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The Effect of Cause-Related Marketing and Motivation on Consumer Perceptions

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The present experiment investigated the relationship between motivational style (intrinsic and extrinsic) and cause-related marketing (CRM) on product perceptions. CRM pairs the sale of products with a donation to a specific charitable cause. It was predicted that consumers will have more positive perceptions of products sold through CRM campaigns, be more likely to buy such products paired with CRM, and express more positive attitudes toward companies using CRM. Furthermore, it was predicted that motivational style may impact those attitudes, with intrinsically-motivated individuals showing a greater affinity toward a product when it is paired with a CRM campaign. Overall, results largely supported the hypotheses, with attitudes being more positive toward products and companies sold via CRM and with a greater likelihood of buying CRM products. And while an individual’s level of extrinsic motivation did not affect perceptions, those who scored high in intrinsic motivation showed more positive attitudes toward CRM products.

As people are beginning to consider the social responsibility behind the products they purchase, marketing strategies associating companies with social causes are gaining in popularity. One such approach is commonly referred to as cause-related marketing (CRM) and is unique from corporate sponsorship. With both sponsorship and CRM, companies make monetary donations to a cause or event (Varadarajan & Menon, 1988). Companies donating through a sponsorship agree to give a predetermined sum of money to a social cause. In other words, the donation will occur with or without individual consumer transactions. With CRM, however, the amount of money donated to the cause is dependent on the volume of consumer transactions (Varadarajan & Menon, 1998). Therefore, companies may be more motivated to use CRM in order to boost sales more effectively, to gain consumer loyalty, to better their own image, and to help the global community (Bennett, 2002; Holmes & Kilbane, 1993; Vanhamme et al., 2012).

However, consumers and consumer motivation are not monolithic. Indeed, different people will have different motivations for buying (or avoiding) certain products being advertised to them. According to Deci and Ryan (1996), there are two main types of personal motivation: intrinsic and extrinsic. Intrinsic motivation is the type of motivation propelled by curiosity, enjoyment, and interest. Extrinsic motivation, on the other hand, is the pursuit of external rewards and praise from others (Deci & Ryan, 2000a). As such, the impact of CRM on consumer perceptions may also hinge on the degree to which one is motivated intrinsically or extrinsically. The purpose of the present study was to investigate whether motivational style could be an important element to understanding the true influence of CRM on consumer attitudes and behavior.

Cause-Related Marketing

Cause-related marketing (CRM) is 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” (Varadarajan & Menon, 1998, p.60). One example would be if a company donated one dollar to a particular cause for every shirt that its customers buy. In this
instance, the total amount donated to the cause would be dependent on the number of shirts that customers purchased. Again, this is not to be confused with sponsorship, in which the donation amount is established before consumers are informed of the company’s association with the social cause. Donations through CRM are dependent upon consumer activity. They can be presented as a percentage of the unit price or a dollar amount per unit sold (Chang, 2008). With this form of donating, the amount of aid given is directly tied to the number of units sold which has caused some consumers to question the corporate motivations behind their altruistic behaviors.

Previous research indicates that consumers are more likely to have mixed feelings or divergent viewpoints toward CRM than sponsorship (Chang, 2012). At its core, CRM is designed to serve the dual purpose of improving firm performance and supporting a social cause. Overall, CRM seems to positively influence consumer attitudes and willingness to pay for a product or service (Koschate-Fisther et al., 2012). However, some consumers may question corporate motivation. Chang (2012) suggests that those who perceive CRM negatively consider it an exploitation of the cause in order to increase company profits because the donation amount is contingent upon sales. In one study (Webb & Mohr, 1998), when consumers were asked what motivates corporations to initiate in CRM, half of the respondents assumed the corporations had self-serving motivations to simply boost their profits while the other half assumed the motivations to be mixed, both serving the community as well as the company’s finances.

Some researchers have suggested that CRM takes away the philanthropic aspect of giving and turns it into a sales ploy (Polonsky & Wood, 2001). One needs only to look at the amount of money that corporations spend on flaunting their prosocial behavior (Varadarajan & Menon, 1998). Companies may spend more on advertising than they do on the charitable contribution itself, indicating a large degree of self-interest. Furthermore, the prosocial contributions are tax deductible, which has been viewed as a way for corporations to obtain government subsidies for their marketing programs (Varadarajan, 1998). Overall, most of the negative perceptions of CRM are based in consumer skepticism toward corporate motivation to donate.

Despite some negative consumer reactions toward CRM, it has seen an average annual growth rate of more than 12% in the U.S. over the past decade (Koschate-Fisther et al., 2012) and is being used by the world’s leading companies. In 1983, American Express generated funds for the immediate restoration of the Statue of Liberty landmark based on their consumers’ use of American Express credit cards (Tangari et al., 2010). In 2008, Starbucks gave 50 cents from every sale of their RED branded items to fund the fight against AIDS in Africa (Koschate-Fisther et al., 2012). A year later, Mirabella Beauty donated a dollar from every pink lipstick sold to a disease and treatment research center (Koschate-Fisther et al., 2012). Then, in 2011, Yoplait launched the “Save Lids to Save Lives” program in which 10 cents for every redeemed pink lid was donated to the Susan G. Komen Foundation (Koschate-Fisther et al., 2012).

Each of the examples above displays unique campaign qualities that affect consumer perceptions and willingness to purchase. A growing body of research has uncovered several factors determining the success of CRM such as the fit between the cause and the brand (Bigné-Alcañiz et al., 2012), choice of cause (Robinson et al., 2012), donation amount (Koschate-Fisther et al., 2012), and ad orientation (Chang, 2012). However, there is a lack of research regarding the link between
consumer motivations and perceptions of CRM.

**Consumer Motivations**

Individuals are motivated to engage in certain behaviors, including consumer behaviors, because of a multitude of internal and external factors. A person may be inclined to partake in an activity out of enjoyment or out of obedience (Ryan & Deci, 2000a). Motivation may stem from passion or result from a bribe (Ryan & Deci, 2000a). It is critical to examine the characteristics of motivation itself in order to understand why some actions are produced from our own desires while others are a result of external rewards or pressures.

Smith and Higgins (2000) propose that consumers drawn to CRM are motivated by the pursuit of the “feel-good-factor” in which “the guilt of luxury purchase can be offset and an everyday purchase supplemented by additional positive associations” (p.308). This suggests that consumer motivations are complex and not merely driven by the desire for the product being sold. The advantage of using CRM is that it caters not only to the desires of consumers to own a particular item being sold, but it also speak to their intrinsic desires to do good and be a charitable person. This mixing of motivations is what makes CRM distinctive and creates the need for a further exploration of motivational styles in order to understand consumer perceptions.

According to Deci and Ryan’s Self Determination Theory, there are essentially two different types of motivation: intrinsic and extrinsic (Deci & Ryan, 1985). Kasser and Ryan (1996) furthered this theory, asserting that particular goals in life were associated with both types of motivation. Intrinsic motivation comes from within the self and is driven by four unique goals: (1) affiliation, (2) community feeling, (3) physical fitness, and (4) self-acceptance (Kasser & Ryan, 1996). This type of motivation is associated with positive health benefits such as a greater sense of well-being (Burton et al., 2006; Kirk & Kasser, 2005). Extrinsic motivation, on the other hand, is the drive that comes from external rewards and praise. These externally motivating factors include three main goals: (1) money, (2) social recognition, and (3) image (Kasser & Ryan, 1996). Consumer culture typically markets to the extrinsic desires within us because this type of motivation enhances our desire for products that display wealth or enhance one’s image. This is why intrinsically motivated individuals are more likely to lead materially simple lifestyles than those who are extrinsically motivated (De Young, 1996).

CRM is part of a marketing revolution that considers both intrinsic and extrinsic motivation as viable ways to influence a person’s behavior. While an individual may exhibit one type of motivation over another, everyone is driven by some degree of both intrinsic and extrinsic motivation, depending on the situation. In recent years, marketers have revolutionized their strategies to not only spark consumers’ extrinsic drive to consume, but they have also tapped into consumers’ intrinsic urges. Such strategies have gained popularity quickly and seem to have an advantage over the typical extrinsic-focused marketing strategies.

Some research suggests that using incentives to influence those who are already intrinsically motivated may produce some negative effects. For instance, Deci and Ryan (1980) found that added bonuses or rewards have the capacity to undermine, maintain, or enhance intrinsic motivation. These effects are most likely due to an individual’s perception of the reward. On the one hand, the reward can be viewed as something that is being used to manipulate one’s behavior in order to produce a certain behavior (usually the purchasing of a product or service). Viewing the reward as a
means of controlling behavior tends to undermine any existing intrinsic motivation one has to engage in the behavior. However, the opposite effect can be found when the added reward is viewed from a more informational perspective where the perceiver assumes that the reward is sending the message that he or she has done something good, such as contributing to their improvement of their community or society. In this case, the perceiver’s motivation is likely to be maintained or even enhanced, particularly if their motivation is driven by the need for recognition and social approval from others (Deci & Ryan, 1980). This relationship between external rewards and motivations will be the focus of the present study that seeks to identify the impact of motivational style on CRM campaigns.

The Present Study

The purpose of this study is to examine the relationship between consumer motivational styles and its impact on perceptions of a product that is attached to a CRM campaign. It is predicted in Hypothesis 1 that, regardless of one’s motivational style, CRM will positively affect perceptions of the product, one’s likelihood of buying that product, and perceptions of the company selling the product. Individuals should be more inclined to positively evaluate and buy the product when it is paired with a donation to a charitable cause.

Furthermore, this effect may also be moderated by motivational style. Regarding intrinsic motivation, its impact on the effect of CRM will likely hinge on how CRM is viewed overall, leading to the following competing hypotheses. According to Hypothesis 2a, if CRM is viewed positively as a sign of “doing good” and contributing to the community one is affiliated with, then those who score high (vs. low) in intrinsic motivation are likely to have even greater positive perceptions of the product and company when CRM is used, likely because the charitable cause attached to the purchase of the product aligns with the individual’s own intrinsic desires to be altruistic and community-oriented. However, if CRM is seen by intrinsically-motivated individuals as a way of controlling a consumer’s behavior – in other words, if CRM is perceived negatively as a “gimmick” to get someone to engage in consumption and buy a product – then we should see the opposite pattern emerge within the interaction. According to competing Hypothesis 2b, those who score high (vs. low) in intrinsic motivation are likely to report negative attitudes toward the product and company and exhibit decreased likelihood of buying the product because they are turned off by the product’s association with “manipulative” CRM.

With regard to extrinsic motivation, Hypothesis 3 states that those who score high in extrinsic motivation are likely to also have more positive attitudes toward products and companies associated with CRM, primarily because those who are extrinsically motivated will presumably see donating to the cause as a way of enhancing their own social recognition or promoting their image to others.

Method

Design

To test the hypotheses, a between-subject factorial design was employed. Participants were randomly assigned to receive information about a product (a water bottle) that was either being sold as part of a CRM campaign (the experimental condition) or being sold without CRM (the control condition). Participants then completed a number of items measuring their attitudes toward the product, attitudes toward the company selling the product, and likelihood of buying the product. Each
participant's level of intrinsic and extrinsic motivation was also assessed. As such, variations in attitudes could be assessed as a function of the experimental condition as well as the participant's own level of intrinsic or extrinsic motivation.

Participants

Participants were recruited from undergraduate classes at a small liberal school in the Midwest and through snowball sampling online via email. Seventy-six participants completed the study. There were 43 female participants, 32 male participants, and one participant who did not report his or her gender. The age of participants ranged from 18 to 67 years old (M = 20.04, SD = 14.59).

Procedure and Materials

During recruitment, individuals interested in participating in the study submitted their email addresses to the researcher. A survey link was then emailed to participants within 48 hours. Upon clicking the link within the email, participants were presented with consent information and agreed to participate in the study.

After giving their consent, participants first completed the Aspiration Index (AI) questionnaire (Kasser & Ryan, 1996) in order to gauge their levels of both intrinsic and extrinsic motivation. Participants evaluated 42 statements about their future goals, indicating the importance they place on each goal (1 = not at all important, 7 = very important). An intrinsic motivation score and an extrinsic motivation score was calculated for each participant.

Next, participants read information about a product being sold: a reusable water bottle. A water bottle was chosen as the product being advertised because it can be seen as a practical and useful object to buy and not necessarily a frivolous purchase. Past research has shown that frivolous products may impact the effect of CRM (Chang & Yu-Kang, 2008) and that the choice of product may also impact perceptions by interacting with the donation magnitude embedded within the CRM campaign (Strahilevitz, 1999). In both conditions of the present study, participants received basic information about the water bottle's design and viewed a picture of the water bottle. However, those randomly assigned to the experimental condition received additional information pairing the purchase of the water bottle with a donation to a charitable cause. Specifically, in this CRM condition, participants were told that "for every water bottle sold, 10% percent of the profit is donated toward the Water Project," an organization that helps provide clean water to areas lacking potable water or proper sanitation. The Water Project was chosen because it is a relatively high-profile and well-known charity that participants would likely be familiar with and whose focus (water conservation) is related to the product being advertised (water bottle). Past research suggests that the effect of CRM on consumer perceptions is likely to be highest when the product or brand being sold matches or fits with the charitable cause being promoted (Pracejus & Olsen, 2004).

After reading about the water bottle, participants in each condition then completed three Likert-type questions that assessed their attitudes toward the water bottle: How much do you like this product? (-3 = dislike, 3 = like), How appealing is this product? (-3 = unappealing, 3 = appealing), What is your attitude toward this product? (-3 = negative, 3 = positive). These three items were averaged in order to arrive at an overall composite attitude toward the product. Participants also indicated their likelihood of buying the water bottle on another 7-point scale (-3 = extremely unlikely, 3 = extremely likely) and they reported their
perceptions of the company selling the water bottle (-3 = negative, 3 = positive). Finally, to ensure participants in each condition read the material about the water bottle, a question was asked as a manipulation check. Participants in the experimental CRM condition answered a multiple-choice question that asked them what percentage of the profits would be donated to the Water Project (10%) while participants in the control condition were asked about the weight of the water bottle (light weight). All participants answered these manipulation check questions correctly. If they had not, they would have been removed from the dataset for failing to follow instructions properly.

After completing two filler questionnaires – Puri’s (1996) Consumer Impulsiveness Scale and Perry’s (1996) Public Service Motivation Scale (1996) – participants answered a few demographic questions including their age and gender. All participants were then debriefed regarding the nature of the experiment and thanked for their participation.

Results

Statistical analyses were conducted to gauge the impact of the predictor variables on attitudes toward the product and company as well as behavior intention. Because one predictor was categorical (CRM condition vs. control) and another predictor was continuous (participant motivational style as measured by the Aspiration Index), regression with dummy coding was used to analyze the data. A “CRM” dummy code was created in SPSS and coded as a -0.5 for the control condition and as a +0.5 for the experimental condition that contained the CRM information.

CRM and Intrinsic Motivation

The impact of intrinsic motivation and CRM was investigated first. Each of the dependent variables were analyzed in light of the predictors in the regression model: the CRM dummy code, the continuous measure of intrinsic motivation, and the two-way interaction between the CRM dummy code and intrinsic measure. For all three dependent variables, a main effect of the CRM independent variable was found, confirming Hypothesis 1. Specifically, in the CRM condition (compared to the non-CRM condition), participants reported more favorable attitudes toward the product (β = .249, t = 2.118, p = .038), indicated a greater inclination to buy the product (β = .308, t = 2.544, p = .013), and expressed more positive attitudes toward the company selling the product (β = .477, t = 4.368, p < .001).

When looking at the impact of intrinsic motivation on the three dependent variables, no main effect of intrinsic motivation by itself was found (p > .25 in all cases). In other words, attitudes and behavior intention did not change as a function of a participant’s level of intrinsic motivation alone. However, a two-way interaction between intrinsic motivation and CRM condition did emerge for attitudes toward the product (β = .254, t = 2.067, p = .043). As seen in Figure 1, simple slopes analysis revealed no difference between attitudes toward the product in the CRM and non-CRM conditions for those low (one standard deviation below the mean) in intrinsic motivation. For those scoring one standard deviation above the mean in intrinsic motivation, attitudes toward the product were more positive when it was presented as part of a cause-related marketing campaign (CRM condition). This two-way interaction only emerged for attitudes toward the product and did not appear when assessing either attitudes toward the company (β = .130, t = 1.137, p = .260) or likelihood of buying the product (β = .117, t = 0.929, p = .356). Thus, overall, some support was found for Hypothesis 2a for attitudes toward the product. No evidence at all was found to support Hypothesis 2b.
CRM and Extrinsic Motivation

The above regression analyses were repeated but with extrinsic motivation replacing intrinsic motivation in the models. No main effects of extrinsic motivation appeared for any of the three dependent variables (p > .140 in all cases). When investigating the potential two-way interactions, no support was found for Hypothesis 3 among any of the dependent variables. In other words, there were no two-way interactions between the CRM condition and extrinsic motivation for any outcome (p > .458 in all cases). The only noteworthy finding was a reemergence of the main effect of CRM condition for each dependent variable (p’s < .08), again showing that participants tended to like the product and company more in the CRM condition than in the control condition and they tended to indicate a greater likelihood of buying the product in the CRM condition.

Discussion

The purpose of this study was to test the effect of cause-related marketing (CRM) and motivational style on consumer perceptions of products, companies, and willingness to purchase those products. The Hypothesis 1 suggested that CRM would produce more favorable perceptions of products and companies, as well as an increased likelihood of consumers purchasing the product, compared to marketing that did not incorporate a charitable cause. The findings supported this hypothesis. Participants expressed more positive attitudes toward the product (reusable water bottle) when it was paired with a cause (10% donation to the Water Project) compared to the baseline condition that did not have the cause. Attitudes toward the company selling the product were also more favorable in the CRM condition and participants indicated a greater inclination to buy the product in the CRM condition. Overall, this main effect supports previous research on the successes of CRM as a revolutionary marketing strategy (Koschate-Fisther et al., 2012).

When assessing the impact of motivation on the CRM effect, some support was found for Hypothesis 2a. As shown in Figure 1, participants scoring high in intrinsic motivation expressed more positive attitudes toward the product in the CRM condition compared to the non-CRM condition. In other words, attaching the social cause to the purchase of the product seems to have peaked the interest of those high in intrinsic motivation, presumably speaking to their desires to be altruistic and more community-oriented. This was not the case for participants low in intrinsic motivation, as their attitude toward the product was the same regardless if the product was paired with a social cause or not. This two-way interaction between intrinsic motivation and CRM condition suggests participants high in intrinsic motivation saw the CRM campaign as a social “good” rather than a gimmick that sought to control their behavior.

However, this two-way interaction between CRM condition and intrinsic motivation only exerted an effect on attitudes toward the product and did not significantly impact attitudes toward the company. This suggests whatever power the CRM campaign had was not strong enough to spread to the actual company selling the product. Similarly, there was no significant interaction effect on participants’ likelihood of buying the product. This is not totally surprising though as past research on the theory of planned behavior has shown that one’s attitudes are not always aligned with one’s behavior intention (Ajzen & Fishbein, 1977, 2005).

No statistically significant effects were found involving extrinsic motivation, thus no support was found for Hypothesis 3. Perhaps because the data was collected online via an
electronic survey, participants presumably did not see the purchase of the product as enhancing their social capital or increasing their social standing. After all, participants completed the experiment alone without the presence of others. As such, extrinsic motivation may not have influenced their attitudes or behavior intentions in this private setting. However, in cases where the purchase of products paired with a CRM campaign is public and open for others to witness, one may see extrinsic motivation cause a person to more highly value the product and want to buy the product more because he or she feels it will bring them notoriety or enhance their social image. Further research should focus on the degree to which extrinsic motivation may play a role in consumer behavior, focusing on situations in which the purchasing of a product with CRM is in public and seen by others.

The current study was limited by the choices made for the product and donation, both the amount donated (10%) and the charity (the Water Project). Research has shown that consumer perceptions can be swayed by the donation, specifically whether it is made as an absolute dollar amount or as a percentage of the overall purchase that must be calculated by the consumer if he or she is to know exactly how much the company will be donating to the cause (Chang & Yu-Kang, 2008, Pracejus, Olsen, & Brown, 2003). While a set percentage was utilized in the present study (10% of cost), it would be interesting to see if a specific, absolute amount would change perceptions of the product and willingness to buy (and, if so, what dollar amount would yield the greatest willingness to purchase the product). Likewise, the product chosen in the present study (water bottle) aligned with the charity (water conservation), but the effects found here may be different if a more frivolous or "impulse" buy was being advertised that did not necessarily relate to the charity being promoted. Past research has shown that the product being paired with CRM can affect consumers' willingness to engage in a CRM campaign, specifically whether the product is viewed as frivolous or as a necessity (Strahilevitz, 1999; Strahilevitz & Myers, 1998) and whether the product brand fits with the charitable cause (Pracejus & Olsen, 2004). Again, future research can help further delineate the extent to which the donation type, amount, and product all interact to influence consumer perceptions and the effectiveness of CRM campaigns.

Conclusions

Overall, perceptions of the product being sold were more positive when paired with a CRM campaign. Likewise, attitudes toward the company also improved. These findings have positive implications for companies seeking more innovative ways to increase sales and improve their public image. Indeed, the present results do not suggest that companies using CRM will face negative evaluations of their products or of themselves. This goes against some past research suggesting that CRM produces negative perceptions of companies because consumers perceive it as an exploitation of the cause to increase profits (Polonsky & Wood, 2001) or a flaunting of prosocial behavior (Varadarajan & Menon, 1998). Overall, further research is needed to determine the power and the limits of CRM and how its influence can sway particular consumers.

References

Experimental approaches to the study of charity (pp. 3-13). New York, NY: Psychology Press.


Appendix

Figure 1. Attitudes toward the product as a function of experimental condition and participant’s own level of intrinsic motivation.