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AN EXPLORATORY INVESTIGATION OF ATTITUDES TOWARD
CAUSE-RELATED MARKETING

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Abstract

This paper reports on a study concerning consumer perceptions of cause-related marketing in Australia, and seeks to identify a direct link between consumer attitudes toward donating to charity (pro-social behaviour) and corporate philanthropy, and attitudes toward cause-related marketing. After a discussion on the related literature, there follows discussion on the research model employed, and the findings of the study. Among other findings, statistically significant relationships between attitudes toward charitable giving and attitudes toward cause-related marketing are in evidence. In this study, respondents express a preference for local causes, as opposed to national and international causes, and also demonstrate a preference for cause types similar to those that already receive the highest level of charitable donations. The paper concludes with a discussion of the limitations of the study and presents suggestions for future research.

Introduction

The financial press in 2002 indicates that commercial organisations wish to be seen to be good corporate citizens, particularly in the more recent environment where there is now greater scrutiny of many aspects of business ranging from directors' emoluments, to the depth of company valuations, as well as audit practices. Apart from behaving responsibly in terms of corporate governance and financial reporting, businesses engage in a number of practices designed to engender positive attitudes and comment from major external publics that include their customer base. Moreover, there are proven financial reasons for businesses wishing to turn, maintain, or enhance their corporate identity, corporate image, corporate reputation, and their overall corporate super-brand (Dowling, 2001).

There is also reported cynicism of such business activities (Burbury, 1999; Till and Nowak, 2000). The contrast between the growth in cause-related marketing, which we define in the following section, and inadequately reported and arguably opposing consumer views led, in part, to this study.

Literature Analysis and Synthesis

The literature reviewed in this section provides an overview of both pro-social behaviour and cause-related marketing.

Pro-Social Behaviour

Pro-social behaviour involves learned responses, in a particular cultural setting, and may be defined as "helping, sharing and other seemingly intentional and voluntary positive behaviour for which the motive is unspecified, unknown or not altruistic" (Berger, Cunningham and Kozinets, 1999, p. 491). Thus, donating to a charity is a pro-social act. Researchers in this field have established the connection between gender (Brunel and Nelson, 2000; Meyers-Levy, 1988), and propensity to make charitable donations, as well as age and this propensity (Reece, 1979; Garner and Wagner 1991). The link between household income and relative social advantage, and the
act of giving has been identified (Harvey, 1990). Additionally, proximity effects have been identified (Bar-Tal, 1976), and in cause-related marketing campaigns, proximity takes the form of local, national or international causes.

Charitable giving is defined as *making a financial donation directly to a non-profit or charitable organisation*, and does not include donations of goods or time donated in a voluntary capacity.

**Cause-Related Marketing**

One definition of cause-related marketing adopted is "...marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organisational and individual objectives" (Varadarajan and Menon, 1988 p. 60). Other terms have been used to describe these practices; however, the term cause-related marketing is now more commonly used (Adkins, 1999; Drumwright, 1996; File and Price, 1998).

Cause-related marketing is defined in this study as *marketed offers involving contributions to charitable organisations*, and is consistent with the definition by Varadarajan and Menon (1988).

**Hypotheses**

A number of hypotheses were developed based on the gap in the academic literature concerning the relationship between cause-related marketing and pro-social behaviour. A working model which contextualises the following hypotheses was developed.

H1: Attitude toward charitable giving is related to attitude toward cause-related marketing.

H2: Attitude toward company philanthropy is related to attitude toward cause-related marketing.

H3: Women have a significantly more positive attitude toward cause-related marketing than men.

H4a: Age and positive attitude toward charitable giving are positively related.

H4b: Age and positive attitude toward cause-related marketing are positively related.

H5: Household income and positive attitudes toward cause-related marketing are positively related.

H6: The more often a person donates to charitable organisations and causes, the more positive the attitude toward cause-related marketing activity.

H7a: Respondents indicate more support for a cause-related marketing program that involves the sponsoring of a local cause/charity compared to a national cause/charity.

H7b: Respondents indicate more support for a cause-related marketing program that involves the sponsoring of a local cause/charity compared to an international cause/charity.

H8: Respondent preferences for the type of cause they would most like to see supported in cause-related marketing activity are similar to causes to which individuals prefer to donate directly.
Methodology

A self-administered questionnaire was employed with a convenience sample of students drawn from the semester two 2001 population of on-campus Master of Business Administration (MBA) students attending instruction on the Melbourne campus of an Australian university. A pilot study was conducted to ensure that the final instructions and items were clear and unambiguous.

The questionnaire contained 46 items, of which 39 items employed five point Likert scales anchored with Disagree strongly and Agree strongly. Of the 39 items, 20 were adapted from a battery employed by Furnham (1995) to measure attitudes toward charitable giving; which included 10 positive and 10 negative items. A further 19 items were adapted from Furnham following personal interviews with executives from organisations engaged in charitable activities and focus group discussions with MBA students. Of these 19 items, 12 were developed to measure attitude toward cause-related marketing, where this activity was defined as "a company donating a percentage of the selling price to charity". The term "cause-related marketing" was not employed, as it is not a commonly used term in the broader population. Seven items were developed to study attitudes toward company philanthropy generally. The definition of cause types employed in the study was drawn from O'Keefe and Partner's annual reports into the giving behaviour of Australians.

Findings and Discussion

This section presents the findings and discussion.

Attitude Toward Charitable Giving

In the case of the original study reported by Furnham (1995), and involving the 20 items employed in this study, factor analysis identified five factors concerned with attitudes toward charitable giving: Inefficiency of charitable giving, efficiency of charitable giving, cynical giving, altruistic giving, and purpose of charity. In the study reported in this paper, seven factors with eigenvalues over one were identified from factor analysis employing Principle Axis Factoring as the extraction method. These findings support Furnham's (1995) findings, for although two additional factors were revealed, the seven factors account for more of the variance (59 per cent) than Furnham's original five factors (52 per cent). While the variance explained by each factor, and their order (power) differ, the items loading onto the factors are similar. A comparison of the factors and the variance explained by each factor in the two studies is presented in Table 1.

<table>
<thead>
<tr>
<th>Factor Label</th>
<th>Furnham (1995)</th>
<th>Current Study</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor order</td>
<td>Variance %</td>
</tr>
<tr>
<td>Inefficiency of charitable giving</td>
<td>1</td>
<td>18.4</td>
</tr>
<tr>
<td>Efficiency of charitable giving</td>
<td>2</td>
<td>13.6</td>
</tr>
<tr>
<td>Cynical giving</td>
<td>3</td>
<td>7.3</td>
</tr>
<tr>
<td>Altruistic giving</td>
<td>4</td>
<td>6.4</td>
</tr>
<tr>
<td>Purpose of charitable giving</td>
<td>5</td>
<td>5.9</td>
</tr>
<tr>
<td>Role of charitable giving</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Purposeful and personal perception of charitable giving</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Attitude Toward Cause-Related Marketing

Factor analysis of the 12 items measuring attitude toward cause-related marketing revealed four factors with eigenvalues above one; explaining 59 per cent of the observed variance: cynical view of cause-related marketing, social justification (people have a duty to buy such products), purpose of cause related marketing, and sympathetic. The first factor, accounting for 23 per cent of the variance, contains all six negative items. As the highest loading (0.7) item states that many companies have ulterior motives for engaging in cause-related marketing, the derivation of the factor labelling is clear.

Hypotheses Testing

Multiple regression analysis provided an insight into the relationships between independent variables and their prediction of the dependent variable attitude toward cause-related marketing. Nonmetric correlation coefficient computation (Spearman rho) identified the existence of several significant relationships between the variables under investigation.

The following hypotheses are supported: H1; H2; H7a; H7b; and H8; while the following hypotheses were rejected: H3; H4a; H4b; H5; and H6.

Generally, respondents who view charitable giving positively also hold positive views of cause-related marketing \((r = 0.35, p<0.01)\). A more detailed examination of the correlation matrices than it is possible to report herein reveals several statistically significant correlations between 'charitable giving' factors and 'cause-related marketing' factors e.g., cynical view of cause-related marketing correlates moderately positively with inefficiency of charitable giving \((r = 0.32, p<0.01)\). There is a statistically significant correlation between positive attitude to company philanthropy and positive attitude to cause-related marketing \((r = 0.357, p<0.01)\). The highest correlation is between negative attitude to company philanthropy and negative attitude to cause-related marketing \((r = 0.67, p<0.01)\).

The results seem to suggest that respondents may view company philanthropy and cause-related marketing activity similarly, and may not differentiate between the two concepts. This outcome may, however, result from the fact that the questionnaire does not mention the term cause-related marketing, referring to the concept generally as 'companies giving a percentage of the selling price to charity'.

Response frequencies indicate that more people give their highest preference to local charities and causes (57.6 per cent), and national causes are preferred to international causes, thus supporting H7a and H7b. Response frequencies also indicate support for H8 with the ranking of cause types as follows: health; disabled; medical research; environment; education; social welfare; international aid; animal welfare; arts; sport; and religion. Once again, this finding is consistent with the aforementioned commercial studies.
Concluding Remarks

This study reinforces the findings of earlier studies concerning the importance of attitude toward pro-social behaviour and the formation of positive attitude toward cause-related marketing. The literature states that cause-related marketing may be viewed as a form of a commercial purchase combined with pro-social values. Where marketers are able to better understand the pro-social component of the equation, they can seek to engender positive attitudes and thus influence increase purchase intentions and purchase behaviour.

There are several limitations associated with this research study. The main limitation concerns the fact that conclusions are drawn from responses by a relatively small, non-probabilistic, convenience sample of MBA students, and it is therefore not possible to generalise to the population at large. The items to measure attitudes toward company philanthropy and cause-related marketing were developed specifically for this study, albeit by adapting items from an earlier study, which tends to limit the validity and reliability of the findings. There are few similar studies in this field, which to an extent justifies the action taken in this regard. Future researchers studying consumer responses to cause-related marketing would be advised to take into account the aforementioned limitations when designing, implementing and analysing such studies.
References