



Influence of Type of Product on Brand and Cause Images in a Cause-Related Marketing Campaign: Evidence from Pakistan

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Abstract

Luxury brands and non-profit organizations (NPOs) are progressively involved in Cause-related Marketing (CRM) programs. This research aims to explain how product's type (hedonic vs. utilitarian) may influence charitable cause and brand image in CRM alliance. In this study with a sample of 310 university students, we evaluated the changes in consumers' attitude towards cause and brand as a consequence of their alliance. Prior and post attitude of brands and causes are analyzed with repeated measure ANOVA. The results show that brand and cause attitude increased both in case of a hedonic and utilitarian partnership. However, partnering with a luxury brand is more effective to raise the image of the brand and cause as compared to a partnership with non-luxury brands. In general, these results provide clear intuitions to managers for planning and positioning of their CRM initiatives.

Keywords: Cause-Related Marketing; Cause-Brand Alliance; Hedonic Product; Utilitarian Product.

1. Introduction

The initiatives taken for Cause-related marketing (CRM) is becoming popular in the organizations. The strategy of organizations related to CRM explains and support the social cause which helps the firms to achieve their marketing objectives. Firm's CRM activities result in sustainable growth (Mantovani, de Andrade, & Negrão, 2017). Supporting a specific cause can have several advantages. For instance, cause marketing programs allow companies to create a link with customers and show a commitment to social responsibility (Lii & Lee, 2012). Unlike other marketing communication tools, CRM is a powerful tactic adopted by firms to get the consumers' confidence emotionally. The tendency of firms to use CRM strategy can improve and endure the image of a firm in the consumer's eyes positively, this strategy of the firm increases the value of the firm in consumers' minds as compared to their competitor (Samu & Wymer, 2009). Paying more attention to CRM programs prevailed as a marketing strategy because consumers' expectations increase for business firms to fulfill their social responsibilities. CRM-initiative increases the attitude of consumers to the brand, which ultimately affects its intention to purchase products that are allies of the campaign (Chernev & Blair, 2015).

Given the relevance and business emphasis on using CRM initiatives, it is essential to explore the main factors associated with successful CRM campaigns. Current literature has identified the main factors influencing the decisions of consumers namely cause familiarity, charity efficiency, brand-cause fit or the type of product (C.-T. Chang, 2008; B. A. Lafferty & Goldsmith, 2005; Winterich & Barone, 2011). Among the multiple factors that may have a bearing on the effectiveness of CRM, one is of particular interest, i.e., the nature of the product. In other words, the evaluation of CRM initiatives is closely linked to the type of product used (i.e., hedonic vs. utilitarian). Controversy exists, regarding the influence of these variables. For instance, while some authors have found that consumer response to CRM is more favorable when the products are hedonic rather than utilitarian (Strahilevitz & Myers, 1998). Others have not replicated these results (Samu & Wymer, 2009). In addition to the favorable results of these partnerships probably for luxury products, it remains questionable either collaborating with NPOs in Pakistani market is also beneficial for luxury brands or not?

CRM practices have been emerged as well as dominated in the developed countries such as Western European and North American countries. In this context, this study analyzes the nature of the product, that is to say, hedonic and utilitarian products to better understand the outcomes of this research.

First, we describe the theoretical perspectives of the study and then formulate the relevant hypotheses. We then describe the research methodology used, followed by explanation and presentation of the observed outcomes. Lastly, implications and conclusions of the study and recommendations to the executives are provided. In the end, the study describes the limitations and future directions for the researchers.

2. Literature Review

Over the past decades, business rules have evolved in an attempt to adapt to the conditions of economic, technological and social changes. As with other managerially controllable factors, such as price, distribution, and advertising, CRM campaigns influence cognitive and behavioral responses (He, Zhu, Gouran, & Kolo, 2016). Customers are now becoming more sophisticated, and their expectations from companies are also getting higher. For them, services and quality products at lesser prices are no longer sufficient. At the apex of these factors, they require that the processes of production and commercialization are accompanied by ethical standards (Waller & Lanis, 2009). This means that CRM is not necessarily a business proposition for the organization, but firstly it's an obligation, e.g., the real interests of surrounding communities. (Fitzgerald, Haynes, Schrank, & Danes, 2010; Panwar, Nybakk, Pinkse, & Hansen, 2015).

To increase the efficacy of CRM, the growing literature on this topic has analyzed the impact that several factors have on consumer responses to these initiatives. While these previous studies have offered new insights into consumer responses to CRM, research scholars have a universal agreement that there is a need for more research in this regard (Barbara A. Lafferty & Edmondson, 2009). Specifically, there is need for more research among the multiple variables that may affect the influence of CRM programs. These variables identified in prior research as potentially relevant factors influencing CRM success (Barbara A. Lafferty, 2007). In addition, these variables are under companies' control; they are relevant to managers when designing CRM campaigns.

2.1 Type of Product

The collaborative relation between nonprofit organizations (NPOs) and businesses firms have grown extremely (Cho & Kelly, 2013). The evaluation of CRM initiatives depends on the type of product used for CRM (i.e., hedonic vs. utilitarian). Utilitarian products are evaluated in terms of how well they function whereas hedonic products are evaluated in terms of how much pleasure they provide.

The hedonic products, such as chocolates, ice cream or concert tickets etc are usually linked to experiential consumption. Utility products, for example, toothpaste or laundry detergents, are considered as more functional and instrumental. Therefore, the importance of hedonic products is analyzed in terms their pleasure provided to customers, while utility goods adjudged concerning their functions. Such phenomena can be explained by the fact that hedonistic products are more likely than utilitarian products to arouse both guilt and pleasure (Zheng & Kivetz, 2009). Conferring to the field of psychology guilt is a negative emotion that a person may wish to overcome through some pro-social behavior.

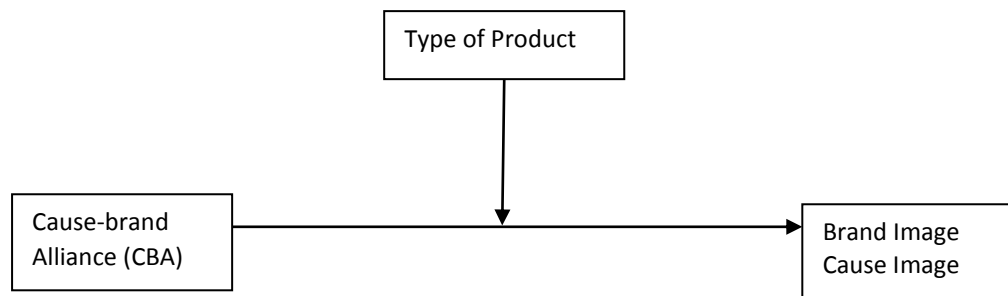
Prior research shows that the success of CRM initiatives are higher when the strategy used with hedonic products rather than utilitarian ones (W.-L. Chang, 2008). For example, Strahilevitz and Myers (1998) found that donations to the charitable cause were more effective for the promotion of perky products (i.e., hedonic products) rather than the promotion of practical products (i.e., utilitarian products). On one aspect, luxury-partnerships create significant funds more than traditional fundraising tools (Peloza & Hassay, 2007). On another side, they provide more chances to improve customer's attitude toward the certain non-profit organization, particularly those with low brand recognition which partner with luxury brands (Basil & Herr, 2003). In spite of these possible conflicting effects, prior studies did not analyze the likely outcomes. It is not clear, how and to what extent product type makes a difference in CRM evaluation? This study aim is to understand whether NPOs should cooperate with luxury brands through CRM or not?

Based on the reasoning above, it expects that consumers will demonstrate more positive cognitive, affective and behavioral responses when CRM initiatives used in hedonic products. Therefore, the following hypothesis is proposed:

H1. CRM campaign associated with hedonistic products vs. utilitarian will lead to more positive attitude toward the brand image.

H2. CRM campaign associated with hedonic products vs. utilitarian will lead to more positive attitude toward the cause image.

Figure: Conceptual Model



3. Methodology & Data

3.1 Subjects

Graduate business students enrolled at a major university in Pakistan participated in the study. The subjects were randomly assigned to one of these experimental conditions. The use of student samples is very common in CRM research (D. Moosmayer & A. Fuljahn, 2010). Online link sent to the respondents involves recording consumer perceptions regarding cause-related campaign and brand attitude. Out of the total of 347 responses to the survey, 310 were usable for analyses consisting of 211 (68%) males and 99 (32%) females. Ages ranged from 20-25 to 31%, 25-30 with 57% and from 30-35 with 12% of the total. As for an educational qualification of the respondents, 114 (37%) were graduate students, 134 (43%) were master degree students, and 62 (20%) were postgraduate (Doctorate) students. Based on the focus of this paper, we used only high familiar causes and high known brands for analysis.

3.2 Design and Procedure

Four charitable causes and brands were selected as an alliance partner. Two high familiar causes and brands i.e., American Red Cross, Save the Children, Nestle Mineral Water and Dove chocolate was selected as the alliance partners.

Total four alliances were created for the online questionnaire including two target alliances, i.e., Nestle Mineral Water-American Red Cross, Dove Chocolate-Save the Children. There were no significant differences in familiarity among American Red Cross and Save the Children ($M_1=6.12$, $SD=.54$; $M_2=6.18$, $SD=.52$), [$F(1, 618) = 2.02$, $p>.05$, $n^2=.003$]. One way ANOVA also indicates no significant difference among the mean familiarities of high familiar brands. Nestle Mineral Water ($M=5.86$, $SD=.63$), Dove chocolate ($M=5.76$, $SD=.60$) [$F(1, 618) = 3.58$, $p>.05$, $n^2=.005$]. Participants then evaluated the brand image on a three-item scale (1 = very negative/dislike/bad, 7 = very positive/like/good) adopted from previous research (Ahluwalia & Gürhan-Canli, 2000). Scale reliabilities were evaluated by using Cronbach's alpha. All scales showed a high degree of reliability. We measured respondents' cause-related campaign attitude in three time periods using three items scales: good/bad, positive/negative, and favorable/unfavorable adopted from the earlier study (Burnkrant & Unnava, 1995). Similarly, three items familiar/unfamiliar had heard before/had not heard before and recognized/not recognized adopted from the study of Simonin & Ruth (1998).

Here each respondent was randomly allocated a questionnaire. The questionnaire consisted of three parts, i.e., Part I, Part II and Part III measured respectively. Part I of the questionnaire was intended to analyze prior attitude of cause and brand. Part II of the questionnaire was intended to analyze partnership of cause and brand. The researcher explained respondents regarding CRM campaign and amount of specific donation for every purchase of the product. Part III of the questionnaire required consumers' response towards the image of the brand and cause after an alliance of firm and non-profit organization. Along with actual alliances, dummy alliances were also used to control biases.

4. Results

4.1 Hypothesis Testing

The first hypothesis states CRM campaign associated with hedonic products (vs. utilitarian) will lead to more positive attitude toward the brand image. In the case of Nestle Mineral Water-American Red Cross (utilitarian product) and Dove Chocolate-Save the Children (hedonic product). Repeated measure ANOVA was used to measure pre and post attitude. It showed post attitude toward Dove Chocolate ($M=6.24$, $SD=.65$) was more positive than pre attitude ($M=5.93$, $SD=.80$). The effect of time was significant Wilks's Lambda = .74, $F(2, 308) = 54.14$, $p<.05$, multivariate partial eta squared = .26. Again ANOVA shows post attitude toward Nestle Mineral Water ($M=5.46$, $SD=.84$) was more positive than pre attitude ($M=5.32$, $SD=.73$). There was a significant effect for time Wilks's Lambda = .87, $F(2, 308) = 23.04$, $p<.0005$, multivariate partial eta squared = .13.

Multivariate partial eta squared value is 0.26 for Dove Chocolate brand image while 0.13 for Nestle Mineral Water brand image. These values show a brand image of the hedonic product increased more as compared to the brand image of the utilitarian product while allying with a charitable cause. Thus H1 is supported.

The second hypothesis states CRM campaign associated with hedonic products (vs. utilitarian) will lead to more positive attitude toward the cause image. In the case of Nestle Mineral Water-American Red Cross (utilitarian product) and Dove Chocolate-Save the Children (hedonic product). Repeated measure ANOVA was used to measure pre and post attitude. It showed post attitude toward Save the Children (M=6.44, SD=.66) was more positive than pre attitude (M=5.67, SD=.57). The effect of time was significant Wilks's Lambda = .56, $F(2, 308) = 121.77$, $p < .05$, multivariate partial eta squared = 0.44. Again ANOVA shows post attitude toward American Red Cross (M=6.18, SD=.52) was more positive than pre attitude (M=5.77, SD=.60). There was a significant effect for time Wilks's Lambda = .74, $F(2, 308) = 55.35$, $p < .0005$, multivariate partial eta squared = 0.26.

Multivariate partial eta squared value is 0.26 for American Red Cross image while 0.44 for Save the Children image. Image towards that cause which allies with hedonic product increased more as compared to that cause which allies with the utilitarian product. Thus H2 is supported.

5. Discussion & Conclusion

This study examined whether the product type (Hedonic vs. Utilitarian) in CRM campaign influences the consumer's attitude toward a brand or not? We confirmed and tested that type of product significantly influence consumer's attitude toward the brand. Furthermore, CRM campaign with a hedonic product elevates more consumers' attitude toward the brand. The CRM campaign with a utilitarian product also increased consumers' attitude toward the brand but less as compared to hedonic perspective. One of the reason is consumers may be motivated to support a hedonic brand due merely to the functional benefits they receive from its CSR actions (Du, Sen, & Bhattacharya, 2008). The founding profoundly contributes to CRM literature and extends our understanding that nature of product influence during a partnership of business firms and non-profit organization (C.-T. Chang, 2008; Strahilevitz & Myers, 1998). During CRM alliance, consumers' main concern is still brand even they are donating to social concerns. The study found that brand and cause attitude increased after the alliance, which shows CRM campaign can change consumer's intent towards a partnership with associated cause and brand. This is similar with previous research which shows that alliances between brand and charity can improve brands and NPO's image (D. C. Moosmayer & A. Fuljahn, 2010; Vanhamme, Lindgreen, Reast, & van Popering, 2012).

Nature of product (Hedonic vs. Utilitarian) plays a significant role in shaping consumer's perception of any brand. Accordance with earlier findings which shows product type influences how people perceive CRM campaigns (Galan-Ladero et al., 2013). The reason is why brand image increased more in the hedonic product because more hedonic products are multisensory and typically provide for experiential consumption experiences and typically perceived as discretionary consumption (Okada, 2005). However, when buying utilitarian products, consumers have a clearly defined task, namely to fulfill certain functional needs (Guerreiro, Rita, & Trigueiros, 2015). One of the other reason buying more hedonistic products is usually harder to justify and thus have greater associated guilt. This increased sense of guilt can be mitigated by contributing to charitable activities (Strahilevitz & Myers, 1998). Brand attitude increased both in the hedonic and utilitarian product. Therefore, brand managers should not be afraid for partnership both in case of hedonic and utilitarian product.

The research findings have several managerial implications. Our findings related to the effects of type of product on consumer responses were intriguing. Marketers who sell hedonistic products could get a more favorable attitude towards their products, while marketers who sell utilitarian products can also benefit from the result of the partnership. On the other hand, NPO's can get benefits either partnering with hedonic or utilitarian products.

As in the case of any academic research, some limitations open up opportunities for future studies. The generalizability of the results is limited due to the category of the product (chocolate and mineral water). Although a set of dummy brands used to reduce the probability that the results could not be overly dependent on the brand, the study only focuses on the specific product category and may not be applicable for other categories. Further studies should test the numerous product categories. Besides, the study focused only on high familiar causes in partnership with the high familiar brands. However, low familiar brand-high familiar cause and high familiar brand-low familiar cause less likely for possible partnerships, future research may wish to assess these pairings to see if any unusual differences exist.

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