

**CAUSE ATTRIBUTES IN CAUSE RELATED MARKETING
THAT INFLUENCE CONSUMER'S PURCHASING INTENTION:
IN MALAYSIA CONTEXT**

TAN YI WEN, GWEN

Research report in partial fulfillment of the requirements for the
Degree of Master of Business Administration (MBA)

UNIVERSITI SAINS MALAYSIA

2010

Acknowledgement

I would like to thank my entire family for their love and support; Thanks to Mommy and Papa, without your financial support, I wouldn't be able to finish this thesis; To my siblings, thanks for being extremely patient with me during studying, exam, working and my grumbling over this period.

Not to forget the beloved friends of mine who offered their help for this thesis, Chin- Yee and Ming Inn; Thank you girls helping me distribute the questionnaire in Tesco, we had a fun time though. Thank you my MBA course mates (you know who you are!!!), you guys are my lifesaver, always be there when I cried for help; I am truly appreciated that. Thank you for those friends who always mentally supporting me, always reminding me that I will definitely complete and graduate for this course.

I wanted to give a gratitude to my colleagues, thank you guys for covering my job when I am away for school stuffs and Thanks to my manager giving me endless support on work during exam and assignment submission time.

Last but not least, a very special Thanks to my thesis supervisor, Dr. Azlan Amran; Thank you for constantly reviewing my work, provides helpful comments and guiding me throughout the entire process without leaving me alone, once again...

THANK YOU EVERYONE!!!

ABSTRACT

In past one decade, corporate social responsibility has becoming an important key message in business agenda; with this, companies have discovered a strategic social alliance, particularly in cause-related marketing (CRM) programs to link consumers' engagement to produce transactions with the firm; it is one of the ways that a firm seek for "do well by doing good" at the same time provide several benefits to both firm and non-profit organizations receiving the donations. With the aid of prosocial behavior, this study examined five cause variables named as cause importance, cause proximity, consumer involvement, the fit between brand and cause, and demographic factors (gender, age, income level and education level) whether or not to influence consumer purchasing intention in Malaysia context.

184 responses were collected via online questionnaire as well as the survey conducted in Penang Tesco outlet. The analysis later carried out by using factor analysis, T-test, ANOVA and multiple regression analysis to test on the hypothesis. This research paper should help firms to find out how important the cause attributes could influence on Malaysia consumer purchasing intention; firm could utilize the data to find the best partners for strategic social alliances and maximize the participation. Other than this, this paper should aid marketers to develop an effective CRM campaign to fit with the goals of corporate.

ABSTRAK (MALAY)

Sejak kebelakangan ini, tanggungjawab sosial korporat merupakan salah satu perkara pokok yang penting dalam agenda perniagaan; Oleh itu, banyak syarikat telah menemui satu bentuk perikatan strategik sosial, secara khususnya dalam program bidang pemasaran bersebab untuk menghubungkan penglibatan pelanggan bagi menghasilkan transaksi dengan syarikat. Ini merupakan salah satu cara bagi syarikat "melakukannya dengan cara yang terbaik" dan pada masa yang sama menyediakan keuntungan bagi kedua-dua buah syarikat dan organisasi yang bukan berasaskan kepada keuntungan. Dengan bantuan perilaku prososial, kajian ini telah mengkaji lima jenis pemboleh ubah iaitu penyebab kepentingan, penyebab kedekatan, penglibatan pelanggan, kesesuaian jenama dan sebab, serta faktor demografi (jantina, umur, tahap pendapatan dan tahap pendidikan) atau sekurang-kurangnya tidak mempengaruhi niat pembelian pelanggan di dalam konteks Malaysia.

184 maklum balas telah berjaya dikumpul secara talian serta melalui satu kaji selidik yang telah dijalankan di Pasaraya besar Tesco Pulau Pinang. Analisis kemudiannya dilakukan dengan menggunakan analisis faktor, T-test, ANOVA dan regresi berganda untuk menguji hipotesis. Laporan kajian ini seharusnya akan dapat membantu firma-firma untuk mengetahui sejauhmana atribut penyebab signifikan boleh mempengaruhi niat beli pengguna Malaysia; firma yang berkenaan boleh memanfaatkan data daripada kajian ini untuk mencari rakan kongsi yang terbaik untuk perikatan strategik sosial dan memaksimumkan penyertaan. Selain daripada ini, kajian ini juga akan dapat membantu pihak pemasar untuk membangunkan kempen CRM yang lebih efektif untuk menyesuaikan dengan matlamat korporat

TABLE OF CONTENTS

| | |
|-------------------------------|-----|
| Acknowledgement | i |
| Abstract | ii |
| Abstract (Malay) | iii |

CHAPTER 1: INTRODUCTION

| | |
|--|----|
| 1.0 Introduction..... | 1 |
| 1.1 Cause Related Marketing | 2 |
| 1.2 Corporate Social Responsibility in Malaysia..... | 3 |
| 1.2.1 Cause Related Marketing in Malaysia..... | 5 |
| 1.3 Problem Statements | 7 |
| 1.4 Research Objectives | 8 |
| 1.5 Research Questions | 9 |
| 1.6 Significance of Study..... | 10 |
| 1.7 Organization of Chapters | 11 |
| 1.8 Definitions of Key Terms | 12 |

CHAPTER 2: LITERATURE REVIEW

| | |
|--|----|
| 2.0 Introduction | 16 |
| 2.1 Cause Related Marketing..... | 14 |
| 2.1.1 Previous Studies and Advantages of CRM | 15 |
| 2.2 Prosocial Behaviour | 19 |
| 2.2.1 Social Exchange Theory | 21 |
| 2.2.2 Equity Theory | 22 |
| 2.2.3 Symbolic Interactionism | 22 |
| 2.3 The Conceptual Framework | 23 |
| 2.4 The Hypothesized Model | 24 |
| 2.4.1 Cause Importance | 25 |
| 2.4.2 Cause proximity | 27 |
| 2.4.3 The 'Fit' Between Cause and Brand | 28 |
| 2.4.4 Consumer Level of Involvement..... | 31 |

| | |
|---------------------------------|----|
| 2.4.5 Demographic Factors | 32 |
| 2.5 Summary | 36 |

CHAPTER 3: METHODOLOGY

| | |
|--|----|
| 3.0 Introduction | 37 |
| 3.1 Research Design and Procedure | 37 |
| 3.1.1 Type of Study | 37 |
| 3.1.2 Unit of Analysis | 38 |
| 3.2 Population, Sample Size and Sampling Methods | 38 |
| 3.3 Development of Questionnaire | 39 |
| 3.4 Pilot Test | 41 |
| 3.5 Variables and Measurement | 42 |
| 3.5.1 Dependent Variable | 42 |
| 3.5.2 Independent Variables | 42 |
| 3.6 Data Collection | 43 |
| 3.6.1 Descriptive Analysis | 43 |
| 3.6.2 Factor Analysis | 43 |
| 3.6.3 Reliability Analysis | 43 |
| 3.6.4 Regression Analysis | 44 |
| 3.7 Conclusion | 44 |

CHAPTER 4: ANALYSIS AND RESULTS

| | |
|--|----|
| 4.0 Introduction | 45 |
| 4.1 Profile of Respondents | 45 |
| 4.1.1 Personal Details | 45 |
| 4.2 Goodness of Measures | 48 |
| 4.2.1 Factor Analysis of CRM Determinants (Independent Variables)..... | 48 |
| 4.2.2 Measure of Sample Adequacy | 48 |
| 4.2.3 Principal Components Analysis | 49 |
| 4.2.4 Reliability Analysis of Variables | 51 |
| 4.4 Hypothesis Testing | 52 |

Chapter 1

Introduction

1.0 Introduction

In recent decades, public has been increasing their expectation to the businesses that contribute to non-profit organisation (Davidson, 1994). The main purpose of business is no longer making profit due to corporate philanthropy is getting heavier weigh in business agenda. Business is now more emphasizing on the role of corporate philanthropy and incorporating them in marketing planning (Menon and Khan, 2001). With the spur on growing evidence that consumers are eager to patronize businesses that share their own values and ethics; corporate is giving back to the society in smatter and eye catchy ways.

The sole intention of profit- seeking among organizations has been superseded by the need to acquire the favour of consumers: both existing and potential consumers. Companies that intended to be at top of their respective industries, or even survive, need the favour of public (Butod, 2009). Companies believe to participate in socially responsible activities will give positive image and reputation to public. By not jeopardize company revenue and at the same time giving back to society, many companies are adopting the concept of cause-related marketing as one of the promotion tools.

1.1 Cause Related Marketing

Corporate social responsibility (CSR) is defined as “economic, legal, ethical, and discretionary expectations that society has at a given point in time” (Carroll and Buchholtz, 2003). The concept of corporate social responsibility means the organization that have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investor and comply with the law. In traditional view of business, it was emphasized more on satisfying the shareholders; however, CSR required organization extending the responsibilities to employees, suppliers, customers, local community, federal government and environmental groups where they are categorized as “stakeholder”. Essentially, CSR is the inclusion of public interest into corporate decision making and based on the idea of triple bottom line: People, Planet, Profit.

With elapsing of time, various factors rose in the society that pushed and pulled the firm to reorganize the relationship with stakeholders. Other than this, consumers are conscious on the power that they could control such as power of knowledge, power of purchase, power to protest and power to boycott. However, they are having the urge to believe, to engaged, to support and to become advocate. This is where the firm found the perception of this kind of responsibilities has strongly influence consumer belief and attitude about the brand (Brown and Dacin, 1997). In order to adapt with the change, companies discovered the importance of social alliance particularly in cause-related marketing. CRM making Corporate Social Responsibility authentic and visible to stakeholders for creditability; furthermore it could be translated the words and promises into action to win strategies for business.

Adkins (2004) defined CRM as *A commercial activity by which businesses and charities or good causes form a partnership with each other to market and image, product or service for mutual benefit.* The idea was first applied in US by American Express (AMEX), on national scale, in early of 1980s to join with non-profit organization raised the funds to restore the Statue of Liberty. American Express gave a portion of every purchase through their credit card and additional amount of every new application. In the result of all efforts had putting in associated with caused-related marketing, the restoration fund raised over \$1.7 million and American Express card use had rose 27% while new card application increase 45% over the previous year. All of this was accomplished within three-month campaign.

With AMEX successes story, caused-related marketing has becoming a cornerstone for marketing plan. CRM can positively differentiate the company from competitors and delivers other tangible benefits such as increased sales, increased visibility, increased consumer loyalty, enhanced company image and positive media coverage.

1.2 Corporate Social Responsibility in Malaysia

Malaysia government has putting heavy attention on corporate social responsibilities. This has made firms under the pressure to improve their CSR reporting, simultaneously building trust and reputation with their customer. CSR experts commented that more organizations jumping on CSR bandwagon as it make business sense. In short run, it might incur additional costs, but looking at the long term, CSR helping in brand building and foster higher morale among employees as well as attracting more investors (CSR Malaysia, 2009). Prime Minister CSR Awards,

ACCA Malaysia Sustainability Reporting Awards and StarBiz-ICR Awards have been setup to reward companies in Malaysia that indeed having a good achievement in CSR.

Bursa Malaysia came out a framework to guide Public Listed Companies on applying the fundamental of CSR concepts into daily business tasks. The report has stated that CSR is not just long run (Bursa Malaysia, 2008). Bursa Malaysia defined the term of CSR as *open and transparent business practices that are based on ethical values and respect for the community, employee, the environment, shareholders and other stakeholders. It is designed to deliver sustainable value to society at large.* Bursa Malaysia framework emphasizes four focal areas; the Environment, the Community, the Market place and the Workplace.

Despite of encouragement from Malaysia government, the consciousness to sustain in the long run, the firm has realize that maximize profit is not the only way and it is not the way. Hence, to kill two birds with one stone, marketing campaign which partnering with charitable body has been popularized and becoming a common form of promotion. Consumers are more concerning and supporting the companies that practices corporate social responsibilities (Benezra, 1996). The study shown that consumer perception of CSR will influence the attitudes towards the product that marketed by a company (Brown and Dacin, 1997).

Consumer is playing an important role in encouraging business to adopt and practise the CSR. When consumers care about issues like environmental performance of a company and its products, labour conditions in foreign factories, or social

concern, corporate should make a huge note on that; consumer opinion can be translated into business action for sustainability. Whether or not, corporate need to admit that consumer purchasing power is a significant driver for company sales. Today Malaysia's consumer influence in support of sustainability and these changes were happened due to Malaysian has started to evolve and have more expectations on products and services they bought as well as the corporate behaviour.

1.2.1 Cause-Related Marketing in Malaysia

Landreth (2002) research paper found that social responsibilities can be manifested in the creation of social alliances. The purpose of social alliances is to increase society's welfare without sacrificing the economic objectives. In another words, company is trying to find a way doing good to the society by not affecting in the number in accounting book. Social alliances can come in several forms including sponsorship, raising funds with non-profit organizations, employee's engagement and corporate volunteerism in the community (Forehand et al., 1999). Currently, one of the most popular social alliances been adopted by the company is Cause-Related Marketing (CRM).

Caused-related marketing is not a bizarre marketing strategy to marketers in Malaysia; Giant telecommunication company- Digi Malaysia launched a campaign whereby allowing public to choose the cause via logged into the given website, <http://www.lovetosave.com.my>. Public have to vote by clicking on the cause that they wish Digi to sponsor with. Each of the clicks, Digi will donate RM5 to non-profit organization.. Digi focused on three areas: Nature, Health and Social. The non-profit organizations are carefully selected and have been identified, the list including Global

Environment Centre, Malaysia Nature Society, Hope Worldwide Kuala Lumpur, Malaysia Council for Child Welfare and Malaysian AIDS Foundation. The idea claimed to be unique as it is open to public to vote. By the end of the campaign, an estimation of 19,000 individuals was registered as a voter and total of RM150, 000 has been donated to non-profit organizations.

Kerastase, one of the famous professional hair care brand under L'Oreal group has collaborated with UNICEFF in organizing "Care and Protect" campaign. The objective of the campaign is to raise funds to ensure the children are given opportunity to grow up in violence free environment and benefit from healthy, safe and happy childhood (Nadchatram, 2007). Kerastase have raised a minimum RM30, 000 from the campaign for UNICEF's child protection program in Malaysia. The public is urged to purchase a limited edition designer bag for RM15 as fifty percent from the sales will be donated to UNICEFF.

Nautica, a leading global lifestyle brand has announced the launch of cause-marketing platform that will focus on ocean conservation with the collaboration with Oceana (RSH Malaysia, 2009). Nautica launched this program worldwide including Malaysia. Karren Muray, the president of Nautica is commented that the purpose of Nautica to collaborate with Oceana is aim to reach to customer with important messages about getting involved with this important cause. The cause-marketing platform will be including advertising, social networking, retail and sponsored events, in store displays, international communication initiatives and a World Oceans Day Celebration on June 8, 2009.

HSBC bank was used the idea of CRM to promote their e-statement campaign. The purpose of this campaign is encouraging HSBC customer to cut down the paper usage by switching over to electronic statement. With every switch, HSBC will donate RM1.00 to Kelab Pencinta Alam. To ensure the campaign is successful, HSBC printed the promotion advertisement at the back of paper statement envelope. Details are listed down in HSBC official website including the frequently asked question (FAQ) which ready to answer from the customer. According to Malaysian Nature Society Website (2009), the funds raised will be used in e-learning opportunity and that will cutting down the paper usage. At the same time, it is hope to expanding the scope of promoting nature awareness and environmental education among younger generation.

In short, CRM is horizontal cooperative promotion; the contribution were to made from a firm to a cause which linked to customers engaging in revenue producing transaction with the firm (Hou et al., 2008). The concept of CRM is an idea for a firm to practise in “do well by doing food”, at the same time, provides benefit to both the firm and the non-profit organization to create the win-win situation. The amount later given to a charity by firm from CRM promotion is somehow tied to the purchase intention of consumer.

1.3 Problem Statements

With the increasing of stakeholder awareness on their right and expectation to corporate running the business ethically, social responsibility has become prerequisite for business to achieve the sustainability. There are many ways for business to contribute in corporate philanthropy, however, cause-related marketing is a proven

way for business not only helping the needy but also enhancing brand image to public. There are many causes exist when firm is planning to establish a mutual partnership. This is including health, animal protection, environmental foundation and human services. How to merge the brand/product with appropriate causes are very much depending on the important of different variables that are perceived by consumer.

Several studies on cause-related marketing have been conducted in western countries and Asia Pacific such as China, Korea and Australia. As far, the information is quite limited in Malaysia context where to validate the relationship of the factors and consumer's purchasing intention in CKM programs. Furthermore, there are many other attributes has not being study in Malaysia context yet. For instance, whether Malaysian is sensitive with location of the cause and whether or not the high consumer involvement in CRM activity will, influence their purchasing intention. There has been little research in Malaysia to address the factors that could motivate consumers' purchasing intention in CRM campaign. Due to this, the discrepancies might happen in between Malaysia context and western countries. Most of the past research that undertaken in developed country such as US might not be applicable in Malaysia.

1.4 Research Objectives

Giving the interest in CRM influence on consumer's purchasing intention and the managerial interest in adopting CRM that will giving positive and effective ways to accomplished their business objective; this research is attempt to address the factors that related with CRM and to explore whether a logical partnership would influence purchasing intention under various levels of perceived cause's attributes. This research is also making an effort to determine the identified attributes are essential to

5. Are the demographic factors such as gender, age, education level and income influencing consumers' purchase intention?

1.6 Significance of Study

Cause Related Marketing is commonly accepted by Malaysian community as more and more promotion events were incorporating with the causes. CRM is now a favourite among marketers due to the risen of public consciousness on social responsibilities. More and more people is realizing on what are consuming today are borrowed from future. CRM concept are widely use in current market especially in retailer industry. Based on Cone study (2008), a very significant percentage of sales have been boost up in retailing industry by using cause-related marketing as sales/marketing tools. 74% increase in actual purchase for a shampoo brand when associated with a cause and 28% increase in actual purchase for a toothpaste brand when associated with a cause It is very important for a firm to understand how the factors can influence consumers' purchasing intention towards the brand. Therefore, this research is expecting to be beneficial the firms to design a best marketing strategy in order to maximize the participation.

1.8 Definitions of Key Terms

Cause-Related Marketing

Cause-Related Marketing (CRM) is the public association of a for-profit company with a non-profit organization, intended to promote the company's product or service and to raise money for the non-profit. CRM is different from corporate philanthropy because the money gifted is not an outright gift to a non-profit and it is not deductible (Daw, 2006).

Cause Importance

The level of important of the cause that is perceived by an individual or the personal experience that evoked within a specific situation. It is a personal connection or bridging experience for an individual (Landreth, 2002).

Cause Proximity

The cause proximity in this study is deal with the geographical distance/location between the CRM activity and the consumer thus affecting the succession of the CRM. If CRM campaign support an overall cause on a local basis, it is more likely to influence consumer purchasing intention more directly if the cause supported on a national basis (Landreth, 2002)

'Fit' between the cause and the brand

The perceived link between cause's needs and its constituents versus the sponsoring firm's product line, brand image, brand positioning or target market (Ellen, Mohr and Webb 2000).

Chapter 2

Literature Review

2.0 Introduction

This chapter is providing the case studies and examples based on factors that influenced on consumers' purchasing intention towards a brand. The variables - cause importance, cause proximity, the 'fit' between cause and brand, consumer involvement in CRM programs and demographic factors, which are the skeleton of this research would be examine thoroughly in this chapter with the forming of theoretical framework and hypothesis for further analysis. Prosocial behaviour, the theories that are related with will also be discussed in this chapter.

2.1 Cause Related Marketing

Caused-related Marketing is based on "profit motivated giving" (Varadarajan and Menon, 1988). CRM programmes are intended to improve corporate performance and help worthy causes by linking fund raising for the cause to the purchase the products or services (Landreth, 2002). Smith and Alcorn (1991) phrased CRM is "*the most creative and cost effective product strategy to evolve in years and one that directly addresses the issue of measured financial returns*". What makes CRM research finding interesting is, in most cases, CRM increases profitability (Stroup and Neubert, 1987); nonetheless, CRM also results in favourable consumer attitudes towards the firm and the products which associated with the social cause (Berger, Cunningham and Kozinets, 1996).

Cause-Related Marketing (CRM) is an engagement of marketing partnership between non-profit and for-profit organization whereby each party receives benefits towards their own objective, non-profit organization seeks funding and enhanced public awareness; for-profit seeks increased brand recognition, greater sales generation and enhanced public relations value, while striving to create a greater good through their combined resources (Burtch, 1977). The generally accepted academic definition of CRM is *“the process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to the designated cause when consumers engage in revenue-providing exchanges that satisfy organisational and individual objectives”* (Varadarajan and Menon 1988 pg. 59).

In other words, CRM is an integration of concepts from promotion, fund raising, corporate philanthropy, public relations and social responsibilities (Suter, 1995). A famous quote coined by Bruce Burtch (1997) *“Do Well by Doing Good”* has given a great impact to marketing strategy in later time. The practise of cause-related marketing was well embraced in developed country such as US as the firms are seeing it as a principal of business to express their social responsibilities (Fritz, 2007). Now, the concept has evolved and developed into an established practised where it has formed a new way for non-profit and for-profit organization to achieve win-win situation.

2.1.1 Previous Studies and Advantages of CRM

Many social issues such as world tragic events and natural disasters that occurred recently has increase the awareness of social responsibilities among world

Figure 1 depicts the engagement circle which involved consumer, cause and company. The close loop applies where company adopted the cause by pairing them with relevant products and in return to give back the benefit/support to the cause. With the collaboration between non-profit organization and business entity, consumer enables themselves to involve in the “hands on” caused-related marketing programmes.

Evidence of consumer support and positive effect in cause related marketing was demonstrated through various business quantitative and qualitative researches. A survey *The Ultimate Win Win Win* was conducted in the State, with collaboration of Research International, amongst sample of over 1000 consumers was not only expressed the consumer expectations of business, but also predicted impact of their behaviour and perceptions based on their understanding of a company corporate social responsibility and cause related marketing (Adkin, 2004). Some data plugged from the survey showing that 81% of consumer indicated that price and quality being equal, however, linking with a cause would make different. 86% had better perception of a company which trying to do something to make the world become a better place.

Another research - *Profitable Partnership* been conducted with the sample of 2000 consumers to identify the link between cause related marketing, brand affinity, brand equity, actual consumer perception, loyalty and buying behaviour (Adkin, 2004). 88% consumers are aware of cause-related marketing; 77% of participants were positively influenced at the point of purchase or decision making by the cause-related marketing programme; 80% of all consumers who have taken part in cause-related marketing program will continue to feel positive about company.

research paper supported the point of *attitude toward the alliance will have a positive direct effect on consumer purchase intention*. The data has explained that the positive affective alliance between the cause and the brand; since the donation to the cause is only made based on consumer's actual brand purchase. Due to this, it is anticipated that a consumer's attitude towards the brand-caused alliances will affect purchase intentions.

Sponsorship is one type of good will activity that organization makes donation/sponsor to non-profit organization, sports, and art events without having public engaged with the marketing activities. CRM, in the other hand, is pairing the brand with non-profit organization or social cause; therefore, public is able to participate the "donation process" by purchasing the brand/product. Since consumer is directly involved in the cause-related marketing activities, the purchase intention of consumer tends to influence by the factors that belong to the cause that pair with the brand or product. Study from Van den Brink et al. (2006) has pointed out the difference between "tactical" and "strategic" CRM campaigns by using the scale of brand-cause that has fit, duration of the campaign, the amount of invested resources, and degree of organization that has involved in the campaign.

2.2 Prosocial Behaviour

Prosocial behaviour is a general construct that being use to evaluate CRM program. It is an action that appears often in our daily life; it explained as any helping behaviour without thought of cost or asking for anything in return. Prosocial behaviour is caring about the welfare and rights of others, feeling concern and empathy for them; it is acting in a way that benefits others are all components of

3. *Social and personal norms for helping*; personal freedom, or the perception of free will, has been view as important notion. By using vignette approach, Tesser, Gatewood and Driver (1968) found the observers placed in the role of recipients indicated that they would feel more gratitude toward a hypothetical person who clearly intended to benefit them and would not expect a reward.

Helping behaviour can be considered a subcategory of prosocial behaviour and it is defined as “*voluntary acts performed with the intent to provide some benefit to another person, that may or may not require personal contact with the recipient, and may or may not involve anticipation of external rewards*” (Burnett and Woods, 1988). From economic point of view, helping happens only when the costs of the behaviour exceed the benefits and when some sacrifice is involved (Bendapudi et al, 1996).

The related theories that could enhance the understanding of prosocial behaviour are **social exchange theory, equity theory and symbolic interactionism**.

2.2.1 Social Exchange Theory

The social exchange theory (Bagozzi 1957, 1978, 1979) argued that the exchange is attached within self- interest and individuals that attempt to maximize the rewards but minimize the cost in order to obtain the most profitable outcome. However, limit does exist with regards to profit. In CRM, consumers are expecting getting double rewards – the intangible benefit of giving and the tangible benefit of the product that is purchased (Landreth, 2002). Since the cost is ultimately small in portion comparing with traditional donation, consumers are willing to participate in the program and might willing to accept a lower level of product quality or higher price as they are able to “donate” to the cause and still get something in return. The

self-interest can be seen as the good feelings which involve helping a charity or relief at conforming to external social pressures and social norms.

2.2.2 Equity Theory

Equity theory (Walster, Walster and Berscheid 1978) stated that the theory similar to social exchange theory as it also assumes individual try to maximize the positive results within an exchange. It focuses on determining whether the distribution of resources is fair to both relational partners. Equity theory proposes that individuals who perceived themselves as either under-rewarded or over-rewarded with experience distress and this are leads to efforts to restore equity within the relationship (Burnett and Woods 1988). With this apply to the business organization, a company that profits from consumer and should return the resources to the society as a whole. This is where the consumer rewarded the company who takes corporate social responsibility seriously. Equity is measured by comparing the ratios of contributions and benefits of each person within the relationship; if partners do not receive equal benefits or make equal contribution, as long as the ratio between these benefits and contributions are equal/similar. This could explain that those wealthy people contribute to the charity in order to equalize their “equities” in the society. Same logic extends to the consumer, as they feel obliged to give something back to the society through the purchases.

2.2.3 Symbolic Interactionism

The term “symbolic interactionism” coined by Herbert Blumer (1969) as *people act toward things based on the meaning those things have for them*. The concept of symbolic interactionism is based on the principle that individual interact

judging the worthiness to help the cause in CRM programs. Landreth (2002) research examined the relationship between four variables (cause important, cause proximity, cause congruence and participation effort) versus with two attitude variables and intention variables each.

This research is interested to explore in Malaysia context, thus, five major factors have been identified (cause importance, cause proximity, 'fit' between the cause and the brand, consumer involvement and demographics factors), and the relationship of these factors versus consumer purchasing intention is depicts as below, and whether or not the determinants are to be the factors of manipulating consumer's purchasing intention is hypothesizing in later section.

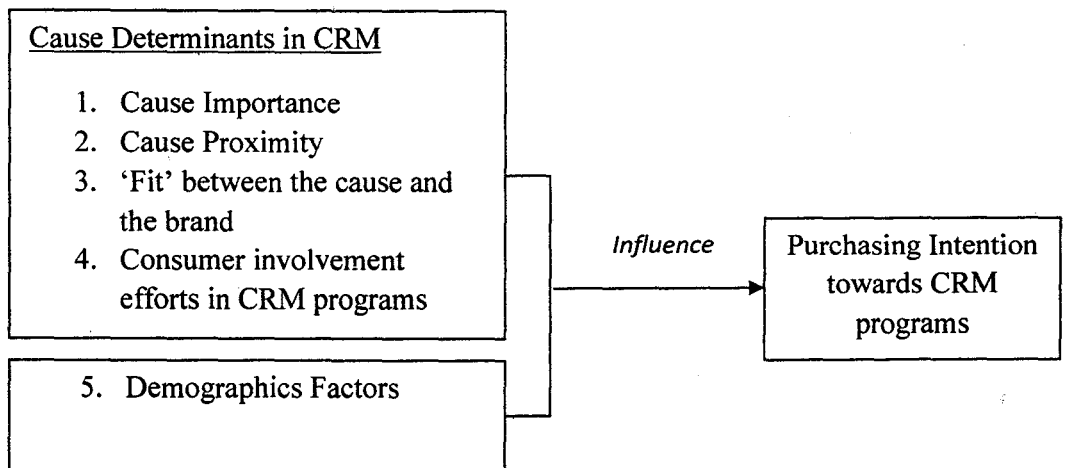


Figure 2: The cause attributes and demographic factors that using to determine consumers' purchasing intention

2.4 The Hypothesized Model

The cause that linked with firm offers several attributes which make consumer judge whether it is worth to help by purchase the product or services. Based on conceptual model that have been framed and previous study, following attributes are

consider to be able to influence on consumer's purchasing intention. Prosocial Behaviour act as an explanatory to support the relationship between cause factors and consumer's purchasing intention in a cause-related marketing.

2.4.1 Cause Importance

Cause importance has the largest potential impact due to personal nature of many social causes. If a cause is personally relevant to a consumer, it becomes more important to them. It may also drive consumer behaviour via increasing elaboration towards their attitude about the product and their purchasing intentions. Cause importance always relates with personal relevance and how an individual relay the cause with he/she personal experience. Antil (1984) has defined personal relevance as "the level of perceived personal importance and/or interest evoked by a stimulus within a specific situation". Zaichkowsky (1985) added that personal relevance is based on inherent needs, values and interest. In short, involvement is a personal connection or bridging experience for an individual.

The concept of personal importance is manifested as cause importance is supported based on the personal experience or social norms. Krugman's has once defined that personal experiences are vital to personal relevance. This personal relevance can be result of past experiences with a cause, for instance a relative has diabetic, or part of their self perception, such as environmental conscious people are likely to find recycling programs are more personal relevant.

The firm that adopting CRM as marketing promotion tool, when formulating the partnership, is essential to select the cause which perceives by consumer as an

2.4.2 Cause Proximity

A research from Landreth (2002) indicated that if the donation is to support cause which happened locally is more likely to impact consumer choice more directly than if the donations are provided national basis. Cause proximity has been studied previously such as survey from Cone/Ruper (1993/94) found that the 55% of the consumer think that local issues are more important than national (30%) followed by global issues (10%). Every individual is concern with the issue that is happen and impact their lives directly; when the recipient is physically closer to the potential donor, the more likely the potential donor will engaged in prosocial behaviour.

The positive impact on consumer purchase intention towards CRM programme was found to be greater when the cause is presented as local rather than global perspective. Strahilevitz and Meyers (1998) compared the impacts of consumer purchase intention on price reduction in opposition to charity incentives to examine the role of donation magnitude in CRM success. Another study in CRM against price and quality was conducted by Barone et al. (2000) to investigate the trade-off that consumer would make. A recent research that made by Hou et al. (2008) has examined the factors that potentially influence consumer purchasing behaviour. The result has shown positive relative motivation of consumer purchasing intention towards the interrelation between caused and brand.

Whether or not consumer is developing purchasing intention towards the brand, geographic scope of the cause is playing an important role in CRM campaign. Geographic scope refers to the nature or location of the cause that is supported by the donations with regard to individual consumers who are expected to make donation

judgement and feelings about the brand more than a social cause with low brand fit. For example, a milk company providing milk to poor children rather than promoting responsible alcohol consumption (Sen and Bhattacharya).

When consumer makes a decision to purchase a product, how they feel about the organization and the cause can influence their intention as they will evaluate the value of compatibility that exists between brand and cause. One of the critical success factors that proposed by practitioners in CRM strategy is the strategic fit between the brand and the cause (Adkins, 1999; DeNitto, 1989; Higgins, 2002; Lewis, 2003). An empirical studies had conducted to examine the relationship on the fit of brand-cause was later suggest that consumers' perception of 'fit' in brand-cause is a significant contributor success of CRM strategy (Hamlin and Wilson, 2004; Lafferty, Goldsmith and Hult, 2004; Pracejus and Olsen, 2004).

As CRM has referring to as a marketing tools and brand alliance; therefore, consumer's response to CRM can be negatively affected by their scepticism of the organization's motive in CRM programme and their perception of misuse of the non-profit organization (Andreason, 1996; Barone et al., 2000; Ross, Patterson and Stutts, 1992; Webb and Mohr, 1998). It is very important the alliance of local association between business and non-profit organization, this will reduce the chance of the alliance being viewed with scepticism (Webb and Mohr, 1998). Given in Malaysia context, below hypothesis will be explored,

H3: A better fit between the brand and the cause will have more positive effect on purchasing intentions than a poorer fitting condition.

2.4.4 Consumer Level of Involvement

Marketing and promotion efforts with social elements are on the rise as organizations respond to the demand by consumers for better corporate social responsibility (Webb and Mohr, 1998). CRM is increasingly being recognized for its ability to differentiate a brand and to obtain “emotional positioning among consumers” (Garcia et al. 2003). Ellen et al. (2000) hypothesized that the donations which required higher level consumer involvement during the CRM programmes is perceived as more positively. Likewise, in the research of Chandon et al. (2000) discovered that consumer is utilized the CRM campaign to enhance their self-perception of being smart shoppers and eliminate their guilt for shopping too much. This has explained that the consumers would respond to CRM campaign in the first place. The 2008 Cone Cause Evolution Study found that consumers nowadays are more aware of and more receptive to cause-related messages than ever before. Report also found that consumers want to feel connection to the issue and to non-profit while fulfilling their personal needs.

Based on previous studies, attribution theory, schemer’s schema and prosocial behaviour have been used to explain the effects of CRM. Prosocial behaviour (Burnett and Woods, 1988) had served as a framework to understand consumer behaviour before they develop their purchasing intention. Friedstad and Wright’s (1994) schemer’ schema provides the theoretical foundation for consumer persuasion tactic schema. It has been argued that the sense of responsibilities drives prosocial behaviours (Duta and Youn, 1999). A social responsible consumer will make their efforts to participate in CRM by purchase products that associate with social cause. The degree of cause’s involvement in this research is defined as the amount of effort

can consumer be participate in CRM program. Marketers are developing CRM campaigns that required various level of participation, by using the concepts from sales promotion tactics such as coupon rebates, allow consumer choosing the 'suitable' cause for the brands (Landreth, 2002).

For instance, the recent example from Digi Malaysia have list down 15 non-profit organizations in Malaysia and open the votes to Malaysian to make their own choice which caused should get the donations. The non-profit organization will benefit RM5 from every click to them. This program makes a delicate level of effort for the consumers while on the other hand, some campaigns just simply ask the consumer making the purchase by not requiring anything more from the consumer as the company will making the donation to the cause based on the purchase. Assuming CRM is a form of sales promotion tools which required the participation from consumer in order to donate to the favourite cause, how will consumers feel about the amount of effort that is required them to participate? Therefore, this study hypothesis that,

H4: A higher degree of cause's participation from consumer will have more positive effect on purchasing intention

2.4.5 Demographics Factors

Numerous studies showed that demographics factors are related to prosocial behaviours and also to CRM (Chrenka, Gutter and Jasper, 2003; Penner, 2002; Wilson, 2000). The demographic factors such as gender, age and income have contributed much on the consumer purchasing intention towards the brands associates

The market analysts and researchers have realized that Generation-Y is playing a significant role in their marketing and advertising in the twenty-first century (Keating, 2000; Paul, 2001). They are the new market powers who are able to start establishing values and buying principles that may last a life time. Research result from Pew Study 2009 identified that 56% of Generation Y says that they “feel empowered to bring about social change,” an increase of 8% points over the generation Xers who were asked the same question in 1990. They are expecting companies contributes to their communities. Another 2007 study conducted by the Opinion Research Corporation found the GenerationY is more responsive to cause-related marketing as 46% of them said that they were “more likely to buy a product or service if a portion of the price were donated to an important cause”.

These teens and young professionals influenced 81% of their families’ apparel purchases and 52 percent of their car choices (O’Donnell, 2006). Generation Y can be difficult to handle than others as they are acutely aware of the fact that they are constantly bombarded with thousands of messages every day, on their phones, TV, internet, email, social networking side such as Facebook or Twitter. Generation Y tends to have more positive purchasing intention towards the products that invest in social cost and they would even abandon brands for those creating positive social, economic and eco impart (Krotz, 2009). Studies have mixed result to show the possibilities of individual to give charities in terms of age. Chrenka, Gutter and Jasper (2003) reported that the older people are, the more likely to show their initiatives to participate in charity event, CRM. However, in 2008 Cone Cause Evolution study, its reads that Millennial who age 18 – 24 year old are more receptive to cause marketing.

Hence, following hypothesis have developed,

H5a: Women have greater purchase intention towards CRM programme than men

H5b: The younger consumer is more supportive to cause-related marketing by showing greater purchase intention

H5c: Consumer who has higher education has greater purchase intention towards CRM programme

H5d: Income level has influence on consumer purchasing intention in CRM programme

2.5 Summary

The main purpose of the study is to determine the relationship of the variables: cause importance, cause proximity, fit between the cause and the brand, and consumer involvement. Beside this, demographic factors also act as a mediating factor which tagging with the consumer purchasing intention when comes to cause-related marketing in Malaysia context. The study should help the retailers to determine the best partners for strategic social alliances; to give insight to the firms on maximize the participation if they are adopting cause-related marketing as their sales promotion tools.