#### STOCKHOLM SCHOOL OF ECONOMICS

Department of Marketing and Strategy Bachelor Thesis in Marketing Spring 2011

# Cause-Related Marketing

# – Is a Profit-Making Brand a Suitable Partner for a Charity Organization?

Cause-related marketing is a marketing communication tool through which a company and its products are linked together with a charity organization. It has become a popular marketing strategy among companies in the US, and it is becoming more prevalent among companies in Sweden. The purpose of this thesis is to study if a cause-related marketing campaign affects consumers' perceptions of the partners in the alliance. The perceived level of altruism among the profit-making brands is the primary focus. Data was collected through online questionnaires. The analysis of the data showed that a cause-related marketing campaign did not change consumers' perceptions of the partners in the alliance. The results also showed that a brand's level of altruism did not have the expected effect on the cause-related marketing campaign or the partners involved.

#### **Key Search Words:**

Cause-related marketing, level of altruism, food retailing, consumer perceptions.

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# Thank You

## Erik Modig

- for your expertise and help when we needed it the most.

# All the respondents of our surveys

- for making this thesis possible.

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#### 1 Introduction

#### 1.1 Background

According to Frivilligorganisationernas Insamlingsråd (2009), Swedish citizens continue to increase their contribution to charities. During 2009, the donated amount increased by almost 100 million SEK compared to the year before. However, the big number of charity organizations, and the rough competition between them, makes it very important to stand out and be seen. One possible way to reach the attention of consumers is through cause-related marketing (below referred to as CRM¹), a tool that has become more and more prevalent within marketing (Ellen, Mohr, and Webb 2000).

The competition is tough for most profit-making companies as well. In order to survive, they have to find a way to gain a competitive advantage. To overcome the competition, it is necessary to go beyond traditional bases for differentiation (i.e. price and quality) (Handelman and Arnold 1999, Marin and Ruiz 2007). One way to accomplish this is through cause-related marketing (CRM) (Bigné-Alcañiz, Currás-Pérez, and Sánchez-García 2009, Brammer and Millington 2006, Brønn and Vrioni 2001). Differentiation is one reason for engaging in cause-related marketing (CRM). Another reason is, according to Andreasen and Kotler (2008, p. 405), the positive effects that can be generated. Specifically, Lafferty, Goldsmith, and Hult (2004) states that CRM is a way for companies to strengthen their brand.

When considering participation in CRM, it is important to evaluate the effects it can have on the partners in the alliance, i.e. the charity organization and the profit-making brand (below referred to as brand). The effects that consumer perceptions of a profit-making brand (brand) can have on the cause-brand alliance are still relatively unexplored in the literature. However, Lafferty, Goldsmith, and Hult (2004) do come to the conclusion that consumers' previous attitudes toward the profit-making brand (brand) as well as the charity organization will have an effect, i.e. there is a positive relationship between attitudes toward the CRM campaign and consumers' previous attitudes toward the partners. Still, the level of generalization is low, and most studies concerning CRM and charity marketing, both general and more narrow studies, focus on the US rather than Europe.

<sup>&</sup>lt;sup>1</sup> CRM is also known as a contraction for customer relationship marketing, however, in this thesis CRM is cause-related marketing.

#### 1.2 Problem Definition

In 1983, American Express' campaigned to raise money for the preservation of the Statue of Liberty and Ellis Island. This is considered to be the start for CRM (American Express Company 2011, Liston-Heyes and Liu 2010, Nan and Heo 2007). Since then, many companies have been involved in this type of marketing.

In Sweden, the use of CRM as a marketing strategy has grown among food-retailing brands. One example is ICA's collaboration with the World Childhood Foundation which started in 2003. The latest campaign involved a Christmas CD that was sold around Christmas in 2010, and part of the revenue was donated to the World Childhood Foundation (ICA 2011). Another example of a CRM campaign is the Pink Ribbon campaign during the month of October. During the campaign, various brands sell products designed in favor for breast cancer research, i.e. Pink Ribbon Products (Cancerfonden 2011). More recently, the Swedish Heart-Lung Foundation formed an alliance with a number of Swedish retailers operating in different sectors (e.g. Hemköp (food retailing) and Kappahl (clothing) (Hjärt-Lungfonden 2011). The goal of the alliance was to raise money in support of the cardiovascular and pulmonary research by selling different products in the stores mentioned above. However, even though the use of CRM is growing in Sweden, it appears as if it is not as prevalent in Sweden as it is in the US.

CRM is, as mentioned in the background, a mean for companies to differentiate themselves and to build a stronger brand (see e.g. Bigné-Alcañiz, Currás-Pérez, and Sánchez-García 2009, Brønn and Vrioni 2001, Lafferty, Goldsmith, and Hult 2004). Contrary to these findings, there is also research that concludes that CRM is not always regarded positively by the consumers. It should be noted that the linking of charity marketing campaigns with sales activities that generate profit might be met by skepticism from the consumers (e.g. Barone, Norman, and Miyazaki 2007). Especially, consumers' skepticism about the brand's underlying motive can affect the outcome of a CRM campaign negatively. That is why it is essential for the charity organization to choose the right brand to collaborate with when forming an alliance (e.g. Svensson and Wood 2011, Varadarajan and Menon 1988).

There is a great variety of literature about charity marketing in general and CRM in particular. CRM literature has addressed issues such as congruency between the participating brand and the cause itself (Ellen, Mohr, and Webb 2000), issues regarding brand-cause fit (Barone,

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Norman, and Miyazaki 2007, Gupta and Pirsch 2006, Pracejus and Olsen 2004), product-cause fit (Hamlin and Wilson 2004), the effect of size of donation amount (Olsen, Pracejus, and Brown 2003), and CRM as a mean to build corporate image (Demetriou, Papasolomou, and Vrontis 2010).

However, as mentioned in the background, the effects consumers' perceptions of a brand, as well as about the charity organization, can have on the cause-brand alliance is still relatively unexplored in the literature (for an exception see e.g. Lafferty, Goldsmith, and Hult 2004). More precisely, consumers' perceptions of a brand's level of altruism<sup>2</sup> and its effect on a CRM campaign, as well as post-alliance<sup>3</sup> attitudes, have hardly been in focus at all. Hence, there is a knowledge gap concerning these issues which creates an opportunity for further research and generalization.

#### 1.3 Purpose

Focus in this thesis will be on cause-related marketing and if it affects the partners promoting the marketing campaign. More specifically, the purpose will be to study if a cause-related marketing campaign will change consumers' perceptions of the charity organization as well as the food-retailing brands. Furthermore, it will be studied if consumers' perceptions regarding a brand's level of altruism will affect the outcome of a cause-related marketing campaign.

#### 1.4 Delimitations

Due to the limited scope of a bachelor thesis it has been necessary to make some delimitations. The first delimitation is that, even though there are many ways for companies to contribute to charity, CRM was chosen as the topic of focus since it is a method that is becoming more prevalent among companies and charity organizations in Sweden. In addition, CRM should be an easy concept to understand, which should make it easier for respondents in a study to voice their opinion

Furthermore, this study has been limited to only involve food-retailing brands. The limited scope of a bachelor thesis is not the only reason for choosing to only involve food-retailing brands. The choice can also be motivated by the fact that CRM in Sweden is becoming more prevalent in this sector. The fact that CRM is popular among retailers is also verified by Barone, Norman, and Miyazaki (2007). In order to fulfill the purpose of this thesis, a pre-

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<sup>&</sup>lt;sup>2</sup> In this thesis, altruism will be defined as a brand's level of social involvement.

<sup>&</sup>lt;sup>3</sup> Post-alliance attitudes meaning attitudes toward the brand/charity organization after the CRM campaign.

study was conducted aiming at finding two food-retiling brands that, by the consumers, were perceived as being more or less altruistic. In the study, we chose to include six food-retailing brands, all of them among the bigger in Sweden and the majority prevails over the entire country.

After making the two delimitations above, concerning the focus on CRM and food-retailing brands, the next step was to choose a particular campaign to base our study on. To increase the credibility and keep the experiment realistic, a campaign based on ICA's previous campaign with the World Childhood Foundation during 2008 (World Childhood Foundation 2008) was created. The campaign was based on printed advertising which is realistic since this is usually used within the actual stores when trying to sell the CRM-products.

In accordance to the campaign between ICA and the World Childhood Foundation in 2008, we chose groceries as the products promoting the campaign. It should also be noted that research shows that a CRM campaign is likely to be more successful when consumers are not asked to purchase products they may not need (Folse, Niedrich, and Grau 2010). It can be assumed that consumers do have a need for groceries. Furthermore, if a CD, as in ICA's Christmas campaign (ICA 2011), would have been the cause-product, there might be a risk that respondents would not support the campaign due to the fact that they have no need for the offered product. This would have affected the study in a way that was not of interest, i.e. it was not in line with the purpose of the thesis. For the same reason, by using own-label brands (Jobber 2007, p. 328) we limit the risk of this study being biased due to consumers' perceptions of the product brands.

The final delimitation concerning the actual campaign deals with the choice of a particular charity organization. To avoid biased results, we tried to find an organization that people in general do not have a strong negative opinion towards due to e.g. scandals. At the same time, we wanted the organization to be well-known to ensure that most potential respondents would be familiar with it. In line with these two requirements, the organization Save the Children was chosen. In addition, by using a well-known organization like Save the Children, rather than a fictitious one, the experiment would be more realistic for the participants.

Another delimitation concerns the different ways consumers can perceive a brand. Since consumers perceive brands in various dimensions, it was necessary to limit this study to include only one brand dimension. The dimension we chose to focus on is consumers' perception of a brand's level of altruism. A more detailed discussion about the brand dimension can be found in the chapter definitions.

Beside the delimitations mentioned above, we also had to limit our focus to the most relevant theories. Therefore, included theories will be brand theories, attitude accessibility theory, attitude theory, brand image theories, brand alliance theories, information integration theory, theories concerning spillover effects, brand extension theories, theories concerning brand-cause fit, congruity theory, and co-branding theories.

#### 1.5 Expected Knowledge Contribution

With this thesis, we intend to add to the existing research about CRM in general, and more precisely, how brand perceptions are an important factor in cause-brand alliances. We hope that the results of this study will be valuable both for charity organizations and retailers when deciding whether or not to engage in CRM. This study will be a source of information that may be helpful in creating successful cause-brand alliances since it is, together with existing research, a step towards generalizing how brand perceptions affect CRM. We believe that it will complement previous research since the focus is on a dimension which has not received much focus in the past. Furthermore, our thesis provides another knowledge contribution since it takes place in Sweden, whereas a majority of the previous studies are performed in the US. It should not be taken for granted that Swedish consumers act in the same way as American consumers when faced with a CRM campaign. Finally, it should be noted that this thesis will not cover the topic in depth and that further research therefore could be of interest.

#### 1.6 Definitions

#### 1.6.1 CRM

As mentioned in the problem definition, CRM has become a popular marketing strategy among many companies. Since the start of CRM in 1983 it has developed from being a temporary sales campaign into a long-term strategy aiming at creating a more positive brand image (Lafferty, Goldsmith and Hult 2004, p. 510). During its years of development, different definitions of CRM have been proposed. In accordance to the definition used most prevalent in existing literature, we have chosen to define CRM as it was defined by Varadarajan and Menon (1988, p. 60). They state that 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".

A less formal definition from Ptacek and Salazar (1997, p. 9), states that CRM is equal to "working in financial concert with a charity" and that it is a marketing communication tool through which a company and its products are linked together with a cause.

#### 1.6.2 Profit-Motivated and Socially-Motivated

In this thesis, a brand is considered to be *profit-motivated* if consumers perceive the brand to have relatively low levels of social involvement, e.g. the brand is not perceived as contributing to charity, taking good care of their employees, or taking an environmental responsibility. On the other hand, a brand is considered to be *socially-motivated* if consumers perceive the brand to have relatively high levels of social involvement, e.g. the brand is perceived as contributing to charity, taking good care of their employees, or taking an environmental responsibility. We assume that these perceptions will influence consumers' perceptions of a brand's motives to engage in a CRM campaign. Work by Becker-Olsen, Cudmore, and Hill (2006) deals with a different aspect of social motivation, but can still be applied to the discussion above. They suggest that when faced with a CRM campaign or other types of social involvement by a brand, consumers will consider the brand's motives behind the campaign. According to the authors, if consumers perceive the motives behind the CRM campaign to be self-serving, e.g. consumers think that the brand's main purpose of the campaign is to increase their own profit, the brand is considered to be profit-motivated. On the other hand, the brand is considered to be socially-motivated if consumers do not think that

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the brand's main purpose with a CRM campaign is to increase their own profit. Their research gives support to the definitions of profit-motivation and social motivation that are used in this thesis.

Clearly, looking at the food-retailing sector in general, all companies will, to some extent, be considered to be profit-motivated, since they all exist to make profit (Ellen, Mohr & Webb 2000). However, in the aspect of CRM, food-retailing brands can be seen as profit-motivated or socially-motivated. Therefore, based on the discussion above, we will define brands within the food-retailing sector as either profit-motivated or socially-motivated. Hence, they are perceived as being more or less altruistic.

#### 1.6.3 The CRM Campaign Used in the Study

The purpose of the experimental CRM campaign was to raise money for Save the Children. The idea was to promote the CRM campaign by printed advertisement. The products in the CRM campaign were already part of the assortment, and the prices were not changed. The chosen products were own-label products to avoid the risk of a bias caused by consumer perceptions of the product brands (e.g. Wettex Pink Ribbon product). Two different CRM campaigns, with two different advertisements, were created. One was created for the profit-motivated brand and one for the socially-motivated brand. However, except the different brands in the advertisements, i.e. the profit-motivated brand and the socially-motivated brand, they were very similar which reduced the risk that the layout would affect the outcome of this study. Finally, three additional campaigns, not related to CRM, including Coop, Lidl, or Save the Children separately were created. In this way the effects of the CRM campaign could be measured.

#### 1.7 Disposition of the Thesis

This thesis is divided into five main chapters. Following this introductory chapter, our proposed hypotheses will be presented in chapter two. The hypotheses are based on theories found during the literature overview (i.e. brand theories, attitude accessibility theory, attitude theory, brand image theories, brand alliance theories, information integration theory, theories concerning spillover effects, brand extension theories, theories concerning brand-cause fit, congruity theory, and co-branding theories). In the third chapter an overview of the scientific approach of this thesis and the methodology used are presented. This is followed by a thorough review of both the pre-study and the main study. In the end of the chapter the validity and reliability of the research are discussed. In the fourth chapter, the proposed

hypotheses are analyzed by using the results from the main study. Also, comments to the results are stated. The last chapter includes a discussion of the results and their implications from a managerial perspective. Finally, some criticism about this study and future research opportunities will be suggested.

#### 2 Theoretical Framework

In this chapter, theories supporting the proposed hypotheses will be presented. In the end, there is a short summary of the hypotheses and supporting theories.

#### 2.1 Contributing to Charity Organizations

There are various ways one can contribute to charity, ranging from single donations to monthly donations (see e.g. Save the Children 2011). This implies that there are different types of donors, i.e. some are more active than others. Consumers that are active donors (Verhaert and Van den Poel 2011) to charity organizations should be familiar with the charity organization which they donate to. This is based on the fact that brand familiarity is acquired through either direct or indirect experience of a brand (Alba and Hutchinson 1987, Lafferty 2009). Hence, brand familiarity is positively related to experience, and experience will increase with the number of donations.

According to Lafferty (2009), familiarity leads to stronger attitudes, which, according to attitude accessibility theory (Fazio, Powell, and Williams 1989), are more easily accessed from memory. In addition, stronger attitudes toward a brand lead to higher purchase intentions (Lafferty 2009). Based on this fact, it is assumed that a consumer who has previous experience with donating to charity should have gained familiarity with the charity organization as well as with donating money in general. When faced with a CRM campaign, these consumers should be more likely to contribute to the campaign compared to consumers who have not donated money before. Therefore, we hypothesize:

H1: Given that the consumer has contributed to charity organizations before, he or she is more likely to contribute to a cause-related marketing campaign.

#### 2.2 Brand Image and the Success of a CRM campaign

The effectiveness of a marketing campaign depends on several factors. According to Keller (1993), one of those factors is a positive brand image. Jobber (2007, p. 332) states that "A positive brand image is formed by generating strong, favourable and unique associations to the brand in the memory." Within CRM, brands that are perceived as socially-motivated by the consumers should generally also be perceived as having a more positive brand image than a profit-motivated brand. This is based on Jobber's (2007, p. 332) explanation of how a positive brand image is formed. Hence, it is implied that a brand that is perceived as socially-motivated creates stronger and more favorable associations in the consumer's mind than a brand that is perceived as profit-motivated.

As mentioned before, research shows that when a consumer is met by a CRM campaign, they evaluate the brand's underlying motives for participating in such a campaign, i.e. if generating profit is the main purpose. Consumers might feel manipulated if increasing profit is the main motive, and this can affect the campaign as well as the brand and the charity organization negatively (Barone, Norman, and Miyazaki 2007, Ellen, Mohr, and Webb 2000, Osterhus 1997, Svensson and Wood 2011, Varadarajan and Menon 1988, Webb and Mohr 1998). This implies that a brand that is perceived as socially-motivated should create more favorable associations and therefore, a socially-motivated brand's CRM campaign should be met by less skepticism, i.e. perceived as more trustworthy.

Based on the above, a socially-motivated brand's CRM campaign should have an advantage compared to a profit-motivated brand's CRM campaign. Furthermore, according to Keller (1993, p. 8), "[...] a positive brand image should increase the probability of brand choice [...]". Hence, a socially-motivated brand's CRM-products should be more likely to be selected than a profit-motivated brand's CRM-products. This statement is further supported by research conducted by Chang and Liu (2009), who finds that brand image is positively related to purchase intentions.

Furthermore, in the literature, CRM is considered to be a brand alliance (Lafferty 2009, Lafferty and Goldsmith 2005). Therefore, besides brand image theories, brand alliance theories can also be applied when studying CRM. Simonin and Ruth's (1998) study about spillover effects shows that prior attitudes toward brands in an alliance will affect the attitude towards the brand alliance itself. Since CRM is a brand alliance, spillover effects should be found between the brand and the charity organization. This implies that, because of spillover effects and the positive relationship between positive brand attitudes and purchase intentions, consumers would be more likely to contribute to a socially-motivated brand's CRM campaign than they would to a profit-motivated brand's CRM campaign. Based on these theories, we state the following hypotheses:

H2: The success of a cause-related marketing campaign is affected by the brand such that:

H2a: a socially-motivated brand's cause-related marketing campaign will be perceived as more trustworthy than a profit-motivated brand's cause-related marketing campaign.

H2b: the consumer would be more likely to contribute to a socially-motivated brand's cause-related marketing campaign than he or she would to a profit-motivated brand's cause-related marketing campaign.

#### 2.3 Brand Attitudes Post-Alliance

As stated above, CRM can be seen as a brand alliance. Based on brand alliance theories, it is assumed that consumers' perceptions of the food-retailing brand, which will act as the core brand, may affect their perceptions of the alliance (Keller 1993). This is supported by information integration theory which, according to Lafferty and Goldsmith (2005), can be applied to an alliance between a brand and a charity organization. The theory proposes that existing attitudes will affect consumers' evaluation of an alliance, e.g. between a brand and a charity organization (Anderson 1981). Furthermore, research conducted by Lafferty and Goldsmith (2005), shows that if attitudes toward the brand and the charity organization prior to the alliance are positive, attitudes after the alliance should be even stronger. This implies that choosing the right partner to form an alliance with is crucial.

In addition, Simonin and Ruth (1998) conclude that, due to spillover effects, post-evaluation of brands in an alliance will be more positive if the attitude towards the alliance is positive. As already mentioned, a brand that is perceived as socially-motivated generates positive

attitudes within CRM. This should, because of spillover effects, affect the alliance with the charity organization positively, creating positive attitudes toward the alliance. Supported by Simonin and Ruth (1998), this in turn implies that the attitudes towards the brand and the charity organization separately will be even stronger post-alliance. Hence, a CRM campaign should improve the attitude towards the socially-motivated brand more than it improves the attitude towards the profit-motivated brand.

Furthermore, research concludes that CRM can change consumers' perceptions of a brand to become more positive (Lafferty and Goldsmith 2005, Ross, Patterson, and Stutts 1992 Varadarajan and Menon 1988). Hence, CRM is not just a mean for brands with a positive brand image to improve their image; it is also a way for brands with a less positive brand image to change how they are perceived by consumers (Brønn and Vrioni 2001, Ptacek and Salazar 1997). In addition, by participating in a CRM campaign brands that have acted unethically can change consumers' perceptions to become more positive (Creyer and Ross 1996, Varadarajan and Menon 1988). Supported by this and the above stated theories (brand alliance theory, information integration theory, and spillover effects), we expect the following:

H3: A cause-related marketing campaign will affect the brand attitude of the involved brand, such that:

H3a: it will improve the brand attitude of the socially-motivated brand more than it will improve the brand attitude of the profit-motivated brand.

H3b: the profit-motivated brand will be perceived as more socially-motivated.

It is also of interest to study how the brand attitudes toward the charity organization change, and the theories discussed above can be applied to charity organizations as well. In addition, since there are similarities between brand alliances and brand extensions (Simonin and Ruth 1998), brand extension literature can provide further understanding of how alliances like CRM campaigns can be evaluated. Boush and Loken (1991), Boush et al (1987), and Keller and Aaker (1992) state that a brand extension is more likely to be successful when consumers perceive that the brand extension is similar to the core brand. Furthermore, if the attitudes toward the core brand are positive, these attitudes should be transferred to the extension. When applied to CRM, this means that a socially-motivated brand's alliance with a charity

organization should be perceived as more consistent with the values of both partners than a profit-motivated brand's alliance with a charity organization. Therefore, a socially-motivated brand's alliance with a charity organization is likely to receive more positive evaluations than a profit-motivated brand's alliance with a charity organization. Based on this, we hypothesize:

H4: A cause-related marketing campaign will affect the brand attitude of the charity organization, such that:

H4a: it will improve the brand attitude.

H4b: an alliance with a socially-motivated brand will affect the charity organization more positively than an alliance with a profit-motivated brand.

#### 2.4 Brand-Cause Fit

The level of fit between a brand or a product and a cause is recurring in the CRM literature (e.g. Barone, Norman, and Miyazaki 2007, Gupta and Pirsch 2006, Hamlin and Wilson 2004, Lafferty 2009, Lafferty, Goldsmith, and Hult 2004, Pracejus and Olsen 2004). According to Lafferty, Goldsmith, and Hult (2004), one dimension of fit is the perceived fit between the product and the cause. An example of this type of fit is Footlocker sponsoring the refurbishing of public basketball courts (Barone and Miyazaki 2007). However, the focus of this thesis is brand perceptions concerning the level of social motivation of a brand. Hence, we choose not to look at the implications of perceived product-cause fit on the success of a CRM campaign.

Another dimension of fit is, according to Lafferty, Goldsmith, and Hult (2004), how logical consumers perceive the cause-brand alliance to be. Congruity theory (Eagly and Chaiken 1993, Osgood and Tannenbaum 1955) affirms the importance of cause-brand fit, and emphasize that people strive for cognitive consistency. This means that if an imbalance occurs (e.g. two brands in an alliance are perceived very differently) people will attempt to resolve this by changing their attitudes (Lafferty, Goldsmith, and Hult 2004). Congruity theory can be applied to CRM in the sense that if a brand is perceived as profit-motivated it might not fit with the act of supporting charity.

Co-branding literature also provides meaningful insight. According to Jobber (2007, p.353), there are two forms of co-branding: communications-based co-branding and product-based co-branding. Communications-based co-branding is defined as "[...] the linking of two or more existing brands from different companies or business units for the purpose of joint

communication." (Jobber 2007, p. 356). Since CRM is a way of joint communication between a brand and a charity organization, co-branding literature can be applied to CRM. Research conducted by Bucklin and Sengupta (1993) illustrates that successful partnerships require, among other things, the involved brands to be like-minded. In terms of CRM, this implies that the socially-motivated brand should be perceived as more like-minded with the charity organization than to the profit-motivated brand. Therefore, we hypothesize:

H5: A socially-motivated brand's cause-related marketing campaign should fit with consumers' existing perceptions of the brand to a greater extent than a cause-related marketing campaign by a profit-motivated brand, such that the perceived level of fit will be higher for the socially-motivated brand than it will be for the profit-motivated brand.

#### 2.5 Summary of Hypotheses

#### **Hypothesis Supporting theories** H1: Given that the consumer has contributed Brand theory to charity organizations before, he or she is Attitude accessibility theory more likely to contribute to a CRM Attitude theory campaign. H2: The success of a CRM campaign is Brand image theory affected by the brand such that: Brand alliance theory H2a: a socially-motivated brand's CRM campaign will be perceived as more trustworthy than a profit-motivated brand's CRM campaign. H2b: the consumer would be more likely to contribute to a socially-motivated brand's CRM campaign than he or she would to a profit-motivated brand's CRM campaign. H3: A CRM campaign will affect the brand Brand alliance theory attitude of the involved brand, such that: Information integration theory H3a: it will improve the brand attitude of the Spillover effects socially-motivated brand more than it will improve the brand attitude of the profitmotivated brand. H3b: the profit-motivated brand will be perceived as more socially motivated. H4: A CRM campaign will affect the brand Brand alliance theory attitude of the charity organization, such that: Information integration theory *H4a*: it will improve the brand attitude. Spillover effects H4b: an alliance with a socially-motivated Brand extension theory brand will affect the charity organization more positively than an alliance with a profit-motivated brand. Brand-cause fit H5: A socially-motivated brand's CRM campaign should fit with consumers' existing Congruity theory perceptions of the brand to a greater extent Co-branding theory than a CRM campaign by a profit-motivated brand, such that the perceived level of fit will be higher for the socially-motivated brand than it will be for the profit-motivated brand.

Table 1: Summary of hypotheses.

## 3 Methodology

In this chapter, research design and scientific approach will be discussed. This is followed by a discussion of both the pre-study and the main study. In the end of the chapter, it is argued for the credibility of the thesis by discussing reliability and validity.

#### 3.1 Research Design and Scientific Approach

A thorough literature overview was conducted to increase our knowledge about previous research within CRM. In the overview, books and articles concerning CRM and related theories and research were taken into consideration. It became apparent that this is a well-researched subject, but that there is room for further research within CRM.

The scientific approach of this thesis is deductive since the hypotheses are deducted from existing theories (Bryman and Bell 2007, p. 11). The study was based on a cause-and-effect relationship since the purpose of this thesis was to study how brand perceptions affect the outcome of a CRM campaign, as well as post-alliance attitudes toward the partners in the CRM campaign. Therefore, a causal research method was used (Ghauri and Grønhaug 2005, p. 59). Causal research is a form of conclusive research design, which is used when the aim is to test hypotheses. According to Malhotra (2010, p.103), the analysis should therefore be based on quantitative data. Data was collected thorough five different surveys (n<sub>total</sub>=299 divided into five groups).

#### 3.2 Pre-study: The Level of Social Motivation

A pre-study was conducted to establish if there were any food-retailing brands in Sweden that consumers perceived as either more profit-motivated or more socially-motivated. We chose to include six brands in the study; City Gross, Coop, Hemköp, ICA, Lidl, and Willys. The purpose of the study was to find two brands, which consumers perceived differently regarding the level of altruism, to use in our main study.

The survey consisted of six blocks, one for each brand, with six questions measuring different aspects of social motivation (see appendix 1). The respondents were asked to give their opinion about each brand. The survey was conducted through an online questionnaire and was administrated between March 13<sup>th</sup> and March 17<sup>th</sup> 2011. We received 36 responses, of which one was excluded since the respondent had only answered parts of the questionnaire. Out of

the total number of respondents, 45.7 % were men, and 54.3 % were women. The average age was 46 years.

In the analysis, we tested for internal consistency for the six questions in each block using Cronbach's alpha (Malhotra 2010, p. 319), which resulted in Cronbach's alphas between 0.845 and 0.944 for the six brands. Indexes for the six questions were then computed for each brand, and means were calculated. The means are illustrated in figure 1 below.

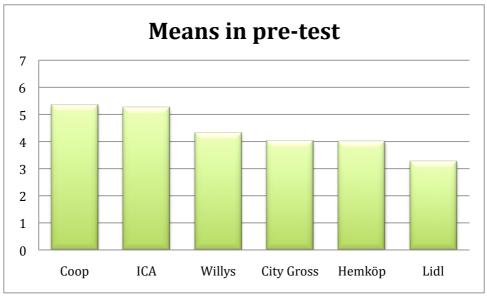


Figure 1: Means pre-test.

To analyze if there were significant differences in means between the indexes, an independent samples t-test was performed. Since Lidl had the lowest mean, differences were computed between Lidl and the other five brands. The test showed that there were significant differences in means between Lidl and the other brands at a 1 % significance level. The largest difference was between Coop (5.35) and Lidl (3.27). Therefore, the difference was 2.08 on a seven-point scale. This result was discussed with our mentor, Erik Modig, PhD Candidate at the Stockholm School of Economics, and we came to the conclusion that the difference was large enough for the brands to be used in the main study. It should be noted that the independent samples t-test showed no significant difference in means between ICA (5.26) and Coop (5.35). Hence, either of those brands could, together with Lidl, have been chosen for the main study. However, since the difference in means between Lidl and Coop was bigger than between Lidl and ICA, we chose Lidl and Coop for the main study. In addition, by choosing Coop instead of ICA, we reduced the risk of biased results in the main study because of ICA's previous campaigns with the World Childhood Foundation.

The results from the pre-test can be confirmed by Sustainable Brands (2011) which reports that Coop is ranked, by consumers, as the most sustainable brand in Sweden 2011. ICA came second in the ranking while Lidl came last among the brands in this study.

#### 3.2.1 Scales and Measures

In the pre-test, structured questions were used to ensure that the purpose of the pre-test was fulfilled. In addition, structured questions will make both the coding of the results and the analysis less time-consuming (Söderlund 2005, p. 110). Furthermore, Malhotra (2010, p. 343) recommends structured questions for online questionnaires. All questions concerning the different brands were measured on an interval scale ranging from 1 to 7, where 1 represented "strongly disagree", 4 represented "neither agree nor disagree", and 7 represented "strongly agree" (see appendix 1). As suggested by Söderlund (2005, p. 116) the low value, 1, was placed to the left and the high value, 7, was placed to the right on the scale. Furthermore, Söderlund (2005, p. 93) recommends interval scale when measuring respondents' attitudes to a certain subject.

#### 3.2.2 Survey Design

When designing the survey for the pre-study, effort was put on finding established measurements that would capture the variable of interest in the pre-study, i.e. consumers' perceptions of a brand's level of altruism. The questions in the survey were based on research about corporate reputation, conducted by Chun (2010). In addition, the questions were also discussed with our mentor, Erik Modig.

#### 3.3 The Main Study

#### 3.3.1 Advertisement Material Used in the Survey

Five different advertisements were created, one for each survey (see appendix 2). The advertisements were made by our mentor Erik Modig. Out of the five advertisements, one represented Coop together with Save the Children, and one represented Lidl together with Save the Children. To be able to determine if consumer perceptions changed due to a CRM campaign, the other three advertisements represented Coop, Lidl and Save the Children separately, and acted as control groups. The advertisements were created with the purpose of being as realistic as possible. To avoid the risk of a biased result due to specific products in the advertisements, they did not focus on specific products. Instead, they promoted Coop and Lidl in general. Since the survey took place in Sweden, the advertisements were in Swedish.

The text used in them was based on ICA's previous CRM campaign (World Childhood Foundation 2008).

#### 3.3.2 Data Sampling and Survey Design

The questionnaires used to collect data were short; consisting of seven to ten questions (see appendix 3-5). By using short questionnaires, the risk of response bias, due to the fact that the respondent feels that completing the questionnaire is too time consuming, is reduced (Söderlund 2005, p. 179). Furthermore, in accordance to the advertisements, the questionnaires were written in Swedish. The respondents were asked to answer the questions based on what they had seen in the advertisements in the beginning of the surveys. The questions concerned the respondents' perceptions of the participating brands (Coop, Lidl, and Save the Children) as well as their opinions about the advertisements.

The questionnaires were constructed to capture the effects that a CRM campaign might have on consumer perceptions of the brands participating in the campaign. The intention was to gather data in order to test the stated hypotheses. We discussed the questions with our mentor, Erik Modig, to ensure that the questions asked fulfilled the purpose of the questionnaire.

The surveys were distributed online between May 4<sup>th</sup> and May 10<sup>th</sup> and possible respondents were randomly divided into five groups. Each group consisted of approximately the same amount of men and women. Links to the different surveys were sent via email together with a short description of our thesis. To increase the number of responses, the people who chose to participate in the survey had the chance to win movie tickets. The number of respondents for each of the surveys is presented in table 2 below.

Survey	Number of respondents	
Coop and Save the Children	n=73	
Lidl and Save the Children	n=52	
Coop	n=58	
Lidl	n=51	
Save the Children	n=65	

Table 2: Number of respondents in the main study.

In total, 299 responses were received. Five of these were excluded, three from the survey about Lidl and two from the survey about Lidl and Save the Children, since the respondents stated that they were not familiar with Lidl.

#### 3.3.3 Scales and Measures

The majority of the questions in the five questionnaires were structured with dichotomous, scale, or multiple-choice response alternatives. This format will, according to Söderlund (2005, p. 110), facilitate the process of coding the results as well as the analysis of the data. Furthermore, this format will also ensure that the respondents answer the questionnaire according to the purpose of the study (Söderlund 2005, p. 110). The initial questions of the surveys were filter questions with the purpose of screening respondents to ensure that they were familiar with the brands in the study. Such a question will filter out respondents who are not adequately informed to complete the survey (Malhotra 2010, p. 340, Söderlund 2005, p. 60).

Since the purpose of this thesis was to measure attitudes and perceptions, an interval scale was used throughout most of the survey, as recommended by Söderlund (2005, p. 93). An interval scale has equal distances between every step on the scale and, therefore, it will be possible to compare differences between objects (Malhotra 2010, p. 286). Multi-items scales in the form of the Likert scale and semantic differential scales were used. The respondents were asked to answer the questions by marking the number on the scale that best agreed with their opinion. According to Malhotra (2010, p. 308), the Likert scale should be used when the respondents are asked to rate to what extent they agree with a statement. A semantic differential scale, also according to Malhotra (2010, p. 310), ranges from 1 to 7 with endpoints associated with bipolar labels (e.g. "bad" and "good", "dislike" and "like"). To facilitate for the respondents, it was decided to keep the Likert scale on a seven-point scale as well, even though it typically ranges from 1 to 5 (Malhotra 2010, p. 308). As recommended by Söderlund (2005, p. 116), the low values on the interval scale, e.g. "bad" and "dislike", were placed to the left, and the high values, e.g. "good" and "like", were placed to the right.

Furthermore, Söderlund (2005, p. 121) supports the use of an uneven scale since an even scale does not give respondents the opportunity to be neutral. An even scale may force opinions and risk the reliability of the study. The reliability will also be controlled for by using a multi-item scale which makes it possible to test for internal consistency with Cronbach's alpha (Bryman and Bell 2007, p. 164, Malhotra 2010, p. 319, Söderlund 2005, p. 142).

Finally, dichotomous questions were used to capture more basic information about the respondents, such as gender and brand awareness. A multiple-choice question was used to collect information about the respondents' donation habits.

#### 3.5 Reliability and Validity

To evaluate the quality of this study in terms of measurement accuracy, an assessment of reliability and validity was necessary. Two types of measurement errors, systematic and random, can affect the measurement accuracy (Malhotra 2010, p. 318, Söderlund 2005, p. 127). In case of a systematic error, the measurement is affected in a constant way (Malhotra 2010, p. 318). This type of error can depend on several factors, e.g. question wording, the response alternatives do not correlate with what it is intended to measure, or the response alternatives are unambiguous, i.e. can be interpreted differently among the respondents (Malhotra 2010, p. 347, Söderlund 2005, p. 127).

To avoid systematic errors a number of precautions were taken. First of all, focus was put on making the wording of each question as uncomplicated as possible to avoid misunderstandings. Secondly, much effort was put into the questions and the response alternatives to ensure that they measured what they were intended to measure. The questions and the response alternatives were also discussed with our mentor Erik Modig. Finally, unambiguous response alternatives were avoided by using response alternatives that should not be interpreted differently among the respondents, e.g. "bad" – "good" and "disagree" – "agree".

A random error, on the other hand, does not affect the measurement in a constant way (Malhotra 2010, p. 318). Such errors can occur due to lack of motivation among the respondents (Söderlund 2005, p. 127). Malhotra (2010, p. 318) adds that a random error "[...] arises from random changes or differences in respondents or measurement situations." To reduce the risk of random errors due to lack of motivation, the respondents had the chance to win movie tickets if they answered all the questions in the survey. In addition, to decrease the risk of differences in respondents, questionnaires were distributed randomly and to approximately the same amount of men and women. Differences in measurement situations were avoided by not collecting responses in Lidl's or Coop's stores.

As mentioned in the discussion about scales and measures, internal consistency for the multiitem questions was tested for using a reliability analysis based on Cronbach's alpha. According to Malhotra (2010, p. 319), a value of Cronbach's alpha lower than 0.6 indicates unacceptable internal consistency reliability. However, Bryman and Bell (2007, p. 164) recommends a Cronbach's alpha equal to 0.8 or higher as a rule of thumb. The values of Cronbach's alpha in our study were between 0.812 and 0.964, which implies satisfactory internal consistency reliability. It should be noted that only one of the values was below 0.9.

There are two types of validity; internal and external. "Internal validity refers to whether the manipulation of the independent variables or treatments actually caused the observed effects on the dependent variables" (Malhotra 2010, p. 254). In this study, a high level of internal validity implies that the effects captured in the study are actually caused by perceived differences in levels of social motivation between the brands involved in a CRM campaign. To ensure a high level of internal validity, the different advertisements used in the surveys were designed to be as similar as possible. The major difference between the advertisements was the combination of brands. Furthermore, by not collecting responses in the stores directly, we avoided the risk of a positive bias, i.e. if consumers have negative feelings towards a brand, they are not likely to express them right after purchasing its products since this might feel contradictive. In addition, the respondents were asked to take the advertisement presented in the beginning of the survey into consideration when responding to the questions.

External validity on the other hand, "[...] refers to whether the cause-and-effect relationships found in the experiment can be generalized" (Malhotra 2010, p. 255). A first step towards ensuring external validity is the respondents age which range between 19 and 65 years. The mean age for the five groups ranged from 35 to 46 years, so there was not a big age difference between the groups. Furthermore, this age range is close to the mean age in the pre-study (46 years). In addition, the surveys were distributed to approximately the same amount of men and women; however, a majority of the responses received were from women.

Based on the above, it was concluded that the reliability and validity can be considered to be satisfactory. However, there are ways to improve these two factors which will be discussed in the chapter critique of the study.

#### 3.6 Methods of Analysis

The data collected through the questionnaires were analyzed in IBM SPSS Statistics 19. Independent samples t-tests were performed to compare differences in means, and a significance level of 1 % was the standard level accepted throughout the analysis. The t-tests were chosen instead of ANOVA tests since we only compared means for two groups at a time. The analysis was based on a sample of 294 respondents in total, divided into five different groups. To test the reliability for the questions, Cronbach's alphas were computed, where the lowest accepted level was set to 0.8 consistent with Bryman and Bell's recommendation (Bryman and Bell 2007, p. 164).

### 4 Analysis and Results

In this chapter, the analyses of the collected data as well as the results from the analyses are discussed. In the end, a summary of the results is presented.

#### 4.1 Hypothesis 1 - Contributing to Charity Organizations

The first hypothesis presented in this thesis deals with whether consumers' previous contributions to charity organizations would affect their willingness to contribute to a CRM campaign. More specifically, it was stated that given that the consumer had contributed to charity organizations before, he or she is more likely to contribute to a CRM campaign. This was based on brand theory, attitude accessibility theory, and attitude theory which implies that an active donor should be more familiar with contributing to charities and therefore more likely to support a CRM campaign. Less active donors, on the other hand, have lower familiarity with contributing to charity organizations, and should be less likely to contribute to the CRM campaign. In the questionnaires, the respondents were asked about their contributions to charity organizations during the past year. They were also asked to state the likeliness that they would contribute to Coop's or Lidl's CRM campaigns by purchasing the brands' own-label products.

The hypothesis was tested by computing bivariate correlations. The correlation between previous contributions to charity organizations and the likeliness that the respondent would contribute to Coop's CRM campaign was 0.236. This was significant at a 5 % significance level, however, in this thesis, a 1 % significance level was set as a standard. The same test was highly insignificant when computed for Lidl. The results are presented in table 3 below.

	Correlation	Significance
Соор	0.236	0.045
Lidl	- 0.110	0.435

Table 3: Correlation, previous contribution.

Hence, hypothesis one was not supported. However, previous contributions to charity organizations have some impact on contribution to a socially-motivated brand's CRM campaign.

H1: Given that the consumer has contributed to charity organizations before, he or she is more likely to contribute to a cause-related marketing campaign.

REJECTED

#### 4.2 Hypothesis 2 – Brand Image and the Success of a CRM Campaign

The second hypothesis addressed brand image and if it affects the outcome of a CRM campaign. The first part of the hypothesis covers CRM campaigns trustworthiness, more specifically if the level of trustworthiness is positively related to the brand's level of social motivation. The second part of the hypothesis deals with whether a consumer would be more likely to contribute to a socially-motivated brand's CRM than he or she would to a profit-motivated brand's CRM campaign. The hypothesis was based on brand image theory and brand alliance theory.

The two hypotheses were tested by comparing means using an independent samples t-test. In the questionnaires, the respondents were asked to state the likeliness that they would contribute to Coop's or Lidl's CRM campaign on a seven-point scale. Hypothesis 2a was tested by analyzing the responses regarding the perceived trustworthiness of the CRM campaigns. The level of trustworthiness was asked using a multi-item scale with three bipolar labels; bad – good, not trustworthy – trustworthy, not reliable – reliable. Two indexes, one for Coop and one for Lidl, with Cronbach's alpha 0.930 (Coop) and 0.933 (Lidl) were created. The means of these indexes were used when comparing if there was a significant difference in the level of trustworthiness between the two brand's CRM campaigns. The results are presented in table 4. The differences between the means for the likeliness to contribute to the CRM campaigns were compared in order to test hypothesis 2b. The results are presented in table 5.

0.433
0.433

Table 4: Trustworthiness of the CRM campaigns.

Variables	Mean	Difference	Significance	
Likeliness to				
contribute to Coop	4.96	1.32	0.001	
Likeliness to				
contribute to Lidl	3.64			

Table 5: Likeliness to contribute to Coop's or Lidl's CRM campaigns.

The results illustrated that the respondents were more likely to contribute to a socially-motivated brand's CRM campaign (4.96) than they were to contribute to a profit-motivated brand's CRM campaign (3.64). The mean difference was 1.32 on a seven-point scale. This was significant on a 1 % significance level. Hence, hypothesis 2b was supported. Hypothesis 2a on the other hand was rejected since there was no significant difference between the perceived trustworthiness, 4.85 for Coop and 4.63 for Lidl, of the brands' CRM campaigns. Hence, the respondents did not perceive a difference in trustworthiness between a socially-motivated and a profit-motivated brand's CRM campaign.

H2: The success of a cause-related marketing campaign is affected by the brand such that:
H2a: a socially-motivated brand's cause-related marketing campaign will be perceived as more trustworthy than a profit-motivated brand's cause-related marketing campaign.

#### REJECTED

H2b: the consumer would be more likely to contribute to a socially-motivated brand's cause-related marketing campaign than he or she would to a profit-motivated brand's cause-related marketing campaign.

SUPPORTED

#### 4.3 Hypothesis 3 and 4 - Brand Attitudes Post-Alliance

The third and fourth hypotheses dealt with brand attitudes post-alliance, i.e. after the CRM campaign. The hypotheses were based on theories concerning brand alliances, information integration, spillover effects, and brand extensions. Hypothesis 3a stated that a CRM campaign will improve the brand attitude of a socially-motivated brand more than it will improve the brand attitude of a profit-motivated brand. The respondents were asked to express their brand attitude by answering a question including a multi-item scale with six bipolar labels. As mentioned earlier, the respondents were divided into different groups which made it possible to compare if brand attitudes changed due to the CRM campaigns in the questionnaires. Some respondents answered questions after seeing an advertisement including Coop or Lidl and Save the Children, and some respondents were asked to answer questions after seeing an advertisement including only Coop or Lidl. Four indexes were computed with Cronbach's alpha ranging from 0.916 to 0.943. An independent samples t-test was conducted with these indexes to test if hypotheses three would hold. The results are presented in table 6.

	Mean	Difference	Significance
Coop together with Save the Children	5.25	0.17	0.403
Coop	5.08		
Lidl together with Save the Children	3.84	0.41	0.116
Lidl	3.43		

Table 6: Difference in means post alliance, Coop and Lidl.

As shown in the table above there is no significant difference between brand attitudes prior and post-alliance. The significance levels were 0.403 for Coop (means 5.08 compared to 5.25) and 0.116 for Lidl (means 3.43 compared to 3.84). Hence, we could not prove that a CRM campaign will improve the brand attitude for the participating brand, no matter if the brand is perceived to be profit-motivated or socially-motivated. In addition, based on this we could not conclude that the brand attitude of the socially-motivated brand will improve more than the brand attitude of the profit-motivated brand. Therefore, hypothesis 3a was rejected. Hypothesis 3b, in turn, stated that a profit-motivated brand would be perceived as more socially-motivated after a CRM campaign. The analysis of this hypothesis was based on the same data as hypothesis 3a. Since there was no significant difference between brand attitudes prior and post a CRM campaign, hypothesis 3b was also rejected.

H3: A cause-related marketing campaign will affect the brand attitude of the involved brand, such that:

H3a: it will improve the brand attitude of the socially-motivated brand more than it will improve the brand attitude of the profit-motivated brand.

REJECTED

H3b: the profit-motivated brand will be perceived as more socially motivated. **REJECTED** 

The fourth hypothesis addressed if a CRM campaign would affect the brand attitude of the involved charity organization. To test this hypothesis we conducted the same tests as for the third hypothesis. The tests were based on questions from three different questionnaires, where the respondents were asked to state their attitudes toward Save the Children alone or together with Coop or Lidl. Indexes were created and an independent samples t-test was conducted. The results are presented in table 7 below.

	Mean	Difference	Significance
Save the Children together with Coop	5.42	-0.20	0.331
Save the Children	5.62		
Save the Children together with Lidl	5.76	0.14	0.568
Save the Children	5.62		

Table 7: Difference in means post alliance, Save the Children.

As shown in the table, none of the mean differences (-0.20 for Save the Children and Coop and 0.14 for Save the Children and Lidl) were significant (significance 0.331 and 0.568). Hence, we could not support the statement that a CRM campaign will improve the brand attitude of the charity organization. The conclusion for hypothesis 4a was also valid for hypothesis 4b since they were based on the same data. Hence, since there was no proof that a CRM campaign will improve the brand attitude of the charity organization, we could not prove that a socially-motivated brand will affect the charity organization more positively compared to an alliance with a profit-motivated brand. Both hypotheses were therefore rejected.

H4: A cause-related marketing campaign will affect the brand attitude of the charity organization, such that:

H4a: it will improve the brand attitude.

REJECTED

H4b: an alliance with a socially-motivated brand will affect the charity organization more positively than an alliance with a profit-motivated brand.

REJECTED

#### 4.4 Hypothesis 5 - Brand-Cause Fit

The last hypothesis dealt with brand-cause fit and its effect on consumers' perceptions of the level of social motivation. This hypothesis was based on brand-cause fit, congruity theory, and co-branding theory. In the questionnaires, this was addressed by asking the respondents to what extent Coop's or Lidl's participation in a CRM campaign agrees with their perceptions of the two brands. The proposed hypothesis stated that consumers would find that a socially-motivated brand's participation in a CRM campaign would, to a greater extent, fit with their existing perceptions of the brand than a profit-motivated brand's participation in a CRM campaign. To test the hypothesis, an independent samples t-test was performed with the means regarding the level of fit for Coop and Lidl and their participation in the proposed CRM campaign. The results from the independent samples t-test are presented in table 8 below.

	Mean	Difference	Significance
Level of fit, Coop	4.70	1.68	0.000
Level of fit, Lidl	3.02		

Table 8: Level of fit for Coop and Lidl.

The results illustrated that the respondents found that the level of fit is higher between Coop and Save the Children than it is between Lidl and Save the Children; 4.70 compared to 3.02 on a seven-point scale. This results in a difference of 1.68, significant at the 1 % significance level. Hence, our last hypothesis was supported.

H5: A socially-motivated brand's cause-related marketing campaign should fit with consumers' existing perceptions of the brand to a greater extent than a cause-related marketing campaign by a profit-motivated brand, such that the perceived level of fit will be higher for the socially-motivated brand than it will be for the profit-motivated brand.

**SUPPORTED** 

## 4.5 Summary of the Results

Hypothesis	Supporting theories	Result
H1: Given that the consumer has contributed to charity organizations before, he or she is more likely to contribute to a CRM campaign.	Brand theory Attitude accessibility theory Attitude theory	REJECTED
H2: The success of a CRM campaign is affected by the brand such that: H2a: a socially-motivated brand's CRM campaign will be perceived as more trustworthy than a profit-motivated brand's CRM campaign.	Brand image theory Brand alliance theory	REJECTED
H2b: the consumer would be more likely to contribute to a socially-motivated brand's CRM campaign than he or she would to a profit-motivated brand's CRM campaign.		SUPPORTED
H3: A CRM campaign will affect the brand attitude of the involved brand, such that: H3a: it will improve the brand attitude of the socially-motivated brand more than it will improve the brand attitude of the profit-motivated brand.	Brand alliance theory Information integration theory Spillover effects	REJECTED
<i>H3b</i> : the profit-motivated brand will be perceived as more socially motivated.		REJECTED
<i>H4</i> : A CRM campaign will affect the brand attitude of the charity organization, such that:	Brand alliance theory Information integration theory Spillover effects	
H4a: it will improve the brand attitude. H4b: an alliance with a socially-motivated brand will affect the charity organization more positively than an alliance with a profit-motivated brand.	Brand extension theory	REJECTED REJECTED
H5: A socially-motivated brand's CRM campaign should fit with consumers' existing perceptions of the brand to a greater extent than a CRM campaign by a profit-motivated brand, such that the perceived level of fit will be higher for the socially-motivated brand than it will be for the profit-motivated brand.	Brand-cause fit Congruity theory Co-branding theory	SUPPORTED

Table 9: Summary of the results.

### 5 Discussion and Implications

In this chapter, the results of the analysis are discussed and the implications of them will be presented. In the end, some critique of this study will be discussed as well as future research opportunities.

#### 5.1 Discussion of the Results

The focus of this thesis was CRM and if it affects the partners promoting the marketing campaign. More specifically the purpose was to study if a CRM campaign would change consumers' perceptions of the charity organization (Save the Children) as well as the food-retailing brands (Coop and Lidl). We also studied if brand perceptions regarding the level of altruism would affect the outcome of a CRM campaign. While CRM has been the focus of many researchers, the chosen dimensions in this thesis have not been so prevalent in the literature. Hence, this thesis was an attempt to increase the knowledge within the chosen area of CRM.

Contrary to what we had anticipated after the theoretical overview, most of our hypotheses were rejected based on the analysis of the data. The results and possible reasons for the outcome will be discussed below.

#### **5.1.1 Contributing to Charity Organizations**

The results showed that previous contributions to charity organizations did not affect the likeliness of contributing to a CRM campaign. Hence, hypothesis 1 was not supported. However, the correlation between previous contributions and the likeliness of contributing to a socially-motivated brand's CRM campaign was 0.236 at a 5 % significant level. In this thesis a 1 % significance level was set as the standard. Hence, based on our data, we could not support that previous contributions will have an effect on consumer's behavior when faced with a CRM campaign. Nevertheless, it should be noted that previous contributions might have some impact on the willingness of contributing to a socially-motivated brand's CRM campaign.

There are several possible explanations for why the hypothesis was not supported. First of all, consumers might not be interested in purchasing the own-label products promoted in the CRM campaign and will therefore not support the CRM campaign. Secondly, based on the theoretical overview, that brand familiarity leads to stronger attitudes which in turn leads to

stronger purchase intentions (see Fazio, Powell, and Williams 1989, Lafferty 2009), it was expected that previous contributions would affect the willingness to contribute to a CRM campaign. However, if the consumers do not connect the CRM campaign with contributing to charity organizations, the theories underlying our first hypothesis are not relevant in this context. This explains why the result is different from what was expected based on the theories. Finally, consumers might be more inclined to contribute directly to a charity organization than they are to contribute indirectly by purchasing specific products.

#### 5.1.2 Brand Image and the Success of a CRM Campaign

Hypothesis 2a was rejected. This means that consumers do not perceive a CRM campaign to be more or less trustworthy depending on if it is promoted by a socially-motivated brand or a profit-motivated brand. This could be explained by the fact that there are very few, if any, food-retailing brands in Sweden that is perceived as being extremely profit-motivated. Therefore, the difference in perceived trustworthiness was not expected to be big, yet some significant difference was anticipated. This expected difference was based on the pre-study, which confirmed that there was a significant difference regarding the level of social motivation among food-retailing brands in Sweden. The biggest difference (2.08) between the brands in the pre-study, significant at a 1 % significance level, was between Coop and Lidl. It was therefore expected that a socially-motivated brand's CRM campaign would be perceived as more trustworthy than a profit-motivated brand's CRM campaign.

Hypothesis 2b, which stated that a consumer is more likely to contribute to a socially-motivated brand's CRM campaign than to a profit-motivated brand's CRM campaign, was supported. This is consistent with existing literature about purchase intentions and how they are related to a positive brand image (see Chang and Liu 2009, Keller 1993). This idea was what hypothesis 2b was based on. Hence, the results were in unison with what was expected. Since the focus of this thesis is a dimension that has not been dealt with in existing research, these results add new knowledge to the subject.

It should be noted, that when comparing the respondents' opinion about Coop and Lidl in the main study, Coop scored higher than Lidl (5.11 compared to 3.38), and the difference between the means (1.73) was significant at the 1 % significance level. In addition, when comparing the question regarding the respondents' perception of to what extent the brands take social responsibility, Coop again scored higher than Lidl (4.88 compared to 3.33), and

this was also significant on the 1 % significance level. These results gave additional support to the findings from the pre-study and, hence, indicate that the variables used in the pre-study were successful.

During the analysis, aspects that were not part of the purpose of this thesis appeared interesting to examine further. Additional analysis of the data showed that there was a correlation between the respondents' likeliness to support the CRM campaign and their opinion about Coop, Lidl and Save the Children as well as the trustworthiness of the campaign. The results are shown in table 10 below.

	Correlation	Significance
Opinion about Coop and likeliness to support the CRM campaign.	0.526	0.000
Opinion about Lidl and likeliness to support the CRM campaign.	0.599	0.000
Opinion about Coop's CRM campaign and likeliness to support the CRM campaign.	0.692	0.000
Opinion about Lidl's CRM campaign and likeliness to support the CRM campaign.	0.470	0.000
Opinion about Save the Children when collaborating with Coop, and likeliness to support the CRM campaign.	0.415	0.000
Opinion about Save the Children when collaborating with Lidl, and likeliness to support the CRM campaign.	-0.009	0.951

Table 10: Correlation.

The results imply that consumers' opinions about the involved brands and the CRM campaign itself do affect their willingness to contribute to the CRM campaign. As illustrated in the table above, the opinion about Coop or Lidl, as well as the opinion about the CRM campaign itself, was correlated to the likeliness to support the CRM campaign. This was significant at the 1 %

significance level. However, the correlation between the opinion about Save the Children and the likeliness to support the CRM campaign was only significant when the CRM campaign was promoted by the socially-motivated brand (Coop). Even though hypothesis 1 was rejected, these additional results indicates that the consumers' opinion about the brands and the charity organization involved in the CRM campaign effects the likeliness that the consumers will contribute to the CRM campaign.

#### 5.1.3 Brand Attitudes Post-Alliance

The results from the analysis showed that participating in a CRM campaign does not affect consumers' perceptions of the involved brands, i.e. hypothesis 3a and 3b were not supported. This contradicts previous research which states that CRM should, in most cases, have a positive effect on the brand promoting the CRM campaign (see e.g. Lafferty and Goldsmith 2005, Ross, Patterson, and Stutts 1992 Varadarajan and Menon 1988). Hence, the results from this study were not at all expected. Previous research shows that CRM can be a mean of building long-term relationships with consumers aiming at creating a more positive brand image (Lafferty, Goldsmith, and Hult 2004). In addition, there is also research that shows that CRM can have a negative impact on the brand if the consumers' feel that the purpose of the CRM campaign is for the brand to increase their profit (Ellen, Mohr, and Webb 2000, Osterhus 1997, Svensson and Wood 2011, Varadarajan and Menon 1988, Webb and Mohr 1998). However, according to the findings in this thesis, it appears as though CRM does not have an effect, either positive or negative, on consumers' perceptions of a brand. This might be explained by the fact that the majority of pervious research takes place in the US, where CRM has been prevalent since 1983 (American Express Company 2011, Liston-Heyes and Liu 2010, Nan and Heo 2007).

In Sweden, CRM has not been used to the same extent. However, it has become more prevalent in Sweden over the past years, e.g. ICA's collaboration with the World Childhood Foundation since 2003 (ICA 2011). Since CRM is relatively new in Sweden, the connection with a charity organization in a CRM campaign might not be obvious to the consumer. Hence, the connection between CRM and contributing to charity organizations is not clear in consumers' minds. In a few years, it is possible that CRM will reach a higher level of awareness among the consumers' in Sweden and, therefore, a mean for the brands to create a positive brand image will occur, as stated by Lafferty, Goldsmith, and Hult 2004. If the same study will be conducted in a couple of years, assuming that CRM has become a more well-

known concept in Sweden, it is likely that the results will support the hypotheses, and, hence, be consistent with existing theories within the subject.

The results from the analysis did not support hypothesis 4 either. Hence, the consumers' perceived brand attitude of the charity organization will not be affected by a CRM campaign. This is not as unexpected as the rejection of hypothesis 3 discussed above. The rejection of the hypothesis can be explained by the fact that a charity organization's participation in a CRM campaign is yet another way for them to raise money. Hence, it is consistent with their purpose and will therefore not affect how consumers perceive the charity organization. It should also be noted that the charity organization's participation in the CRM campaign does not affect consumers' perceptions of them negatively. This implies that the charity organization does not have to worry about the fact that collaborating with a food-retailing brand, even though the brand's purpose is making profit, might affect them negatively.

#### 5.1.4 Brand-Cause Fit

Hypothesis 5 was supported by the results from the analysis. A socially-motivated brand's CRM campaign fits better with consumers' existing perceptions of the brand than a profit-motivated brand's CRM campaign fits with consumers' perceptions. This finding is consistent with the theories the hypothesis was based on. More specifically, theories dealing with brand-cause fit, congruity, and co-branding (Bucklin and Sengupta 1993, Eagly and Chaiken 1993, Lafferty, Goldsmith, and Hult 2004, Osgood and Tannenbaum 1955), imply that the level of fit increases when the partners in a CRM campaign are perceived to be like-minded (i.e. a socially-motivated brand is perceived to have more in common with a charity organization than a profit-motivated brand does). The focus of the existing research within the subject is on the fit between a cause and a product, so the result from this study adds another dimension to the discussion about brand-cause fit.

### **5.1.5 Summary**

The results from the analysis show that a CRM campaign does not change consumers' perception of the involved food-retailing brand or the charity organization. However, brand perceptions regarding the level of altruism does, to an extent, affect the outcome of a CRM campaign. That is, the consumers are more likely to contribute to a socially-motivated brand's CRM campaign than they are likely to contribute to a profit-motivated brand's CRM campaign.

We conclude that one explanation for the results is that CRM is not as prevalent, or as developed, in Sweden as it is in the US, where most of the research originates. This might be the reason that the findings in this study contradict previous research. If the same study is performed in a couple of years, due to the continued development and establishment of CRM in Sweden, it is likely that the results will be different and more consistent with the stated hypotheses in this thesis

### 5.2 Implications

Consumers' perceptions of a brand do not, according to the findings in this study, improve due to the brand's participation in a CRM campaign. This holds both for the brand as well as the charity organization. For the charity organization, the fact that a CRM campaign will not improve consumers' perceptions of them is not as essential as it is for the brand. In the charity organization's case, the most important aspect is that a CRM campaign does not have a negative effect on the perceptions of the organization. A charity organization's main reasons for participating in a CRM campaign are raising money and creating awareness, not building a stronger brand per se. For the brand, on the other hand, the main reason for participating in a CRM campaign is differentiation and building a stronger brand image. According to previous research, this is what, in most cases, can be expected when a brand initiates a CRM campaign.

Based on the above, the implications of this study are mostly important to brand managers trying to build a stronger brand image by using CRM. As mentioned before, the reason that CRM does not have the expected impact on consumers' perceptions of a brand, might depend on the fact that CRM is a rather new concept in Sweden compared to the US where most of the previous research has been conducted. The challenge will therefore be to develop and establish CRM as a mean of marketing in Sweden to be able to fully take advantage of the benefits CRM can give. By doing so, consumers should become more aware of brands that take social responsibility and therefore, these brands should gain a competitive advantage as well as improve their brand image among the consumers.

### **5.3 Critique of the Study**

There are some aspects of this study that could be improved in order to increase the strength of the results. These will be discussed below.

Concerning the main study, one weakness is that there was not an even distribution between men and women among the respondents. The distribution varied between the surveys, on average 37 % of the respondents were men and 63 % were women. However, the survey was distributed to approximately the same amount of men and women as a mean to increase the likeliness of an even distribution. It should also be mentioned that the survey was distributed to possible respondents throughout Sweden in an attempt to get a representative population. The aim when collecting responses was to reach at least 50 responses for each survey, which was accomplished (n<sub>total</sub>=299). It would have been beneficial to have more responses to make this study even more representative of the Swedish population. However, due the limited scope of a bachelor thesis, together with our mentor Erik Modig, it was decided that 50 respondents would be sufficient.

Concerning the questionnaire, one weakness became apparent in the analysis; namely the fact that the respondents were not asked why they would not support the CRM campaign. There is a risk that respondents said that they would not contribute to the CRM campaign based on the products that were being offered (or for other reasons), rather than because of the brand that promoted the CRM campaign. Asking the respondents that were not that likely to contribute to the CRM campaign the reason for their answer could have given further insights to the analysis.

Another weakness is that the focus in this study is on food-retailing brands only. In order to be able to increase the level of generalization, it would have been desirable to study brands from other industries. Finally, as discussed earlier in this thesis, the perceived difference in the level of altruism between food-retailing brands in Sweden is relatively small. Therefore, this study could have been more suited to be conducted in another setting, i.e. in a market where the perceived level of altruism between brands is bigger. However, this would have required the study to be conducted in another Sweden, something that it is not in line with the scope of a bachelor thesis.

### **5.4 Further Research**

As mentioned above, CRM is a rather new concept in Sweden. Therefore, it would be interesting to conduct the same study in a few years to see if the results would be different and more in line with the proposed hypotheses and hence, more consistent with previous research. It would also be interesting to conduct the same study in the US where CRM is more prevalent. In that way, it would be possible to examine if existing theories hold for the brand dimension in focus in this thesis.

Furthermore, to be able to increase the level of generalization, it would be beneficial to conduct the same study in more industries than the food-retailing industry. It would also be of value to study how the cause-product affects the outcome of a CRM campaign. However, it would still be important to keep the brands' perceived level of altruism as the main focus.

Finally, it would be interesting to make this study more realistic by implementing the CRM campaigns in Coop and Lidl during a period of time and measure if the consumers' perceptions of the two brands will change. By doing so, consumers will have the time to reflect over the CRM campaign and how it affects them, and hence, give more reliable answers.

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□ Woman

□ Man

### **Appendix 1**

Questionnaire used in the pre-study.							
Age							
	years						
Sex							

Where do you usually shop for groceries? Mark which food-retailing chain you shop at most.



In the following statements, you will be asked to rate your opinion about the different food-retailing chains. Please note that you should give your opinion for each brand! I think that X takes a social responsibility by, for example, contributing to charities or engaging in local projects.

Strongly Disagree			Neither Agree nor Disagree		Strongly Agree			
1.	2.	3.	4.	5.	6.	7.		
nk that X takes responsibility for their influence on the environment								

I think that X takes responsibility for their influence on the environment.

Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1.	2.	3.	4.	5.	6.	7.

I think that X cares for their employees.

Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1.	2.	3.	4.	5.	6.	7.

I think that X ensures that the products that they sell will not be harmful to consumers.

Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1.	2.	3.	4.	5.	6.	7.

I think that X takes responsibility for the production and handling of the products they sell.

Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1	2	3	Δ	5	6	7

I think that X not only focuses on their sales, but also acts in a socially responsible way (e.g. by donations to charities or engagement in local projects).

Strongly Disagree			Neither Agree nor Disagree			Strongly Agree
1.	2.	3.	4.	5.	6.	7.

(X represents the different food-retailing brands, i.e. Hemköp, Citygross, Lidl, ICA, Coop, or Willys.)



Advertisement material used in the survey about Coop and Save the Children.



En god handling. Belöna dig själv och din kropp.



Advertisement material used in the survey about Coop.



Advertisement material used in the survey about Lidl and Save the Children.



Advertisement material used in the survey about Lidl.





En god handling. Insamlingen pågår till och med midsommar.

Vi behöver fler mottagningar för barn som utsatts för våld i hemmet. Hjälp dem att lätta sitt hjärta. Ge ett bidrag på www.råddabarnen.se Plusgiro 90 2003-3

Advertisement material used in the survey about Save the Children.

(There were two different versions of this questionnaire, one representing Coop together with Save the Children, and one representing Lidl and Save the Children.)

1. Are you familiar wi	th Co	op/L	idl?					
□ Yes								□ No
2. Are you familiar wi	th Sa	ve the	e Chil	dren?	•			
□ Yes								□ No
3. What is your opinio	n of	Save 1	the Cl	hildre	n?			
Negative	1	2	3	4	5	6	7	Positive
Dislike	1	2	3	4	5	6	7	Like
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy
Does a bad job	1	2	3	4	5	6	7	Does a good job
Bad	1	2	3	4	5	6	7	Good
Does not take a social responsibility	1	2	3	4	5	6	7	Does take a social responsibility
4. What is your opinio	n of	Coop	Lidl?	•				
Negative	1	2	3	4	5	6	7	Positive
Dislike	1	2	3	4	5	6	7	Like
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy
Does a bad job	1	2	3	4	5	6	7	Does a good job
Bad	1	2	3	4	5	6	7	Good
Does not take a social responsibility	1	2	3	4	5	6	7	Does take a social responsibility

5. What do you think the survey?	abou	t the	charit	y cam	ıpaigr	that	was pr	resented at the beginning of
Bad	1	2	3	4	5	6	7	Good
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy
Not reliable	1	2	3	4	5	6	7	Very reliable
6. Is Coop's/Lidl's ch	arity	camp	aign c	consis	tent w	ith yo	our per	ceptions of Coop/Lidl?
Disagree	1	2	3	4	5	6	7	Agree
7. How likely is it tha Coop's/Lidl's own-la	•			ort tl	ne cha	rity c	ampaiş	gn by buying some of
Unlikely	1	2	3	4	5	6	7	Very likely
8. How many times d	uring	the p	ast ye	ar ha	ve you	ı cont	ribute	d to some sort of charity?
□ 0 times								
□ 1 time								
□ 2-3 times								
□ 4-6 times								
☐ More than 7 times								
9. Age								
years								
10. Sex								
□ Man								□ Woman

(There were two different versions of this questionnaire, one representing Coop together with Save the Children, and one representing Lidl and Save the Children.)

1. Are you familiar with Coop/Lidl?									
□ Yes								□ No	
2. What is your opinion	of (	Coop/	Lidl?						
Negative	1	2	3	4	5	6	7	Positive	
Dislike	1	2	3	4	5	6	7	Like	
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy	
Does a bad job	1	2	3	4	5	6	7	Does a good job	
Bad	1	2	3	4	5	6	7	Good	
Does not take a social responsibility	1	2	3	4	5	6	7	Does take a social responsibility	
3. What do you think a survey?	bout	the o	campa	aign tl	hat wa	as pre	sented	at the beginning of the	
Bad	1	2	3	4	5	6	7	Good	
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy	
Not reliable	1	2	3	4	5	6	7	Very reliable	
4. Is Coop's/Lidl's cam	paig	n con	sister	nt with	n youi	r perc	eption	s of Coop/Lidl?	
Disagree	1	2	3	4	5	6	7	Agree	
5. How likely is it that	you v	would	buy	some	of Co	op's/I	Lidl's o	own-label products?	
Unlikely	1	2	3	4	5	6	7	Very likely	
6. Age									
years									
7. Sex									
□ Man								□ Woman	

1. Are you familiar wit	th Sa	ve th	e Chil	ldren	?			
□ Yes								□ No
2. What is your opinio	n of	Save	the C	hildre	n?			
Negative	1	2	3	4	5	6	7	Positive
Dislike	1	2	3	4	5	6	7	Like
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy
Does a bad job	1	2	3	4	5	6	7	Does a good job
Bad	1	2	3	4	5	6	7	Good
Does not take a social responsibility	1	2	3	4	5	6	7	Does take a social responsibility
3. What do you think a survey?	abou	t the	campa	aign t	hat wa	as pre	sented	at the beginning of the
Bad	1	2	3	4	5	6	7	Good
Not trustworthy	1	2	3	4	5	6	7	Very trustworthy
Not reliable	1	2	3	4	5	6	7	Very reliable
4. How likely is it that	you	would	d dona	ate mo	oney t	o Sav	e the C	hildren?
Unlikely	1	2	3	4	5	6	7	Very likely
5. How many times du  ☐ 0 times  ☐ 1 time  ☐ 2-3 times  ☐ 4-6 times  ☐ More than 7 times  6. Age years  7. Sex	ring	the p	ast ye	ar ha	ve you	ı cont	ributed	I to some sort of charity?
□ Man								□ Woman