

The Effects of Donation magnitude and corporate social responsibility in Cause-related marketing

Miao Zhao, Roger Williams University, RI

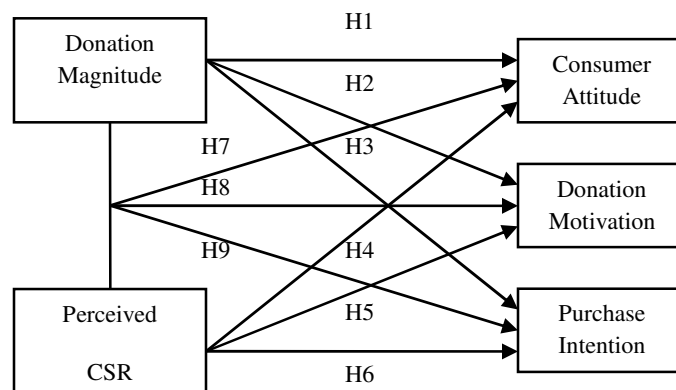
Yimin Zhu, Sun Yat-Sen University, China

Abstract

Since American Express conducted the first recorded cause-related marketing (CRM) campaign in 1981 (Barnes and Fitzgibbons 1991), more and more corporations understand that CRM functions as a “co-alignment of marketing strategy and corporate philanthropy” (Varadarajan and Menon 1988). CRM has been defined as “an offer from the firm to contribute a specific amount to a designated cause when consumers engage in revenue-providing exchanges (Varadarajan and Menon 1988, p.60). Due to its unique marketing approaches, CRM is considered an effective marketing tool for building positive brand image and generate favorable consumer responses. This research examines the effects of corporation’s donation magnitude and perceived corporate social responsibility (CSR) on consumers’ attitude toward the corporation, consumers’ perception of corporation’s donation motivation, and consumers’ purchase intention in CRM. The interaction effects of donation magnitude and CSR are examined as well.

Based on the literature review, a theoretical model (Figure 1) has been developed. The study uses a 2 (donation magnitude: large vs. small) X 2 (CSR: high vs. low) between-subjects factorial design. The two independent variables were manipulated successfully. Participants were recruited in China and assigned to the above four scenario. One hundred and fifty-five completed questionnaires were collected.

Figure 1: The Impacts of Donation Magnitude and Perceived CSR on Consumer Responses



Our research supports that both donation magnitude and perceived CSR positively affect consumers’ responses to a corporation’s CRM campaigns. In another word, the more a

corporation donates to a charity, the more favorable responses consumers will generate (H1-H3); a social responsible corporation will achieve more favorable responses than a corporation which is perceived as social irresponsible (H4-H6).

In our research, we also examine the interaction effects of donation magnitude and perceived CSR. We confirm that when a social irresponsible corporation donates to a charity, consumers will generate more negative attitude toward the corporation, be more likely to question the corporation's donation motivation, and purchase less from the corporation when the donation magnitude is large than when it is small (H7-H9). That is, due to the inconsistent information received by consumers, for social irresponsible corporations, the more they donate, the more negatively the consumers respond. The results of the current research shed light on the effective design of a CRM campaign.