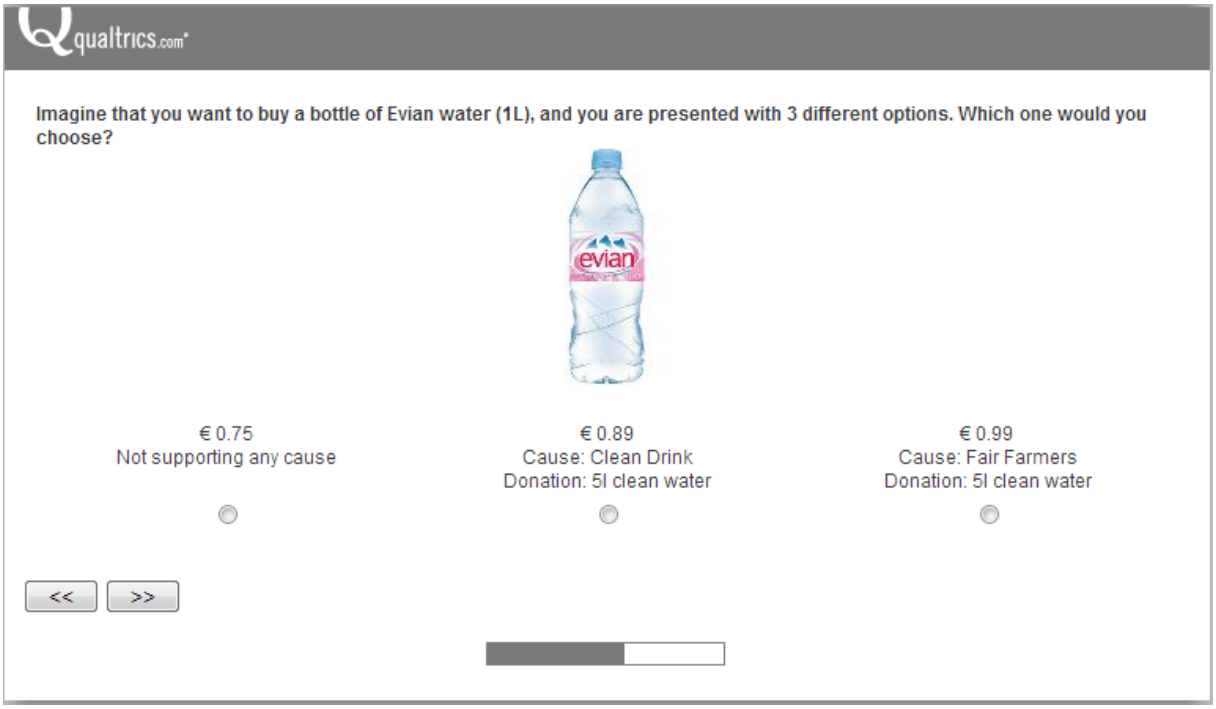
Choice 9:



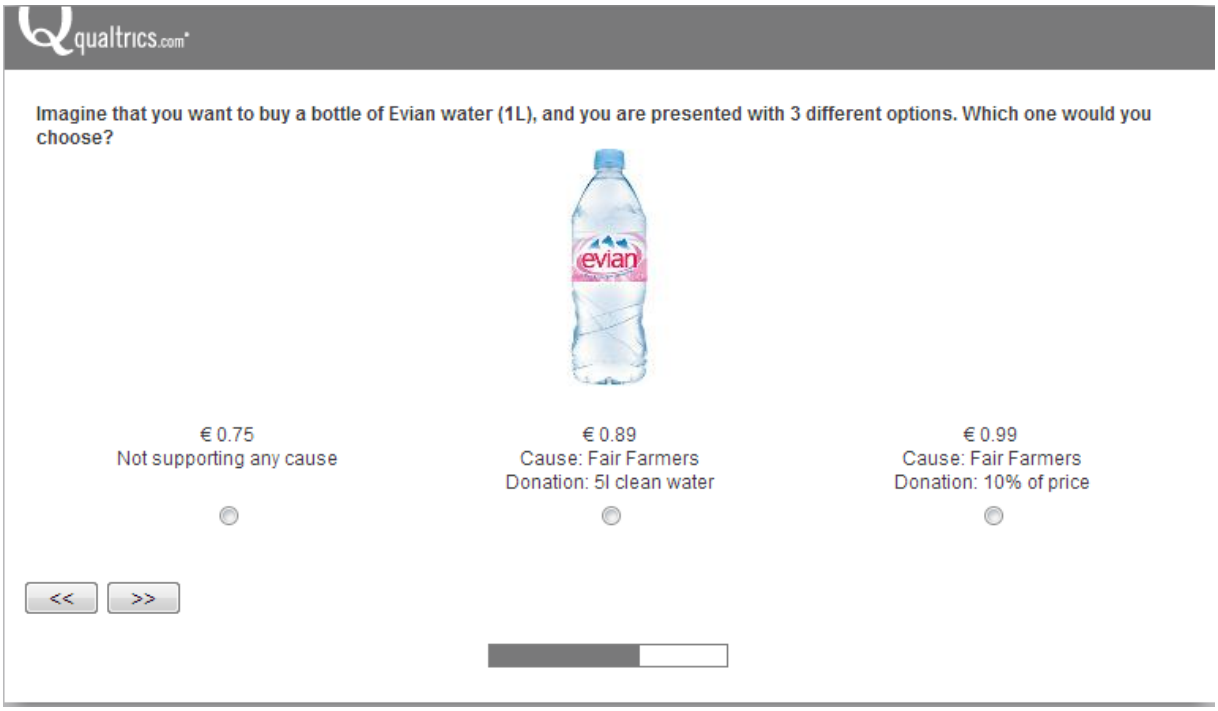
Choice 10:



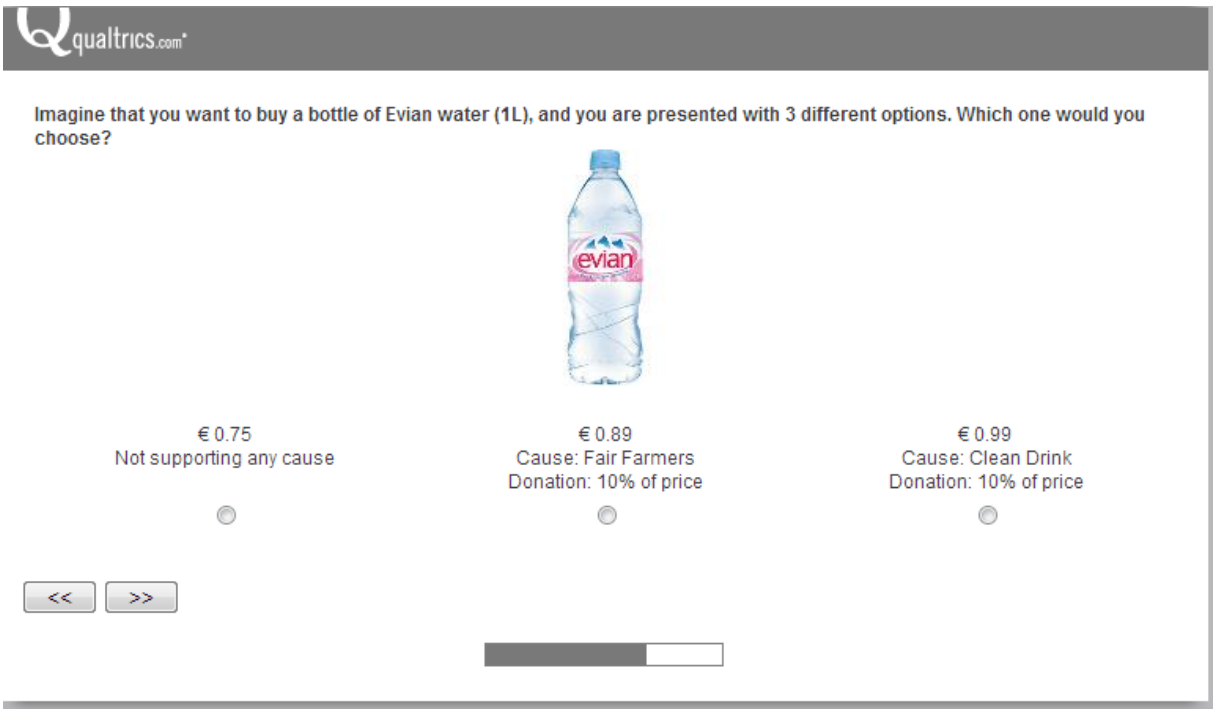
Choice 11:



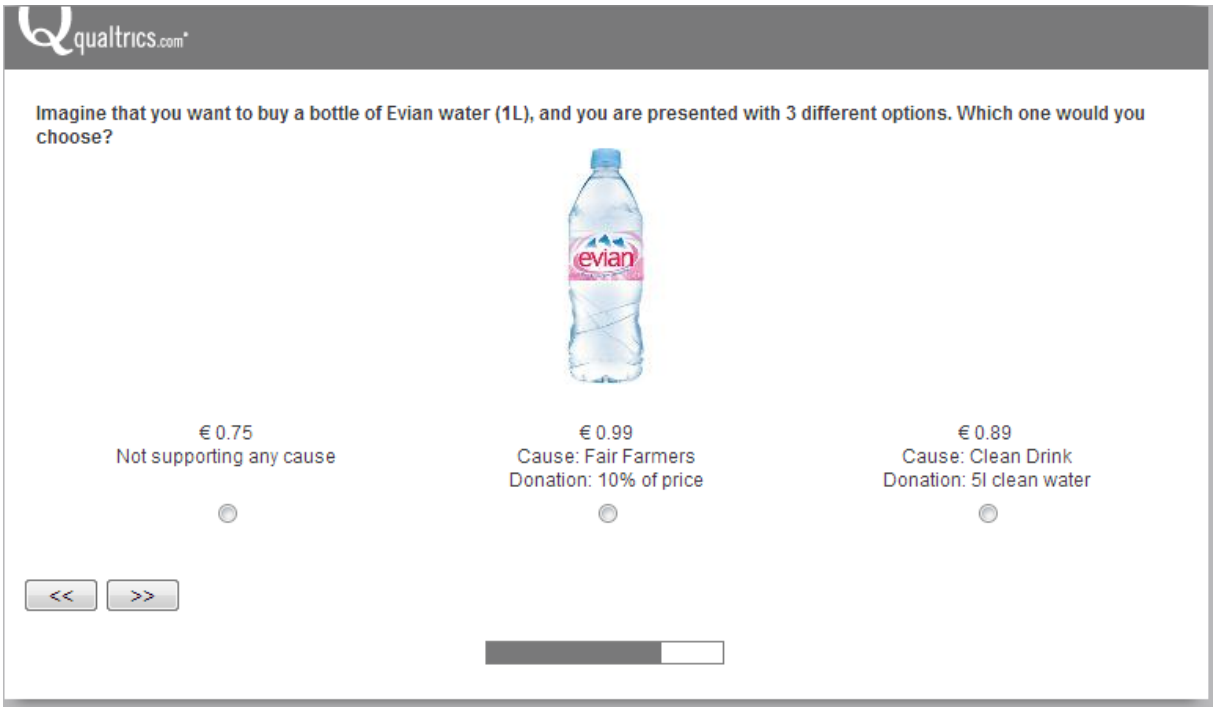
Choice 12:



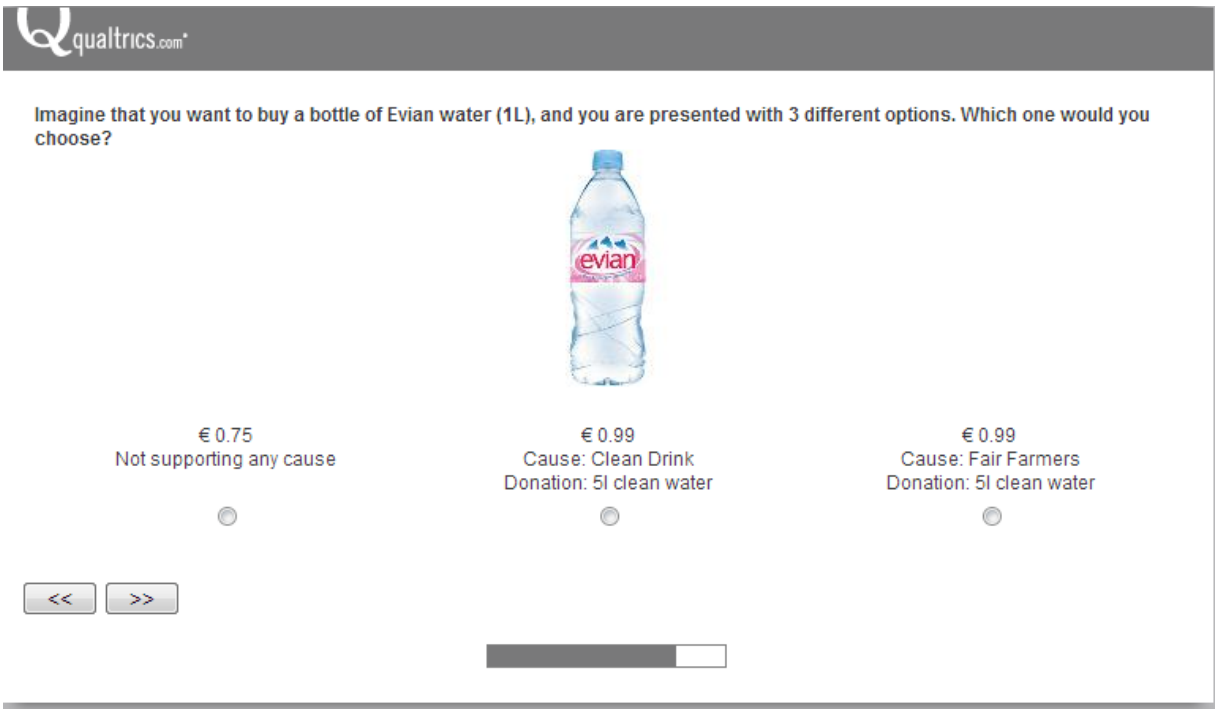
Choice 13:



Choice 14:



Choice 15:



Choice 16:

qualtrics.com

Imagine that you want to buy a bottle of Evian water (1L), and you are presented with 3 different options. Which one would you choose?

€ 0.75 Not supporting any cause	€ 0.99 Cause: Clean Drink Donation: 10% of price	€ 0.99 Cause: Fair Farmers Donation: 10% of price
○	○	○

<< >>

qualtrics.com

Please indicate the extent to which you agree with the following statements

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
I would buy a product that supports a cause over one that doesn't when the price is the same	○	○	○	○	○
In general, I am willing to pay premium price to buy a product that supports a cause	○	○	○	○	○
In general, I prefer to buy products from companies that support worthy causes	○	○	○	○	○

Please indicate the extent to which you agree with the following statements

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
I believe companies are sincere in their donations	○	○	○	○	○
I believe that companies donate what they have promised	○	○	○	○	○
I believe donation campaigns are dishonest	○	○	○	○	○

<< >>

Please choose a cause you are passionate about (please choose max 3):

- [ ] Aging
- [ ] Animal welfare, rights, protection
- [ ] Arts&Culture
- [ ] At-risk youth
- [ ] Cancer
- [ ] Childhood nutrition/health
- [ ] Climate change
- [ ] Criminal justice
- [ ] Education
- [ ] People with disabilities
- [ ] Workforce development
- [ ] Violence against women
- [ ] Water/sanitation/hygine
- [ ] Emergency response (disasters)
- [ ] Other (please specify)

Have you previously purchased a product because it was linked to a donation for a cause?

- ( ) Yes
- ( ) No

What is your annual income range?

- ( ) Below €10,000
- ( ) € 10,000 - € 19,999
- ( ) € 20,000 - €29,999
- ( ) € 30,000 - € 39,999
- ( ) € 40,000 -€49,999
- ( ) € 50,000 or more

What is your gender?

What is your age?

What is your nationality?

<< >>

Appendix B: Reliability check for multi-item scales

B.1: Factor analysis output

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,756
Bartlett's Test of Sphericity	Approx. Chi-Square	14432,292
	df	15
	Sig.	,000

Total Variance Explained

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total
1	2,897	48,276	48,276	2,228
2	1,441	24,014	72,290	1,893
3	,538	8,962	81,251	
4	,434	7,234	88,486	
5	,417	6,948	95,434	
6	,274	4,566	100,000	

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Pattern Matrix[a]

	Factor	
	1	2
Q18_1	,009	,686
Q18_2	-,011	,685
Q18_3	-,002	,788
Q19_1	,901	,036
Q19_2	,813	,026
Q19_3	,705	-,067

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 4 iterations.

Structure Matrix

	Factor	
	1	2
Q18_1	-,271	,682
Q18_2	-,290	,690
Q18_3	-,323	,789
Q19_1	,886	-,332
Q19_2	,802	-,306
Q19_3	,732	-,354

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

B.2. Reliability of constructs

Skepticism:

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,847	,847	3

Inter-Item Correlation Matrix

	Q19_1	Q19_2	Q19_3
Q19_1	1,000	,712	,647
Q19_2	,712	1,000	,586
Q19_3	,647	,586	1,000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q19_1	5,56	2,392	,763	,588	,739
Q19_2	5,65	2,622	,717	,534	,785
Q19_3	5,71	2,719	,667	,451	,831

Purchasing intentions:

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,847	,847	3

Inter-Item Correlation Matrix

	Q19_1	Q19_2	Q19_3
Q19_1	1,000	,712	,647
Q19_2	,712	1,000	,586
Q19_3	,647	,586	1,000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q19_1	5,56	2,392	,763	,588	,739
Q19_2	5,65	2,622	,717	,534	,785
Q19_3	5,71	2,719	,667	,451	,831

Appendix C: Descriptive statistics

What is your gender?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	56	40,9	40,9	40,9
	Female	81	59,1	59,1	100,0
	Total	137	100,0	100,0	

What is your annual income range?

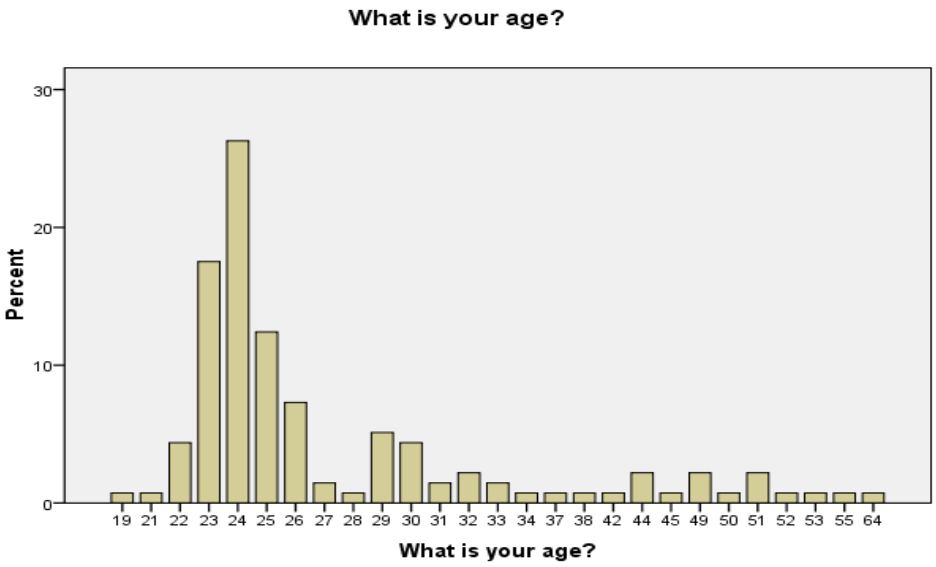
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below €10,000	77	56,2	56,2	56,2
	€10,000 - €19,999	29	21,2	21,2	77,4
	€20,000 - €29,999	10	7,3	7,3	84,7
	€30,000 - €39,999	11	8,0	8,0	92,7
	€40,000 - €49,999	5	3,6	3,6	96,4
	€50,000 or more	5	3,6	3,6	100,0
	Total	137	100,0	100,0	

Have you previously purchased a product because it was linked to a donation for a cause?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	114	83,2	83,2	83,2
	No	23	16,8	16,8	100,0
	Total	137	100,0	100,0	

What is your age?

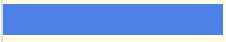
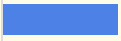
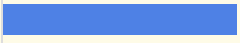
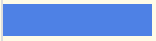
	N	Minimum	Maximum	Mean	Std. Deviation
What is your age?	137	19	64	28,20	8,553
Valid N (listwise)	137				



Respondents' attitude towards CRM

Statistic	I would buy a product that supports a cause over one that doesn't when the price is the same	In general, I am willing to pay premium price to buy a product that supports a cause	In general, I prefer to buy products from companies that support worthy causes
Min Value	1	1	1
Max Value	5	5	5
Mean	4.34	3.58	3.91
Variance	0.89	0.91	0.98
Standard Deviation	0.94	0.95	0.99
Total Responses	137	137	137
Statistic	I believe companies are sincere in their donations	I believe that companies donate what they have promised	I believe donation campaigns are dishonest
Min Value	1	1	1
Max Value	5	5	5
Mean	3.10	3.19	2.75
Variance	0.84	0.76	0.76
Standard Deviation	0.92	0.87	0.87
Total Responses	137	137	137

Respondents' most preferred causes

#	Answer		Response	%
1	Aging		4	3%
2	Animal welfare, rights, protection		44	32%
3	Arts&Culture		23	17%
4	At-risk youth		19	14%
5	Cancer		63	46%
6	Childhood nutrition/health		54	39%
7	Climate change		33	24%
8	Criminal justice		17	12%
9	Education		67	49%
10	People with disabilities		46	34%
11	Workforce development		15	11%
12	Violence against women		37	27%
13	Water/sanitation/hygine		43	31%
14	Emergency response (disasters)		34	25%
15	Other (please specify)		5	4%

Other (please specify)
Environmental Protection
sports
Heart Health
saving nature
food for the poor

Appendix D: SPSS output of full model

Omnibus Tests of Model Coefficients

-2 Log Likelihood
4819,664

Model 1:

Omnibus Tests of Model Coefficients[a]

-2 Log Likelihood	Overall (score)			Change From Previous Step			Change From Previous Block		
	Chi-square	df	Sig.	Chi-square	df	Sig.	Chi-square	df	Sig.
4419.958	402.368	4	.000	399.707	4	.000	399.707	4	.000

a. Beginning Block Number 1. Method = Enter

Variables in the Equation

	B	SE	Wald	df	Sig.	Exp(B)
Base_choice	-.704	.072	96.389	1	.000	.495
price			112.345	1[a]	.000	
price(1)	.696	.066	112.345	1	.000	2.006
cause			81.080	1[a]	.000	
cause(1)	-.517	.057	81.080	1	.000	.596
DM			56.150	1[a]	.000	
DM(1)	-.452	.060	56.150	1	.000	.636

a. Degree of freedom reduced because of constant or linearly dependent covariates

Model 2:

Omnibus Tests of Model Coefficients[a]

-2 Log Likelihood	Overall (score)			Change From Previous Step			Change From Previous Block		
	Chi-square	df	Sig.	Chi-square	df	Sig.	Chi-square	df	Sig.
4414,642	410,517	8	,000	5,316	4	,256	5,316	4	,256

a. Beginning Block Number 2. Method = Enter

Variables in the Equation

	B	SE	Wald	df	Sig.	Exp(B)	95.0% CI for Exp(B)	
							Lower	Upper
Base_choice	-,784	,093	70,674	1	,000	,457	,380	,548
price			21,331	1[a]	,000			
price(1)	,577	,125	21,331	1	,000	1,780	1,394	2,274
cause			36,556	1[a]	,000			
cause(1)	-,761	,126	36,556	1	,000	,467	,365	,598
DM			18,518	1[a]	,000			
DM(1)	-,545	,127	18,518	1	,000	,580	,453	,743
DM*price			,108	1[a]	,742			
DM(1)*price(1)	,059	,180	,108	1	,742	1,061	,746	1,509
DM*cause			2,809	1[a]	,094			
DM(1)*cause(1)	,323	,193	2,809	1	,094	1,382	,947	2,016
DM*cause*price			3,534	2[a]	,171			
DM(1)*cause(1)*price(1)	,049	,184	,072	1	,788	1,051	,733	1,506
DM(2)*cause(1)*price(1)	,331	,177	3,516	1	,061	1,393	,985	1,970

a. Degree of freedom reduced because of constant or linearly dependent covariates

Model 3:

Omnibus Tests of Model Coefficients[a]

-2 Log Likelihood	Overall (score)			Change From Previous Step			Change From Previous Block		
	Chi-square	df	Sig.	Chi-square	df	Sig.	Chi-square	df	Sig.
4237,239	556,867	8	,000	182,719	4	,000	182,719	4	,000

a. Beginning Block Number 2. Method = Enter

Variables in the Equation

	B	SE	Wald	df	Sig.	Exp(B)	95.0% CI for Exp(B)	
							Lower	Upper
Base_choice	,559	,144	15,120	1	,000	1,749	1,319	2,318
price			114,136	1[a]	,000			
price(1)	,711	,067	114,136	1	,000	2,037	1,788	2,321
cause			81,414	1[a]	,000			
cause(1)	-,521	,058	81,414	1	,000	,594	,531	,665
DM			18,543	1[a]	,000			
DM(1)	-,778	,181	18,543	1	,000	,459	,322	,654
DM*Gender			7,631	2	,022			
DM(1)*Gender	,361	,131	7,592	1	,006	1,435	1,110	1,856
DM(2)*Gender	,201	,125	2,587	1	,108	1,223	,957	1,562
DM*Previous_CM			164,663	2	,000			
DM(1)*Previous_CM	1,749	,166	111,135	1	,000	5,748	4,153	7,957
DM(2)*Previous_CM	1,496	,146	104,317	1	,000	4,463	3,349	5,947

a. Degree of freedom reduced because of constant or linearly dependent covariates

Model 4:

Omnibus Tests of Model Coefficients[a]

-2 Log Likelihood	Overall (score)			Change From Previous Step			Change From Previous Block		
	Chi-square	df	Sig.	Chi-square	df	Sig.	Chi-square	df	Sig.
3952,468	782,767	12	,000	284,771	4	,000	284,771	4	,000

a. Beginning Block Number 3. Method = Enter

Variables in the Equation

	B	SE	Wald	df	Sig.	Exp(B)
Base_choice	,613	,076	65,057	1	,000	2,437
price			118,524	1[a]	,000	
price(1)	,746	,069	118,524	1	,000	2,108
cause			83,150	1[a]	,000	
cause(1)	-,534	,059	83,150	1	,000	,586
DM			19,027	1[a]	,001	
DM(1)	-,759	,174	19,027	1	,001	,439
DM*Gender			6,164	2	,046	
DM(1)*Gender	,014	,143	,010	1	,921	1,014
DM(2)*Gender	-,275	,139	3,914	1	,048	,760
DM*Previous_CM			52,195	2	,000	
DM(1)*Previous_CM	1,228	,181	46,221	1	,000	3,415
DM(2)*Previous_CM	,795	,169	22,051	1	,000	2,214
DM*Purch_Intentions			160,029	2	,000	
DM(1)*Purch_Intentions	,609	,089	46,555	1	,000	1,838
DM(2)*Purch_Intentions	1,206	,096	156,765	1	,000	3,339
DM*Scepticism			43,475	2	,000	
DM(1)*Scepticism	-,604	,096	39,471	1	,000	,547
DM(2)*Scepticism	-,468	,092	25,660	1	,000	,626

a. Degree of freedom reduced because of constant or linearly dependent covariates