



## Consumer Evaluation of Cause-Related Marketing: A Comparison with Sales Promotion and Sponsorship

Onuoha A. Onuoha\* and Nnenanya Doris

Department of Marketing, University of Port Harcourt Port Harcourt, Nigeria.

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### ABSTRACT

This study is an attempt to understand consumer perception of cause-related marketing compared with sales promotion and sponsorship. Data generated from 308 lecturers in five universities in South Eastern States of Nigeria were validated using Cronbach test, and subsequently used in testing the hypotheses using t-test. The study unveiled that consumers have more positive attitude toward cause-related marketing than sales promotion or sponsorship. Thus, cause-related marketing affords consumers the opportunity to contribute to societal development which sales promotion or sponsorship lacks. Managerial implications of the research findings and conclusion were highlighted in the study.

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### Introduction

Growing consumer skepticism of most traditional marketing communications techniques has forced firms to conceive new ways of achieving their marketing communications objectives (Westberg, 2004). Cause-related marketing is one example of such new ways. Specifically, cause-related marketing is an offer by a firm to donate a specified portion of the firm's profit from each product sold, to a specified cause (Melero & Montaner, 2016). Thus, the donation to the cause is tied to the consumer's purchase of the promoted product (Varadarajan & Menon, 1988; Melero & Montaner, 2016).

The first popular cause-related marketing programme which was launched by the American Express Company in 1983, when it partnered with Ellis Island Foundation, resulted in a \$1.7 million contribution by American Express for the restoration of the Statue of Liberty. The company achieved this by contributing one cent for every card transaction and \$1 on the issuance of every new card. Simultaneously, this programme increased the use of credit cards by 28%, garnering considerable media coverage and free publicity (Adkins, 2004). Ever since, diverse range of companies in both developed and developing countries, including Nigeria, are using cause-related marketing as a favourable attitude moulder towards brands.

In Nigeria, cause-related marketing could be emerging as a core marketing strategy, in relevance and popularity, given decreasing funding of nonprofit organisations by government, as a result of the fall in oil revenue and the subsequent reduction of the revenue from the oil sector – the major income earner for government (Ogwo & Onuoha, 2013). These nonprofit organisations are now under pressure to look for new avenues of funding as government support declines. This is being done through appeals to individuals and corporate bodies for donations either in cash or kind. Most Nigerians have been heeding to his clarion calls from nonprofit organisations.

The favourable responses of most Nigerians to these nonprofit organisations' "cry" for help provide opportunities for firms in Nigeria to link their philanthropic activities with their strategic marketing goals. This is where cause-related marketing becomes relevant to Nigerian firms, as it "has emerged as a framework to strategically align both business and charitable goals" (Thomas *et al.*, 2011). This is achieved when a firm makes an offer to contribute a portion of the proceeds of a consumer purchase of the firm's products or services to a charitable cause.

Cause-related marketing falls within the domain of the marketing communications discipline, as its objectives include most of the objectives of the other marketing communications tools (Westberg, 2004). Specifically, cause-related marketing objectives tend to focus on generating and sustaining positive brand image among consumers, increasing sales and differentiating a firm from competitors (Brown & Dacin, 1997; Wymer & Samu, 2009). Also, the execution of a cause-related marketing campaign adheres to the marketing communications process, as the firm communicates the details of its supports of a cause, through the mass media, to specific target market that receives the message and decides whether or not to act on it, a decision which the firm receives as feedback in form of resultant sales from the campaign (Westberg, 2004). Thus, cause-related marketing is also an appropriate strategy for achieving key marketing communications effects, in addition to reaching consumers on an emotional level, unlike other marketing communications tools (Roy, 2010).

Most studies on consumer response to cause-related marketing campaigns focused on developed countries. This study, therefore, seeks to extend existing literature on cause-related marketing by comparing consumer responses to cause-related marketing with other marketing communications tools like sales promotion and sponsorship, in a developing country like Nigeria.

### Research Problem

Several studies (for example, Taglor, 2007; Bill, 1999; Shabbir *et al.*, 2010; Till & Nowak, 2000; Thomas *et al.*, 2011; Cone Communications, 2008; Melero & Montaner, 2016), have shown strong consumer support for, and positive response to, cause-related marketing. This questions the effectiveness of traditional marketing communications tools like advertising and sales promotion (Westberg, 2004). This view is reflected in the babel of voices raining against advertising, and the characteristic problems of sales promotion in Nigeria (Okpara, 2012). Consumers' skeptical attitude toward advertising and sales promotion stems from the fact that consumers, today, are more sensitive and demanding more from firms than ever (Ogbuji, Onuoha & Abdul, 2016). This has forced firms to consider new and socially responsible ways of promoting their products. This is where cause-related marketing comes in handy. However, there are limited studies on the effectiveness of cause-related marketing in earning consumers' favour in Nigeria. Also, none of the limited Nigeria based studies on cause-related marketing (for example, Ehiaghe, 2013; Yinka, 2011) compared consumer evaluation of the effectiveness of cause-related marketing with other marketing communications tools like sales promotion and sponsorship – a gap which this study seeks to fill.

### Literature Review

Marketing communications (promotion) is one of the four "P<sub>s</sub>" of the marketing mix. Several authors (for example, Onah & Thomas, 2004; Anyanwu, 2003; Ebube, 2000; Shimp, 2003; Okpara, 2012), have given different but related definitions of marketing communications. Nevertheless, the baseline is that marketing communications is a calculated effort aimed at influencing members of a target market through any or a combination of the marketing communications tools (Anyanwu, 2000).

### Cause-Related Marketing as a Unique Marketing Communications Tool

Cause-related marketing, centrally, is a firm-charity alliance for mutual benefit of the partners. This alliance comes in different forms (Gupta & Pirsch, 2006; Liu & Ko, 2011). However, the commonest form involves the donation of a part of a firm's profit from each product sold, to a specified cause (Melero & Montaner, 2016).

Cause-related marketing is not social marketing – the use of marketing techniques by nonprofit and public organizations to impact societal behaviors (for example, stop smoking, don't pollute the environment, don't use drugs, don't drive drunk) nor is it corporate philanthropy – the giving of charitable financial and in-kind grant by firms without expectation of direct corporate gain. In the next section, the effectiveness of cause-related marketing compared with other marketing communications tools like sales promotion and sponsorship was explored.

### Cause-Related Marketing Effectiveness: A Comparison with Sales Promotion and Sponsorship

In spite of certain characteristics cause-related marketing shares with sales promotion and sponsorship (Smith & Alcoru, 1991), it is considered distinct from sales promotion and sponsorship.

Kotler, Bower and Makens (2010) defined sales promotion as short-term incentives to encourage the purchase or sale of a product or service. The incentives used in sales promotion, especially consumer-oriented sales promotion, include samples, coupons, price-packs, premiums, trading

stamps, contests, sweep-stakes and trade fairs/exhibitions (Okpara 2012; Kotler *et al.*, 2010; Perreault & McCarthy, 2005). These incentives provide visible practical benefit for the consumer (Westberg, 2004). In contrast, cause-related marketing does not offer personal benefit to the consumer (Westberg, 2004), rather a more selfless utility that comes from giving to others (Strahilevitz and Myers, 1998) as a result of engaging in helping behavior (Dovidio, 1984). Though sales promotion can be used to encourage product trial, reward existing customers or increase product usage, it also has the potential to impact negatively on the promoted product, especially if overused (Okpara *et al.*, 1999). Conversely, consumers prefer long-term cause-related marketing campaign as it shows the level of commitment of a firm to the charity (Thomas *et al.*, 2011). Sales promotion is seen as being overtly self-serving than cause-related marketing (Westberg, 2004), as it is usually bedeviled by numerous problems (Okpara, 2012), thereby increasing consumers' skepticism about it.

On the other hand, sponsorship is an undertaking by a firm to bear all or part of the cost of an event, usually for the purpose of securing advertising slots. Sponsorship can improve a firm's corporate image, increase brand awareness and stimulate patronage of the product promoted in the sponsorship (Javalgi *et al.*, 1994). Though cause-related marketing has almost same effects as sponsorship (Brown and Dacin, 1997; Wymer & Samu, 2009), the two marketing communications tools are distinct from each other. In cause-related marketing, the total amount that goes to a cause is determined by the total revenue accruing to the firm as a result of customers' purchase of the promoted product (Varadarajan & Menon, 1988). As for sponsorship, the amount expended to the nonprofit organization is predetermined by the firm and therefore does not depend on sales revenue generated from consumers' patronage of the sponsoring product (Westberg, 2004). Thus, the contribution to a nonprofit organization in cause-related marketing is proportionate to the revenue generated from the campaign. Methodologically, cause-related marketing ensures systematic contribution to a nonprofit organization while it is arbitrarily estimated in sponsorship. In view of the foregoing, cause-related marketing and sponsorship are distinctively different (Cornwell & Maignan, 1998; Polonsky & Speed, 2001).

Based on the reasoning above, it is expected that consumers' rating of the importance of cause-related marketing will be significantly different compared to that of sales promotion or sponsorship. Therefore, the following hypotheses are proposed;

H<sub>1</sub>: There is significant difference in consumers' rating of the importance of cause-related marketing and that of sales promotion.

H<sub>2</sub>: There is significant difference in consumers' rating of the importance of cause-related marketing and that of sponsorship.

### Research Methodology

#### Scope of the Study

All five States (Abia, Anambra, Ebonyi, Enugu and Imo) in South East, Nigeria were covered in this study. However, for the purpose of convenience, only elements in the Capital Territory of the concerned States were chosen for study.

In addition, as the study sought to compare consumer rating of the importance of cause-related marketing with that

of sales promotion and sponsorship, the soft drink (malt) industry was found appropriate, as there were instances of usage of the three marketing communications strategies by firms in the industry, including “Maltina/Red Cross Partnership” (cause-related marketing); “Sharing Happiness Promo” and “Hi-Life Promo” (consumer sales promotion on Maltina and Hi-malt respectively); “Maltina Dance All” and “Malta Guinness Street Dance” (Maltina’s and Malta Guinness’ sponsored TV reality shows).

### Sample and Procedure

A total of 308 lecturers from five government-owned universities in the area of study were conveniently selected for questionnaire administration. The five States were evenly represented as the universities were selected on “one per state” ratio. The use of lecturers is consistent with the use of samples from university communities in previous cause-related marketing research (for example, Ellen *et al.*, 2006; Lafferty, 2007; Lafferty & Goldsmith, 2005; Lafferty *et al.*, 2004; Lii & Lee, 2012; Moosmayer & Fuljahn, 2010; Melero & Montaner, 2016).

### Research Instrument

Data used in testing the hypotheses formulated for the study were generated using questionnaire. The questionnaire contained explanations of each of the marketing communications tools under study, as well as executed example of each – “Maltina/Red Cross Partnership” for cause-related marketing, “Hi-Life Promo” for sales promotion and “Maltina Dance All” for sponsorship. Respondents were asked to rate the importance of each of the strategies along the following scales: Very Good (5), Good (3) and Fair (1) in its ability to: make them patronize a firm often; endear them more to a firm; achieve an enhancement in the quality of the product of a firm; lead to higher consumer welfare; promote societal development. The Cronbach’s alpha coefficient of the research instrument was 0.908, above Nunnally’s (1978) benchmark of 0.7.

### Analysis and Results

**Table 1. Descriptive Statistics of Variables.**

Variable	N	Mean	Std Deviation
Cause-related marketing	308	4.72	0.5143
Sales promotion	308	1.62	1.2716
Sponsorship	308	2.77	0.9100

### Source: Own elaboration

Table 1 shows the Mean and Standard Deviation of the variables of the study in the sample of 308 respondents. The Mean of cause-related marketing, sales promotion and sponsorship are 4.72, 1.62 and 2.77, respectively while the Standard Deviations are 0.5143, 1.2716 and 0.9100. Only the mean of cause-related marketing is up to the benchmark of 3.00.

### Test of Hypotheses

The hypotheses were tested using t-test since we want to find out if there are significant differences in consumers’ rating of the importance of cause-related marketing with that of sales promotion and sponsorship. The rating of the respondents was based on five items of comparison, labeled A to E.

Table 2 shows the values of t and the corresponding values of p for each item of comparison between cause-related marketing and sales promotion. The p and alpha values for each of the five items of comparison between cause-related marketing and sales promotion are 0.000 and 0.010, respectively. Since the p-values are less than the alpha values ( $p\text{-value} = 0.000 < 0.010$ ), we conclude that there is a significant difference in consumers’ rating of the importance of cause-related marketing and that of sales promotion.

Also, the Table shows the values of t and the corresponding values of p for each item of comparison between cause-related marketing and sponsorship. The p and alpha values for each of the five items of comparison between cause-related marketing and sponsorship are 0.000 and 0.010, respectively. Since the p-values are less than the alpha values ( $p\text{-value} = 0.000 < 0.010$ ), we conclude that there is a significant difference in consumers’ rating of the importance of cause-related marketing and that of sponsorship.

### Discussion of Findings

The test of hypotheses revealed significant differences in consumers’ rating of cause-related marketing, at ( $P < 0.01$ ) each, when compared with sales promotion, and sponsorship, leading to the acceptance of both hypotheses 1 and 2. The results support that consumers will have more positive attitude toward cause-related marketing than sales promotion or sponsorship. The active involvement of consumers by firms in a cause-related marketing campaign stands it out from other marketing communications tools (Varadarjan & Menon, 1988). That is, the volume of revenue accrued to the firm from consumers’ purchase of the promoted product determines the contribution to the nonprofit organization. This systematic means of determining what goes to the nonprofit organization gives cause-related marketing an edge over sponsorship. Also, though sales promotion is a means of rewarding consumers (Kotler *et al.*, 2010; Okpara, 2012), its effects are personalized and short-lived (Westberg, 2004). Also, an over “sales promoted” product could be frowned at by consumers (Okpara *et al.*, 1999; Mela *et al.*, 1997) as it could be seen as a means of forcefully disposing the product. In contrast, cause-related marketing leads to higher consumer welfare (Bill, 1999) as it promotes societal development (Auger, 2003; Bronn & Vrioni, 2001).

**Table 2. T-test Result on Comparison of Cause-Related Marketing with Sales Promotion and Sponsorship.**

Item	t	p	Alpha	d
ACRM & ASP	38.973	0.000	0.01	0.01
BCRM & BSP	13.853	0.000	0.01	0.01
CCRM & CSP	34.898	0.000	0.01	0.01
DCRM & DSP	62.415	0.000	0.01	0.01
ECRM & ESP	69.851	0.000	0.01	0.01
P<0.01; Decision Accept H <sub>1</sub>				
ACRM & ASP	48.914	0.000	0.01	0.01
BCRM & BSP	14.228	0.000	0.01	0.01
CCRM & CSP	10.817	0.000	0.01	0.01
DCRM & DSP	96.585	0.000	0.01	0.01
ECRM & ESP	69.367	0.000	0.01	0.01
P<0.01; Decision Accept H <sub>2</sub>				

Source: Research Data, 2016; SPSS Output

Note: CRM =Cause Related Marketing

SP =Sales Promotion

S =Sponsorship

Also, cause-related marketing campaigns are mostly long-term, as the longevity of the campaign is a major determinant of consumer response (Thomas *et al.*, 2011) and potential benefits to the cause being supported (Simon, 1995; Andreason, 1996; Cunningham, 1997). Thus, the more firms support causes, the better for the society.

### Conclusion and Managerial Implications

The major finding of this study is that cause-related marketing has more positive effects on consumers than sales promotion or sponsorship. This is evident in the respondents' rating of cause-related marketing over sales promotion and sponsorship, indicating their preference of cause-related marketing to sales promotion or sponsorship. Thus, given cause-related marketing, sales promotion and sponsorship to choose from, majority of consumers would choose cause-related marketing, as it affords them the opportunity of donating to charity, through their purchase, as well as contributing to the development of the society. As such, marketing managers should acknowledge the essence of aligning their products with good causes. Since most consumers are skeptical about sales promotion, especially when overused, firms should find solace in cause-related marketing as it reduces this skepticism, especially when done overtime. Similarly, to achieve active consumer participation, firms should ensure that the cause-related marketing campaign should be designed in a way it will be easy for consumers to participate in.

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