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Familiarity and format: cause-related marketing promotions in international markets

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Abstract

Purpose – The purpose of this paper is to demonstrate cause-related marketing (CRM) promotions as a brand-oriented international market entry strategy that can leverage an unfamiliar brand in a new international market. One of the challenges CRM promotions face is skepticism toward the campaign and for that reason, many brands form alliances with well-known charities familiar to the consumer, hoping that the trust and goodwill generated by the charity will be transferred to the brand. The authors manipulate price and donation presentation formats to show an alternative means for overcoming skepticism.

Design/methodology/approach – The research is undertaken in two studies. Study 1 uses a sample collected on Amazon's MTurk, whereas study 2 is undertaken in the real world with participants from Norway. Analysis of variance and partial least square are, respectively, used to test the hypotheses.

Findings – The first study shows that presenting the donation explicitly *vis-à-vis* the price makes a less familiar charity produce the same trustworthy effects as that a well-known one does. Moreover, the second study shows that it strengthens utility from the transaction and weakens skepticism of CRM promotions to impact brand evaluations.

Research limitations/implications – The primary focus of the research was consumers' familiarity with the charity but other variables could have a significant impact in judgments. For instance, the importance consumers attach to the cause that the charity supports, spatial distance of the brand and charity, brand familiarity. Manipulating these in future studies would not only contribute to the CRM literature but also to that of international marketing.

Practical implications – Firms in international markets can derive competitive advantages with the help of CRM campaigns. Moreover, alliances with familiar charities that are local can help combat nationalistic feelings prevalent in many markets. The separated presentation format can also help overcome some of the additional skepticism found in international markets.

Social implications – The findings support the Better Business Bureau's Standards for Charity Accountability that seek transparency in communicating CRM promotions. The explicit presentation of price and donation, in addition to providing this transparency, also gives consumers a clear understanding of the CRM promotions' details, which will increase their self-efficacy in making more informed decisions.

Originality/value – This research contributes to strengthening knowledge on donation-price formats, offers brands entering international markets a singular way of gaining credibility and competitive advantage, and empirically confirms the proposed outcomes of a theoretical model for promotions.

Keywords Cause-related marketing, Familiarity, Donation frames, Skepticism, Promotions, International marketing

Paper type Research paper

Introduction

Background

The international marketing literature has traditionally focused on business-to-business foreign operation method options that may be classified under three broad categories: contractual modes (e.g. franchising, licensing), exporting (e.g. indirect, direct) and investment modes (e.g. joint ventures, majority/minority ownership) (Welch *et al.*, 2007). More recent studies have explored business-to-consumer issues like international branding but have

limited to global brands- brands that have a wide geographic reach and are perceived as global by consumers (Douglas *et al.*, 2001; Özsomer and Altaras, 2008) such as Coca Cola, Disney and Sony. Little to no research exists tackling the common hurdle faced by a firm with international ambitions- how to enter a foreign market with a brand that is unfamiliar to the consumers. We offer cause-related marketing (CRM) as a means to leverage an unfamiliar brand in a new international market.

A CRM promotion involves increasing sales by contributing to the objectives of one or more social causes or charities. CRM has been used to increase market share (e.g. in 1993 American Express donated three cents to Share Our Strength each time an American Express Card was used), appeal to a new market segment (e.g. BMW started The Ultimate Drive in 1996 where it donated US\$1 to breast cancer research for every BMW test driven by a woman to target women), differentiate (e.g. Tesco started Computers for Schools to differentiate from Sainsbury's in the UK by offering vouchers to customers for every £25 spent which the customer could "donate" to a participating school. The schools collected the vouchers to trade them in for computers from Tesco), and build brand image (e.g. The Body Shop procuring products from lesser developed countries which provides employment). That it is one of the fastest growing forms of marketing promotions in the last two decades is demonstrated by US corporate spending on CRM, which has increased from \$120m in 1990 to \$2bn projected for 2016 (Sponsorship Spending, 2017).

CRM's popularity in the US market has not been mirrored in other countries thus making it a challenge for international marketers to use it as a valuable strategic tool for entering new markets or/and building brands. This is reflected even in research studies. Whereas there is ample evidence from studies conducted in the USA, there is a paucity of research conducted in non-US countries with some exceptions (e.g. from India see Shree *et al.*, 2017) and even when firms do examine non-US markets, it is within the realm of corporate social responsibility rather than CRM (for a review see Strizhakova and Coulter, 2019). Regardless, CRM promotions face one major challenge- consumers' skepticism, which is even greater in international markets (Zeriti *et al.*, 2014).

Consumer skepticism is consumers' tendency to doubt firms, which can either be a personal trait that predisposes individuals to suspect the veracity of various marketing actions or a temporary state produced by situational variables that direct consumers' attention toward the firm's motives (Forehand and Grier, 2003). In the CRM context, skepticism has three primary bases. One, consumers perceive firms deploy CRM promotions as an exploitation of the charity to advance corporate benefits, thus questioning altruistic motives (Chang, 2008; Forehand and Grier, 2003; Singh *et al.*, 2009; De Vries and Duque, 2018; Yoon *et al.*, 2006). Two, consumers often do not see a fit between the charity and the firm (Barone *et al.*, 2007; Zdravkovic *et al.*, 2010). Three, they find it difficult to verify claims made about the donation and the donation amount, or doubt about the way charities themselves utilize the donation (Christofi *et al.*, 2018). Some researchers have suggested consumers' skepticism toward CRM promotions can be overcome by improving consumers' familiarity with the campaign (Singh *et al.*, 2009). While sage advice, it is of little use to brands operating in cross-border markets where their brand name may not be familiar. This is further aggravated by CRM campaigns themselves not being a familiar phenomenon in many emerging markets (Hadjikhani *et al.*, 2016) and cultural differences in attributions of altruistic motives (Choi *et al.*, 2016; Christofi *et al.*, 2018).

Some other researchers have proposed assuring consumers through price and quality (Mohr *et al.*, 2001) or focusing on the size of the donation and presentation (Chang, 2008; Olsen *et al.*, 2003). Though it has been established that donation presentation format makes CRM promotions more effective (Folse *et al.*, 2010; Kim and Lee, 2009), scant research explains its role in reducing skepticism.

Research aim

We combine research from familiarity with that from donation presentation format to propose that charity-brand alliances can gain traction such that unfamiliar brands can benefit optimally. This is done by manipulating charity familiarity and donation presentation format to examine their impacts on selected consumer evaluations. In doing so, it offers brands entering international markets a singular way of gaining credibility and competitive advantage. Research in international branding, an emerging area within the field of international marketing, has been criticized for not taking a brand orientation when formulating international marketing strategies (Wong and Merrilees, 2006). By using customers and brands as the core of designing an international market entry strategy, this research contributes by addressing this criticism.

Although the CRM literature recognizes the importance of familiarity in better acceptance and evaluation of campaigns, the interest has been in examining either the familiarity with the brand (Lafferty, 2007; Lafferty *et al.*, 2004; Trimble and Rifon, 2006; Zdravkovic *et al.*, 2010) or the campaign (Singh *et al.*, 2009) but seldom with the charity alone. By comparing the impact of familiar and unfamiliar charities on brand perceptions, our study bridges this gap. This therefore, is its second contribution.

Even though message framing has been considered important in promoting CRM (Tangari *et al.*, 2010), little has been done to understand how the donation should be communicated in relation to price. The price paid is one of the most important criteria used by consumers in decision making, yet studies that do consider it, use it for merely presenting the donation relative to it rather than include it in developing hypothesized effects. That is, only argue for the donation's effects on behavior. The hypothesized effects of our study examine the impact of both donation and price presentation, which is its third contribution.

While the CRM literature has compared donation formats to demonstrate some to be superior over others (e.g. Chang and Chu, 2019), the conclusion has been mainly based on consumers' behavioral intentions. We add to this knowledge by offering a perspective based on the value donations add. A promotion is effective when its design and execution convey perceptions of enhanced value, either from a lower price (as in a rebate) or something extra (as in a buy one get one free offer). Perceptions of lower price or something extra are formed only by comparison with a reference point and by using price as a reference point; we demonstrate how donations add value to CRM promotions and explain the success of certain donation formats, making it the study's fourth contribution. In doing so, we also confirm the outcomes proposed and suggested for promotions that have not been empirically tested before (Raghubir *et al.*, 2004), which is our study's fifth and final contribution.

The research was undertaken in two studies. The description, analysis and discussions of study 1 with a sample collected in Amazon's MTurk are followed by those of study 2 undertaken in the real world. We then discuss the combined findings of the two studies and their implications for both theory and practice. The paper concludes with a discussion of the research's shortcomings, leading to areas for future research.

Study 1: familiarity

Familiarity is knowledge that the consumer acquires through direct or indirect experience with the brand (Alba and Hutchinson, 1987; Bettman and Sujan, 1987; Holden and Vanhuele, 1999). The branding literature has extensively studied familiarity and shown it to moderate the relationship between attitude and behavior: it produces differential effects in information processing and brand evaluations (Alba and Hutchinson, 1987); results in more extensive, stable associations that are held with greater clarity, conviction and confidence (Bettman and Sujan, 1987). The opposite has also been shown true- attitudes for an unfamiliar brand are weakly formed, less stable and less accessible (Fazio *et al.*, 1989). Familiarity's moderating effects are explained with the help of attitude accessibility theory

which suggests that associations in the brain for familiar objects are more extensive and therefore more readily accessible from memory and consequently have a stronger impact on consumer choices and decision making. It is thus natural that a familiar brand, because of being more easily accessible from memory, would result in stronger attitudes.

Similar reasoning is behind studies that have examined familiarity in the CRM literature which can be divided in two groups, one that have examined familiarity with the brand and the other with the charity. The latter group believe that familiarity with charity may be used not only for encouraging pro-social behaviors like donation but also help ameliorate consumers' negative attitudes toward CRM campaigns. Familiar charities also enhance perceptions of compatibility between brand and charity (Trimble and Rifon, 2006) such that fit matters less in judgments and evaluations (Zdravkovic *et al.*, 2010). Consumers tend to be less skeptical when familiar with the charity in the CRM campaign (Singh *et al.*, 2009) resulting in desirable behaviors like donation (Bendapudi *et al.*, 1996; Katz, 2018).

So, what happens when a more familiar charity is coupled with a less familiar brand? According to the anchoring and adjustment theory (Anderson, 1981), subjects anchor on information about the more familiar object and then adjust the information about the less familiar one accordingly. Thus, the more familiar charity will be used as the anchor and subjects adjust their evaluation of the less familiar brand in the direction of the charity. Since familiarity has been shown to be not only a precondition for trust but also its antecedent (Gulati, 1995; Gulati and Sytch, 2008), we expect the following:

H1. A brand associating with a relatively more familiar charity is trusted more and evaluated better than when it associates with a less familiar charity.

Given this evidence from the literature, brands would naturally seek alliances with well-known charities (Lafferty *et al.*, 2016). This poses a challenge for lesser known charities in forging alliances to raise much-needed funds and awareness. From the brand's perspective, teaming up with a well-known charity is more beneficial on the one hand but on the other, if most brands want to associate with the same well-known charities, the differentiating aspects of a CRM campaign may be lost. Moreover, the brand is left with fewer options of building trust that is particularly important for diffusing concerns of opportunistic behavior (Gulati, 1995) and CRM promotions' effectiveness (Christofi *et al.*, 2015; Mendini *et al.*, 2018). For a solution to this conundrum, we visit the literature of multi-component products which charity-brand alliances are (Newmeyer *et al.*, 2018) to borrow from its knowledge and findings.

Consumers' evaluations of multi-component products are based on coding the purchase outcomes as gains and losses *vis-à-vis* a reference point rather than as an absolute. The way these gains and losses are presented relative to each other (framing) can shift the reference point, altering how they are subjectively perceived, thus altering value perceptions (Kahneman and Tversky, 1979). How the gains and losses should be presented relative to each other is suggested by the shape of the value function, which is concave for gains and convex for losses. The implication of such a shape is that both marginal gains and losses are perceived greater than they actually are so a relatively small gain presented separated and a relatively small loss consolidated with the core loss or gain enhances value perceptions (Thaler, 1985). Separating additional components of a multi-component product also draws consumers' attention to the benefits of the secondary component that would have otherwise gone unnoticed (Bertini and Wathieu, 2008; Chakravarti *et al.*, 2002) and increases valuations of the bundle as a whole if the separated item is a gain (Cao *et al.*, 2015; Johnson *et al.*, 1999). Since the donation to the charity provides the value of affecting others positively (Holbrook, 2006), it is arguably a gain and should therefore be presented separated from the price of the product. This separated donation format, explicitly stating how much is being donated, is an objective claim, resulting in more arguments in support of it (Edell and

Staelin, 1983) making it more readily accepted and believed. While in partnerships with familiar charities, the charity serves as an anchor for trust and acceptance, for less familiar charities, we expect the separated donation format to help achieve this:

H2. When a brand associates with a less familiar charity, separating the price and donation information helps improve trust perceptions and evaluations.

Methodology

Stimulus development and testing. A fictitious brand (Casual) and two real charities with different levels of familiarity (Alzheimer's Association as a more familiar charity and Fig Tree Foundation as a less familiar one) and two price-donation formats (consolidated and separated) were used in this study. A control condition without donation was also included.

The product chosen was a pair of jeans based on the fact that everyone has experience with jeans and therefore, able to provide opinions on them. Alzheimer's Association was chosen as the more familiar charity because even if respondents had not heard of the charity itself, they are familiar with the cause, Alzheimers, which would implicitly induce familiarity with the charity. Fig Tree Foundation was chosen as the less familiar charity because the name does not conjure any associations to a cause that could induce familiarity.

The final stimuli shows a pile of jeans with the heading "Casual for a cause jeans," the logo and name of the charity. The price and donation were presented in two different formats: the consolidated frame provided the total price (US\$79) with the amount being donated to the charity (US\$5) below in small print whereas the separated frame, in addition to giving the total price and the amount being donated to the charity, indicated the exact amount that Casual jeans (US\$74) receives. The exact wording of these conditions, below the total price were: "Casual donates US\$5 to Alzheimer's Association" in the more familiar cause-consolidated frame; "Casual receives US\$74 and donates US\$5 to Alzheimer's Association" in the more familiar cause-separated frame; "Casual donates US\$5 to Fig Tree Foundation" in the less familiar cause-consolidated frame; and "Casual receives US\$74 and donates US\$5 to Fig Tree Foundation" in the less familiar cause-separated frame.

Data collection and measures. In total, 202 subjects (65.8 percent male; mean age 31.9 years, all with at least high school education) were randomly assigned to one of the five conditions in a study conducted on Amazon's MTurk. Participants were asked to first imagine they were in need of a pair of new jeans and then to read the subsequent information before answering the questions.

Familiarity with the cause was measured with the question "how familiar are you with this charity" on a seven-point scale ranging from not at all familiar to very familiar. Trust in the brand ($\alpha = 0.90$) was measured with a three-item scale (Keller and Aaker, 1992) that evaluated respondents' opinion on whether they considered the brand to be trustworthy, dependable, and concerned about customers. Product evaluation ($\alpha = 0.91$) is also measured with three items (Sengupta and Johar, 2002) where respondents' indicated their agreement to statements about the product used in the stimuli, jeans (good, useful and favorable opinion). Both measures used a seven-point Likert type scale.

Analysis and results

Our study's hypothesized effects are built on the respondents' familiarity with the charity and then considering the donation a gain. Therefore, before testing the hypotheses, we first compared familiarity means for the two charities, which were found to be significantly different ($F = 9.64$, $p < 0.05$) with respondents being more familiar with Alzheimer's Association than with Fig Tree Foundation ($M_{Alzheimer} = 4.4$, $M_{FigTree} = 3.4$). Thus we can conclude that our manipulation was successful. Next, to check the assumption that the donation is indeed perceived a gain, a one-sample t -test was run on participants' responses

to the statement “the donation to the charity represents: a loss for me (1) vs a gain for me (7).” The scale’s mid-point (4) was used as a benchmark and the analysis confirmed that the donation represented a gain ($M = 4.78$; $t(161) = 6.23$, $p < 0.001$).

A one-way analysis of variance with trust as the dependent variable and familiarity as the independent variable, just for the consolidated frame[1], was significant ($F = 6.43$, $p < 0.05$). The brand was trusted more when it associated with a more familiar charity than with a less familiar one ($M_{more\ familiar} = 5.5$, $M_{less\ familiar} = 4.6$) or with no charity at all ($M_{control\ condition} = 4.7$). Similar analyses performed with product evaluation as the dependent variable also showed the relationship to be significant, though at a lower significance level ($F = 2.82$, $p < 0.10$). The brand was evaluated as a better product when it associated with the relatively more familiar charity than with a less familiar one ($M_{more\ familiar} = 5.2$, $M_{less\ familiar} = 4.5$) or with no charity ($M_{control\ condition} = 4.8$). Thus, *H1* is supported.

A similar analysis for the separated frame revealed no significant differences between the familiar Alzheimer’s Association and the less familiar Fig Tree Foundation, that is, both were trusted ($M_{more\ familiar} = 5.2$, $M_{less\ familiar} = 5.1$) and evaluated similarly ($M_{more\ familiar} = 4.9$, $M_{less\ familiar} = 4.7$). Moreover, whereas there were no significant differences between the consolidated and separated frames of the familiar Alzheimer’s Association (trust: $M_{consolidated} = 5.5$, $M_{separated} = 5.2$; product evaluations: $M_{consolidated} = 5.2$, $M_{separated} = 4.9$) the two frames were significantly different for the less familiar Fig Tree Foundation when it came to trust ($F = 3.4$, $p < 0.10$) with the separated frame trusted more ($M_{consolidated} = 4.6$, $M_{separated} = 5.1$). There were no significant differences in product evaluations ($M_{consolidated} = 4.5$, $M_{separated} = 4.7$), thus *H2* is only supported for trust but not for product evaluations. Table I reports the means for brand trust and product evaluations for the different conditions that are used for testing *H1* and *H2*.

Discussion

The results of various analyses of variance confirmed the general evidence related to familiarity with a charity partnered in a CRM campaign: consumers trust the brand and evaluate the product better when they are more familiar with the charity. For less familiar charities, the results provide support for separating the donation from the product price in garnering trust but not for improving product evaluations. This may possibly be explained by the product used in the stimuli. Jeans are a functional product for a majority of people, unless they are a prestigious brand like Armani or Diesel. Because our stimuli used a fictitious brand that subjects had no prior associations with, coupled with the mid-range price, Casual jeans were deemed a functional product. Consumers typically evaluate a functional product on performance-based attributes and separation that highlights donation, which is not a performance-based attribute, does little in affecting consumers’ judgments about its performance.

Format/Familiarity	Consolidated	Separated	Control
Familiar cause	Brand trust	Brand trust	Brand trust
	$M = 5.5$, $SD = 1.1$ Product evaluation $M = 5.2$, $SD = 1.2$	$M = 5.2$, $SD = 1.3$ Product evaluation $M = 4.9$, $SD = 1.4$	$M = 4.7$, $SD = 1.3$ Product evaluation $M = 4.8$, $SD = 1.2$
Less familiar cause	Brand trust	Brand trust	
	$M = 4.6$, $SD = 1.5$ Product evaluation $M = 4.5$, $SD = 1.4$	$M = 5.1$, $SD = 1.3$ Product evaluation $M = 4.7$, $SD = 1.7$	

Table I.
Measures by
condition study 1

The more interesting finding is that the significant differences between the more familiar charity and the less familiar one disappear in the separated format. That is, separating the donation results in similar trust, regardless of familiarity with charity. This finding, combined with the fact that while separation has no impact when a familiar charity is used but significantly improves trust perceptions of an unfamiliar one, led us to further probe the effects of separated donation format in unfamiliar charities in a study conducted in the real world.

Study 2: donation format

Since CRM campaigns are a form of promotion, we discuss the impact of donation-price format and the effectiveness of CRM promotions within the three routes of promotional effects proposed by Raghurib *et al.* (2004). According to these researchers any promotion is effective because it influences consumers' beliefs about the brand (and the product), increases the utility associated with the purchase, and alters consumers' feelings (these feelings can be either negative or positive). All this is moderated by promotional features and communication that can be managerially controlled. Similarly, we argue that features (donation, price) and communication of CRM promotions (explicitly stating donation and price) will moderate framing effects on consumers' responses (brand evaluations). Figures 1 and 2, respectively, present the original framework and its adaptation for our study.

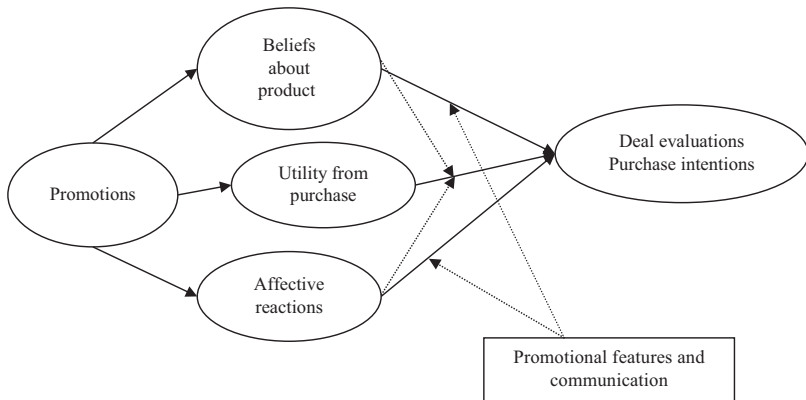


Figure 1.
Raghurib
et al.'s (2004) model

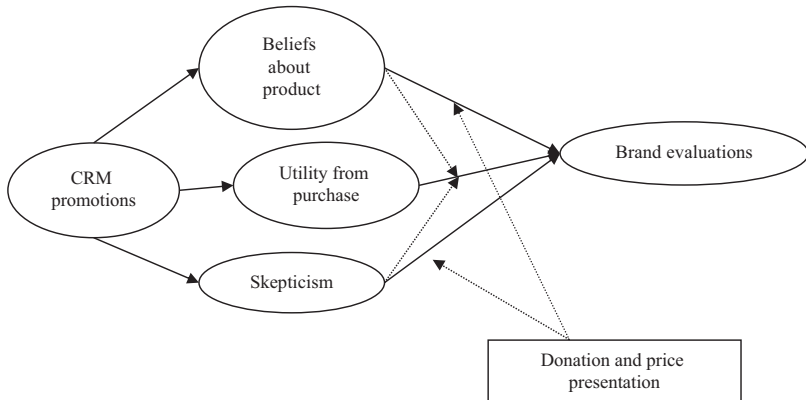


Figure 2.
Effects of
donation presentation
of study 2

Influencing beliefs about product

In addition to using product's intrinsic attributes for inferring quality, consumers draw quality perceptions from extrinsic ones like price, brand name, and level of advertising (Zeithaml, 1988). Some additional extrinsic cues that may be used for similar purposes are warranties, seals of approvals, and endorsements by a well-respected brand or celebrity. This phenomenon is based on what has long been known in psychology – that judgments are influenced by the context in which they are made. Thus, a likable celebrity shown using the brand results in more favorable perceptions about the product than the brand shown alone. Associating the advertised brand with a favorably evaluated object characterizes it with the attributes of the favorably evaluated object, in this case the celebrity (Edell and Staelin, 1983) and characterization results in the favorably evaluated object driving the brand attitudes rather than the specific attributes actually possessed by the product (Shimp *et al.*, 1988).

This phenomenon has also been observed when products are associated with a charity. The choice share of a brand in a set of similar alternatives increases considerably when it associates itself with a charity because of improved quality perceptions (Arora and Henderson, 2007). In another study, consumers perceived a brand associating with a health-related charity to have health benefits (Minton and Cornwell, 2016). Meaning residing in one entity moves from one location to another through instruments like product design and advertising (McCracken, 1986) so when brands associate with a charity, its altruistic characteristic are transferred to the product by the mere association (product design) and the statement of the donation amount (advertising). Consequently, consumers characterize the product with the characteristics of the charity, thinking of it as a “better” product that has superior quality.

Perceptions of quality are magnified when donations are separated because of saliency effects that make the favorable beliefs about the charity more accessible. Saliency also stimulates elaboration of prominent information (Kisielius and Sternthal, 1986) and since elaboration of favorably evaluated information results in more favorable associations, one should expect separated donation – a favorably evaluated information – to result in enhanced quality perceptions. Moreover, the moral satisfaction that accompanies contributing to the CRM promotion (Arora and Henderson, 2007) is a consumption-related attribute of the purchase (as opposed to performance-related) and separating consumption-related attributes produces more favorable evaluations (Chakravarti *et al.*, 2002). When consumers process two pieces of information heuristically, as they do CRM promotions (Barone *et al.*, 2000; Arora and Henderson, 2007), they assign the ancillary piece of information either greater or lesser weight than they would otherwise (Morwitz *et al.*, 1998). Because disproportionately more weight is assigned to a piece of information in making judgments when it is made salient (Taylor and Thompson, 1982), we argue that greater, not lesser, weight is going to be assigned to the donation when it is separated. Perceptions of overall product quality should therefore be even better when the donation is separated from the core product and play a stronger role in the evaluations than it would otherwise. Thus, we expect:

- H3. The impact of quality perceptions on the effectiveness of the CRM promotion will be stronger in the separated frame than in the consolidated one.

Altering utility from transaction

Utility derived from any consumption experience depends on the difference between perceptions of value received and outlay. Value perceptions depend on one or more: economic value from serving the consumers' own objectives; social value from shaping the response of others; hedonic value from serving as an end in itself; altruistic value from

beneficially affecting others (Holbrook, 2006). Donations provide all of these values: economic value because they save time by acting as the heuristic on which the decision is made (Barone *et al.*, 2000; Chandon *et al.*, 2000); social value because they enhance the individual's status in others' eyes as an altruistic person; hedonic value because they give the pleasure of having helped others (Arora and Henderson, 2007; Strahilevitz and Myers, 1998); and altruistic value because they beneficially affect others. Since donations provide several values, they are arguably a gain. Relative presentation of gains can alter value perceptions by shifting the reference point and because there is a greater subjective difference between gains closer to the reference point than those further away, marginal gains are perceived greater than they actually are (Kahneman and Tversky, 1979). Thus, separating donation enhances value perceptions of CRM promotions.

We propose that separation also reduces perceptions of outlay. When consumers integrate two or more prices, they are likely to use heuristics to simplify the task. A commonly used heuristic is anchoring and adjustment where the base price (larger, more important price for core product) is used as an anchor and then adjusted for the relatively small "surcharge." Typically, consumers insufficiently adjust for the smaller additional price (Morwitz *et al.*, 1998). Consumers may also ignore the smaller additional price if it is physically removed from the base price or if it is unimportant in evaluating the product (Morwitz *et al.*, 1998). Since the donation and charity features are very different from the product, they are both distant and not deemed relevant for evaluating the product. Separation enhances this distance. The donation is also relatively small compared to the base price so separated format would result in it being either insufficiently adjusted for or ignored, resulting in total price underestimated and perceptions of outlay reduced. A reduced perceived outlay ought to consequently increase perceived utility therefore, we expect:

H4. The impact of utility perceptions on effectiveness of the CRM promotion will be stronger in the separated frame than in the consolidated one.

Reducing skepticism of marketer's motives

The different aspects of a promotion that influence consumers' decisions are not without some negative implications. For instance, because consumers overestimate the profit margins of promotions (Raghubir *et al.*, 2004), they feel promotions are a manipulative maneuver for business benefits. This feeling of skepticism is compounded in the case of a CRM promotion because in addition to perceiving the promotion as a means of manipulating the consumers, consumers also see it as an exploitation of the charity (Forehand and Grier, 2003) questioning the firm's altruistic motives for participating in such activities (Barone *et al.*, 2000) resulting in unfavorable word of mouth that not only hurts brand equity but also decreases resistance to negative information about the brand (Skarmeas and Leonidou, 2013).

Because consumer responses to CRM promotions are largely driven by consumer inferences of the firm's genuine concern for the charity (Cuypers *et al.*, 2016; Folse *et al.*, 2010; De Vries and Duque, 2018), the negative feelings toward CRM promotions become critical to their success. Firms, therefore, need to validate their intentions for participating in the CRM promotion if they want to reduce consumers' skepticism of the CRM activity. This has been shown to be done by being consistent in stated motives for engaging in CRM activities (Forehand and Grier, 2003) or by improving consumers' knowledge (Webb and Mohr, 1998) and familiarity (Singh *et al.*, 2009) with it. Since skepticism is typically a result of ambiguous claims or claims that are difficult to verify (Forehand and Grier, 2003), more can be learnt from research on claim credibility to reduce negative feelings toward a CRM promotion.

Objective claims that present factual information result in more arguments in support of the brand or product than do subjective claims (Edell and Staelin, 1983) and as a consequence, lead to less cognitive resistance. Thus, objective claims are more readily

accepted and believed by consumers. However, the mere fact that a firm makes a certain claim does not guarantee that the consumers actually believe it. The communication also has to provide some evidence of the claim made in the message and explicitly link it to the claim for it to be credible (Munch *et al.*, 1993). Explicitly linking two pieces of complementary claims makes consumers focus on the message (Shimp *et al.*, 1988) and if the message content is primarily objective, generate more support arguments for the message (Edell and Staelin, 1983). A separated donation format, explicitly stating how much is being donated to the charity and how much is received by the firm is an objective claim, presenting detailed donations provides the evidence, and giving the information both visually (donation separated from the price) and verbally (clearly stating the donation) reinforces the claim. The detailed and exact form of the separated donation provides transparency that enhances transaction's perceived fairness and consequently, the seller's trustworthiness (Xia *et al.*, 2004). A separated donation presentation format should therefore be more credible than the consolidated one and we expect:

H5. The effects of skepticism on the effectiveness of the CRM promotion will be weaker in the separated frame than in the consolidated one.

Methodology

Stimulus development and testing. A fictitious brand for backpack (BackTech) and not-so-well-known organization for donation (LHL-the National Association for Heart and Lung Diseases) were chosen to avoid prior attitudes biasing responses. A backpack was chosen because of its relevance for both genders and popularity in the country that data are collected in. Choice of charity was partly based on a pre-test where respondents were asked to list the kind of causes they could imagine co-operating with a backpack and a qualitative study conducted by A.C. Nielsen that showed health-related causes to be most popular. Respondents might be skeptical of an alliance with fictitious charities because of unfamiliarity and might have prior attitudes toward well-known ones, so charities that were real yet not that well known were considered. An organization for heart and lung diseases that did not have a very visible profile, did not stand for any radical opinions, and was generally likeable without any negative associations was chosen.

The final stimuli consisted of a picture of the backpack, its logo, and the logo of the chosen charity. The price and donation were presented in two different formats: the consolidated frame provided the total price (Norwegian Kroners 464, approximately US\$54) with the amount being donated to the charity (Norwegian Kroners 35, approximately US\$4) below in small print whereas the separated frame, in addition to giving the total price and the amount being donated to the charity, indicated the exact amount that Backtech (Norwegian Kroners 429, approximately US\$50) receives. The exact wording of these conditions, below the total price were: "Backtech donates kr. 35 to LHL-the National Association for Heart and Lung Diseases" in the consolidated frame, and "Backtech receives kr. 429 and donates kr. 35 to LHL-the National Association for Heart and Lung Diseases" in the separated frame.

Data collection and measures. We chose Norway as the country for conducting our study for three reasons. The first reason was embedded in the fact that Norway is a welfare state (like many European countries) where consumers are not only accustomed to but also expect the government to provide financial support to charities. Thus, a CRM campaign would be especially perceived with skepticism, with the notion that the brand was exploiting the charity for profit-making motive. Such a circumstance presents a fertile ground for testing our hypotheses. Prior research in Norway has shown consumers' skepticism toward CRM to be influenced by familiarity with the campaign as a whole (Singh *et al.*, 2009) so our study would be building on those findings to single out familiarity with the charity. The second reason is Norway being a European country. CRM campaigns are a relatively lesser known

phenomenon in Europe as compared to in the US (where we conducted study 1), thus a study in Norway would offer valuable insights to international marketers. Ideally, we would have liked to collect data in Asia as well, where CRM campaigns are also fairly unknown, for comparative purposes but had to limit ourselves to Norway because of accessibility to data collection, which is our third reason for choosing Norway.

In total, 170 subjects (46.2 percent males) participated in the study and were rewarded with a lottery ticket which was part of a national lottery scheme where the holder of the ticket had the possibility to win anywhere from US\$1.75 to US\$1.5m. The average age of the respondents was 26.8 years and all had at least high school education. The annual income of majority of the respondents was between US\$12,500 and US\$37,500 (70 percent), some between US\$37,500 and US\$75,000 (25 percent) and very few above US\$75,000 (5 percent). Participants were randomly assigned to one of two price frames (consolidated = 86, separated = 84). They read a scenario where they imagined going on a two-hour hiking trip for which they needed to purchase a backpack. A brief description of the backpack followed. After reading the scenario and description, participants responded to questions that captured their evaluations, attitudes and behavior.

Three-item Likert-type existing scales measure all independent variables. The independent variables operationalized beliefs about product (Sweeney and Sourtar, 2001; Williams and Soutar, 2009), utility associated with purchase (Yadav and Monroe, 1993) and feelings of skepticism (Bigné-Alcañiz *et al.*, 2009; Strahilevitz, 2003). Tables II and III list the measures and their psychometric properties. The dependent variable: brand evaluations is captured through a ten-item semantic differential scale measuring both pleasure-related and utilitarian aspects (Batra and Stayman, 1990). Factor analysis did not reveal the two clear underlying dimensions however; a posterior consistency analysis in SPSS suggested only three items for maintaining the same measurement structure of the construct in the different frames, which were then retained as measures of brand evaluation in subsequent analysis.

Analysis and results

Similar to study 1, we first check whether the donation is perceived as a gain or a financial loss. A one-sample *t*-test using the scale's mid-point as a benchmark (4) for the statement

Construct	Standardized loadings		Cronbach's α		Average variance extracted	
	F1	F2	F1	F2	F1	F2
<i>Beliefs about the product</i>			0.85	0.87	0.77	0.79
has consistent quality	0.93	0.90				
is well made	0.93	0.91				
has acceptable standard of quality	0.76	0.86				
<i>Utility from the purchase</i>			0.76	0.86	0.67	0.78
is a good deal	0.83	0.83				
is a good bargain	0.89	0.92				
taking advantage of attractive offer	0.74	0.90				
<i>Feelings of skepticism</i>			0.89	0.83	0.82	0.74
self-interest	0.86	0.83				
desire to increase sales	0.95	0.88				
desire to improve company's image	0.97	0.86				
<i>Brand evaluations</i>			0.79	0.82	0.71	0.73
dislike – like	0.85	0.86				
unpleasant – pleasant	0.77	0.84				
negative – positive	0.88	0.86				

Note: F1 = Frame 1 (consolidated), F2 = Frame 2 (separated)

Table II.
Questionnaire
items Study 2

“the donation to the charity represents: a loss for me (1) vs a gain for me (7),” confirms that the donation represents a gain for respondents ($M = 5.19$; $t(170) = 10.95$, $p < 0.001$).

Partial least square (PLS) algorithm and bootstrapping simulations (with subsamples of 200 observations) evaluate significance of parameters in the structural model. Multi-group analysis in SmartPLS is performed to contrast differences among frame effects. Table IV shows the model estimation summary for both frames.

The construct loadings (Table II) are all above the recommended threshold of 0.70 and also statistically significant. Cronbach’s α for all measures are above 0.70 and the average variance extracted (AVE) exceeds the 0.50 cut-off value for both frames. The two together provide reliability and discriminant validity, respectively. Even though AVE of 0.67 for utility perceptions in consolidated frame is slightly below the threshold 0.70, it is still retained to maintain the same model structure for both frames. Table III shows the discriminant validity among constructs, indicating that constructs are distinct from each other and also uncorrelated (the square root of AVE per construct is higher than its correlation with other constructs). Thus, psychometric properties of measures and constructs confirm that the proposed model reasonably fits data for both frames and also explains an acceptable level of the dependent variable in the model.

Quality perceptions significantly impact brand evaluations in both frames ($\beta = 0.218$ in consolidated, and 0.402 in separated). We expected stronger effects in the separated frame, and though the effects are in the right direction (the effect is twice as large in the separated frame), the p -value associated to the difference is not significant (0.91), and thus $H3$ is not supported. The effect of utility on brand evaluations for the consolidated frame is non-significant ($\beta = 0.169$) but it is significant and strong for the separated frame ($\beta = 0.329$) as expected, thus $H4$ is supported. Skepticism significantly affects brand evaluations in the consolidated frame ($\beta = 0.22$) and it is completely reduced in the separated one ($\beta = 0.051$ non-significant). Thus, separating the donation helps avoiding the effect of skepticism on brand evaluations. Therefore, $H5$ is supported.

		Intercorrelations			
<i>F1: Consolidated (n = 86)</i>		1	2	3	4
	1. Beliefs	0.88			
	2. Utility	0.40	0.82		
	3. Skepticism	0.29	0.34	0.91	
	4. Brand evaluations	0.34	0.31	0.33	0.84
<i>F2: Separated (n = 84)</i>		1	2	3	4
	1. Beliefs	0.89			
	2. Utility	0.24	0.88		
	3. Skepticism	0.24	0.36	0.86	
	4. Brand evaluations	0.49	0.45	0.26	0.85

Note: The diagonal gives the square root of AVE

Table III.
Psychometric
properties of
measures Study 2

Relationship/Frame		Consolidated	Separated
Sample size		86	84
Beliefs about product > Brand evaluations	<i>H3</i>	0.218**	0.402**
Utility > Brand evaluations	<i>H4</i>	0.169	0.329**
Skepticism > Brand evaluations	<i>H5</i>	0.220**	0.051
R^2 of dependent variables (%)			
Brand evaluations		20.4	35.7

Note: **Significant at 5% level

Table IV.
Standardized
coefficients for model
estimates of study 2

Discussion

Results from this study validate findings of study 1. Moreover, they show that presenting the donation-price information in a separated format for a less familiar charity makes the impact of utility perceptions stronger and the impact of skepticism weaker in the effectiveness of the CRM campaign as compared to the consolidated format. However, there are no significant differences between the effects for quality beliefs between the two frames, which means that format does not change the perception of perceived quality of the product, similar to the findings of the previous study with product evaluations. This can again be attributed to the functional nature of the product (backpack) used in the stimuli and the same reasons given in the discussion of results for study 1 hold true.

Adapting the promotion framework proposed by Raghurir *et al.* (2004), we explore how the CRM format affects the way beliefs about the product, utility associated with the purchase and feelings of skepticism influence brand evaluations. The separated frame is successful in improving utility perceptions to impact brand evaluations, whereas no such effects are observed in the consolidated frame. Framing alters perceptions of outcomes that influences behavior (Kees, 2011) and separating provides transparency that activates dormant aspects of utility (Carter and Curry, 2010) which the consolidated frame does not benefit from. Moreover, feelings of skepticism do not affect brand evaluations in the separated frame (the effect is not significant), showing that the separated frame is superior in reducing skepticism (skepticism affects brand evaluations in the consolidated frame).

General discussion and conclusion

One of the major challenges CRM campaigns face is consumer skepticism, which is primarily based on three things – consumer perceptions of firms' motives, firms' claim veracity and fit with charity. Our study has used familiarity and donation presentation format to assuage all three, either directly or indirectly. Although we do not incorporate fit in our study, familiarity has been shown to render it less relevant, thus we indirectly address it as well.

As expected, familiarity is significantly important in CRM campaigns' success with respect to generating brand trust and positive product judgments. These findings are in keeping with literature from familiarity, which have established its relevance for several aspects of charity-brand alliances. For example, fit that has been considered an essential driver of CRM campaigns was found to be less meaningful in explaining consumer responses when a brand associated with a familiar charity (Lafferty, 2007; Trimble and Rifon, 2006; Zdravkovic *et al.*, 2010). Moreover, our findings have added significance because we used an unknown brand, which underlines the importance of familiarity. For a brand that is not familiar to consumers, which is often the case when brands venture in the international arena, these findings suggest that an alliance with a familiar charity may be a good means of building brand trust and positive product evaluations.

The second part of our hypothesized effects concerned donation presentation format. These were built on the tenets of Prospect Theory and findings from the multi-component product literature. We claimed and confirmed that the donation is perceived as a gain. Our findings show that a format where the donation is presented separated from the price acts close to an alliance with a familiar charity when it comes to building trust but not when it comes to product evaluations. This shortcoming is overcome by the additional benefits that the format gives, namely, increasing the impact of utility perceptions and mitigating the effect of skepticism on evaluations. Separation not only helps highlight the donation, which is a gain, to improve utility perceptions but also provides transparency and accuracy which reduces skepticism. Donation format is ineffective on product evaluations in both studies and we believe it is because of the type of product used. Any product

provides three kinds of benefits- functional, emotional, and self-expressive. Functional benefits are typically based on product attributes so consumers evaluate such products on specific product features. Since the product used in both our studies is a functional one, consumers would be expected to evaluate them based on product features and consequently, the donation presentation format that highlights the donation – which is not a functional benefit – is unsuccessful in impacting product evaluations. A hedonic product that provides a self-expressive or an emotional benefit would possibly benefit better from a separated donation format.

Contributions

International branding research may be broadly classified as either one that explores merits of standardization *vis-à-vis* adaptation, linking it to profitability and the other that examines the effects of perceived global- and local-ness of brands for brand positioning strategies. These studies fail to consider brands as a strategic resource in the international market. Wong and Merrilees (2007) recommend a brand orientation, using customers and brands as the heart of international marketing strategy for gaining a significant positive impact on firm's performance in international markets. This requires brands align internal capabilities with the external environment. Our research addresses this by using brand and price (internal) in combination with charity and donation (external) to demonstrate their positive effect on evaluations.

Familiarity with the charity has not been assigned due importance in CRM research primarily because of the assumption that the mere presence of a charity or a cause- any cause- is sufficient in affecting consumer perceptions and behavior. Findings from our study indicate a bigger role of familiarity in affecting these perceptions. First, a familiar charity may help provide the critical trust a new brand entering the marketplace needs for gaining a foothold (crucial in the international marketing context). Second, even a well-established brand could use the helping hand of a familiar charity when entering a new country. By singling out familiarity with the charity, we contribute to the call for future research on methods for reducing consumer skepticism (Eteokleous *et al.*, 2016).

Because donations are only judged as “small” or “large” relative to price (Grau *et al.*, 2007) and consumers' responses are affected by donation magnitude judgments (Strahilevitz, 1999), it is critical to present the price and donation with each other to influence consumers' responses (Chang, 2008; Folse *et al.*, 2010; Grau *et al.*, 2007). Yet few studies have examined this (with exception of Chang, 2008) even though price as an indicator of quality and value has been well established. The price paid for any purchase communicates its value and is one of the most important criteria used by consumers in decision making, yet previous studies on donation presentation do not include it. Moreover, the pioneering article on CRM (Varadarajan and Menon, 1988) advises a strategic focus, yet extant literature has primarily used tactical immediate sales (value of deal, purchase intention, willingness to pay or donate more, etc.) as measures of CRM promotions' effectiveness. Our study uses the price and donation presentation format to addresses the first gap in the CRM literature by showing that it affects consumers responses positively and measuring brand evaluations – a strategic outcome of CRM promotions – to address the second gap.

We also contribute to explaining the underlying mechanisms that enhance value of CRM promotions by incorporating learning from prospect and bundling theories. Research in CRM explains choice (Arora and Henderson, 2007; Olsen *et al.*, 2003; Pracejus and Olsen, 2004) or identifies when benefits take place (known-unknown brand, fit-misfit with the charity, type of product) but little has been done to understand how donation presentation can shape perceived value. The design and execution of any promotion is critical in conveying value, which is the key to affecting consumers' evaluations and decisions. Consumers' perceptions of value are based on coding purchase outcomes as gains and losses *vis-à-vis* a reference point rather than an absolute. Framing can shift this reference point, altering how consumers code

gains and losses and consequently value perceptions (Kahneman and Tversky, 1979). In addition, the shape of the value function has important implications for how consumers mentally account gains and losses in a multi-component product like a CRM promotion. The value function is concave for gains and convex for losses, that is, marginal gains and losses are perceived higher thus a relatively small gain accompanying a loss ought to be presented separated from the loss to enhance value perceptions (Thaler, 1985). We show that the donation is a “gain” and presenting it separately from the price enhances value perceptions.

In doing so, we also confirm the outcomes proposed and suggested for promotions by Raghurir *et al.* (2004). According to these researchers, promotions are effective because they persuade consumers through three different routes- beliefs about the brand, utility associated with the purchase and feelings associated with the purchase. Although this model was published 15 years ago, it has not been empirically tested. By grounding our second set of hypotheses, study 2, within Raghurir *et al.*'s framework, we fill this gap in the promotions' literature.

Implications for practice

Needless to say, the findings of our study are especially useful for international marketers. First and foremost, firms in international markets can derive competitive advantages with the help of CRM campaigns, advantages that would have otherwise been elusive. Second, alliances with familiar charities that are local can help combat nationalistic feelings prevalent in many markets. Multi-national companies partnering with local charities have been shown to overcome nationalistic feelings (Strizhakova and Coulter, 2019) thus we can expect similar effects with familiar charities. Third, separated presentation formats can help overcome some of the enhanced skepticism found in international markets.

Our findings also support the Better Business Bureau's Standards for Charity Accountability that seek transparency in communicating CRM promotions (www.give.org/). The Standard No. 19 about disclosure states “Cause Marketing Disclosures - Clearly disclose how the charity benefits from the sale of products or services (i.e. CRM) that state or imply that a charity will benefit from a consumer sale or transaction. Such promotions should disclose, at the point of solicitation: the actual or anticipated portion of the purchase price that will benefit the charity (e.g. 5 cents will be contributed to charity X for every product sold); its duration (e.g. for the month of October); and any maximum or guaranteed minimum contribution amount (e.g. up to a maximum of \$200,000).” Indeed, based on the study findings, we suggest a slight modification of point a) to not only talk about the “portion” but the exact amount to be given to the charity. CRM regulation is in a more mature stage in the USA, although it varies by state, but much still needs to be learned in Europe (Tzoulia, 2015), and in other countries where CRM is just in an introduction stage.

CRM is known to be a win-win-win initiative (Elkington, 1994) where the charity benefits from the donation, the company improves its image and consumers feel good about themselves because of participating in the initiative. The separated frame adds value to these benefits in two additional ways: the consumers are better-off with a clear understanding of the CRM promotions' details, which will increase their self-efficacy in making more informed decisions; and reduced skepticism of firms' motives for participating in CRM promotions eventually leads to consumers' increased trust in it, thus offering a long term strategic benefit that helps raise much needed funds for the charity.

Limitations and future research

As any research study goes, ours is also not without its limitations. These limitations, however, help indicate avenues for future research. The primary focus of our research was consumers' familiarity with the charity but the importance consumers attach to the cause that the charity supports can also be critical in CRM campaigns' success (Lafferty *et al.*,

2016). While some research has incorporated cause importance in their studies, rarely has it been the focal variable. Comparing importance (or remarkability, Wymer, 2013) in tandem with familiarity will provide greater insight into consumers' evaluation of CRM campaigns and offer an alternative to our suggested donation presentation format for overcoming the disadvantages of an unfamiliar charity. That is, brands would be able to select charities based on the causes they help rather than the familiarity of these charities.

We manipulated charity familiarity but not brand familiarity. Since, the goal of our research was to tweak out effects of familiarity with charity and price presentation format, we chose an unknown brand for the product. However, a brand's perceived global- or local-ness is critical for success in international markets and therefore, manipulating brand characteristics would provide additional insights for not only practitioners but also researchers. There is some research in CRM that has shown differential results for known vs unknown brands (Arora and Henderson, 2007) but these were more of a side result than the focus of the study. Partial spillover effects with familiar brand (but not unfamiliar) have been examined and only from the brand to the charity but not the other way around. A systematically complete examination of spillover effects between familiar and unfamiliar brands and charities built on the co-branding literature would contribute tremendously to the CRM literature.

Related with familiarity is spatial distance- both of the charity and the brand- which has been critical to consumers' acceptance of CRM promotions in the international context and moderated by consumers' nationalistic leanings (Strizhakova and Coulter, 2019). While familiarity may be important in reducing consumers' skepticism, its effects may be enhanced (or reduced) when combined with its spatial distance (Chang and Chu, 2019; Christofi *et al.*, 2018). Manipulating these in future studies would not only contribute to the CRM literature but also to that of international marketing.

The product used in both our studies is a functional one which we speculate as being responsible for not capturing some of the donation format effects. Using a different product type, for example a hedonic one that provides a self-expressive or an emotional benefit to compare with a functional product would help understand donation formats better. Indeed, early CRM research has shown type of product to moderate the success of CRM campaigns (Strahilevitz and Myers, 1998).

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Note

1. Although the consolidated format is the one generally used, we wanted to check this hypothesis within the separated format for the two familiarity conditions. There are no significant differences in trust perceptions or product evaluation for brands associating with Alzheimer's Association or Fig Tree Foundation in the separated format. Comparing other related variables we find only one significant difference between these formats ($F = 6.65$, $p < 0.05$), and it is that Alzheimer's Association is perceived to be more specific in scope (7) (vs general, 1) than the Fig Tree Foundation ($M_{Alzheimer} = 5.5$, $M_{Fig Tree} = 4.6$). This result suggests that separation, regardless of familiarity with the charity, seems to transmit clear information (which did not happen within the consolidated comparison), thus, we explore this in study 2.

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