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Cause related marketing campaigns and consumer purchase intentions: The mediating role of brand awareness and corporate image

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The purpose of this research is to investigate the kind of relationship between Cause Related Marketing (CRM) campaigns, brand awareness and corporate image as possible antecedents of consumer purchase intentions in the less developed country of Pakistan. An initial conceptualization was developed from mainstream literature to be validated through empirical research. The conceptualization was then tested with primary quantitative survey data collected from 203 students studying in different universities of Rawalpindi and Islamabad. Correlation and regression analysis were used to test the key hypothesis derived from literature positing brand awareness and corporate image as mediating the relationship between CRM and consumer purchase intentions. The findings indicate that consumer purchase intentions are influenced by the cause related marketing campaigns. Furthermore it was observed that the brand awareness and corporate image partially mediate the impact of CRM campaigns on consumer purchase intentions. The data was gathered from universities situated in Rawalpindi and Islamabad only. Hence, future research could extend these findings to other cities in Pakistan to test their generalizability. Further research can be carried out through data collection from those people who actually participated in cause related marketing campaigns to identify the original behavior of customers instead of their purchase intentions. This research and the claims made are limited to the FMCG industry. The key implications cause related marketing of these findings for marketing managers lend support for the use of campaigns in Pakistan. The findings also suggest some measures which can be taken in to consideration in order to enhance brand awareness and to improve corporate image on CRM campaigns and consumer purchase intentions. This mediating role was ignored in previous studies. Moreover, it contributes to close the gap of empirical research in this field, which exists particularly due to the diverse attitude of customers in less developed countries such as Pakistan.

Key words: Cause related marketing, brand awareness, corporate image, purchase intentions, Pakistan.

INTRODUCTION

Simply providing quality products or services does not suffice in today's competitive business environment to win the brand can be defined as a strategic alliance between the company and a cause for the achievement of mutual benefits (Adkins, 2004). According to Varadarajan and Menon (1988) successful Cause Related loyalty of the customers (Dowling and Uncles, 1997). That is why the companies are called upon to design innovative strategies to not only attract the new customers but also to retain the existing customers (Matson, 1994). In this context, Cause Related Marketing (CRM) represents one of the modern marketing strategies (Taylor, 2007) which are
being used by most companies in the western world. Cause related marketing campaigns can increase the sales of the company by increasing trial purchase, repeat purchase and / or promoting multiple unit purchase. Today, most of the companies are using Cause Related Marketing as a strategic tool (Till and Nowak, 2000) to build a positive corporate image in the minds of consumers (Chattananon et al., 2008) which results in enhancing the sales of a company’s products (Varadarajan and Menon, 1988) and profits as well (Adkins, 2004). Also consumers have better perceptual associations with those organizations that work with charities and good causes (Farache and Perks, 2008).

During 1983 a cause related marketing program, which was launched by the American Express company resulted in a $1.7 million contribution by American Express to the restoration of the Statue of Liberty. The company promised to contribute one cent for every card transaction and $1 on the issuance of every new card. Simultaneously, this program also increased the use of credit cards by 28% garnering considerable media coverage and free publicity (Adkins, 2000; Kotler and Keller, 2006). The 2008 Cone Cause evolution study constituted of 1071 adults indicated that about 85% of U.S. consumers are more likely to buy from corporations associated with a cause or issue. 79% would be likely to switch from one brand to another brand, about the same in price and quality, if the other brand is associated with a good cause. 38% have bought a product associated with the cause in the last 12 months (Cone communications, 2008).

Similarly, a lot of research work has been done to investigate the impact of cause related marketing on consumer attitudes in developed countries like in UK, USA, Canada, Australia, and New Zealand, illuminating the topic from different angles. This research has shown that CRM programs are very successful in developed countries and have produced tremendously beneficial results for the companies in the form of increasing awareness, sales, profits and building positive image in the minds of consumers. There is no literature available regarding the validation of the studies on developing countries. This study was conceptualized to fill this void. As far as county selection is concerned the researchers selected Pakistan due to proximity as well as the fact that Pakistan is a developing county having a GDP (PPP) of $448.1 billion ranked 28th (2009 est.) in the world, and an emerging market in many respects specifically with respect its Telecom infrastructure and FMCG industry. However, in Pakistan being a developing country, it was found during the exploratory data gathering period that the consumer attitude towards cause related marketing is quite diverse. When they were inquired regarding the cause marketing campaigns they were found very much supportive for these campaigns but at the same time when they were asked to come up with the product / brand names, they were unable to recall the brand names. This gap between their oral behavior (support for Cause Marketing campaigns) and inability to remember the brand names requires some insights for marketers to make these campaigns successful.

In Pakistan, FMCG companies like P and G, Unilever, Nestle and WARID in the telecom sector have used the CRM strategy as a tactical marketing tool to enhance the sales and to differentiate themselves in the market place. Based on the aforementioned divergent consumer attitudes towards CRM, it is anticipated that these companies might not be effective in achieving their objectives. This different consumer attitude strongly suggests the need for more differentiated research in this context to better understand the impact of CRM campaigns on local consumer purchase intentions. New research streams may prefer to investigate potentially existing mediating and moderating roles of certain variables which may explain the consumer attitude from different angles and to investigate the factors which can enhance the participation of consumers in CRM campaigns. After exploring these new streams the researchers will be able to provide a more inclusive and realistic understanding of the seemingly more complicated relationship between CRM and consumer purchase intentions, and can propose new discoveries which allow to differentiate the knowledge in this field as to developed and less developed countries such as Pakistan.

Summarizing, in an effort to gain new insight into the effect of CRM on consumer attitudes in Pakistan, this study examines the impact of CRM campaigns on brand awareness and corporate image, and ultimately on consumer purchase intentions. These concepts are essential to explore because consumers might not be influenced by these campaigns if they are unable to recall the promoted brands at the point of purchase. Although this study is similar to the previous studies on the impact of CRM on consumer attitudes, it will extend the existing literature on cause related marketing by investigating the mediating role of brand awareness and corporate image which was ignored in the previous studies. For this purpose, an integrated initial conceptualization of the proposed relationships was developed with the goal of answering two research questions:

1.) Do Cause Related Marketing campaigns have a positive impact on consumer purchase intentions in less developed countries like Pakistan?
2.) Is this relationship a direct one, or is it mediated by brand awareness and corporate image of the company?

The remainder of the paper is organized as follows: the very next section defines cause related marketing. Consecutively, the next section provides a more detailed theoretical background being conditional for the hypotheses to be developed followed by the methodology and empirical analysis of the results. Conclusions and
discussions come next and, finally, limitations and directions for future research are provided.

Defining cause related marketing (CRM)

Being the pioneers in this field, Varadarajan and Menon (1988) defined CRM in an article - which proved to be very influential for later researches - comprehensively as “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” (Varadarajan and Menon, 1988, p.60). Introducing the aspect of worthiness, Skory, Repka and Mclnst (2004, p.2) posit that “Cause Related Marketing is simply marketing with a worthy cause”.

Expanding the previous definition by characterizing the firms offer as a ‘promise’ having relationship implications, Brink et al (2006, p.5) state that “CRM (Cause related marketing) is a specific marketing activity in which the firm promises its consumers to donate company resources to a worthy cause for each sold product or service.” Synthesizing these three definitions, the definition of CRM used for this research is: The process of formulating and implementing marketing activities that are characterized by a promise of the firm to donate company resources to a worthy cause for each sold product or service satisfying organizational and individual objectives.

Brand awareness and purchase intentions

In order to answer the primary questions being empirically set forth in this paper, brand awareness is seen as an important concept for two reasons: first, brand awareness is one of the factors which affect the attitude of the consumers towards the purchase of products; second, the relationship between CRM and brand awareness had been established in previous research. Nedungad (1990) argued that consumers’ inclination to purchase a brand in the market place depends upon the prior knowledge about the brand. Keller (2003) defines brand awareness as the ability of customers to recall a brand among the clutter of rival brands. In the same vein, Radder and Huang (2008) hold that, especially in highly competitive markets, awareness can strongly influence a customer while buying a product. Consequently, to better exploit the contributions of brand awareness companies are using different strategies to create brand awareness among the consumers (Schmitt and Geus, 2006). Using cause related marketing to create brand awareness (Varadarajan and Menon, 1988) leads to enhanced purchase intentions (Hoyer and Brown, 1990; Grewal, 1998). Accordingly, Kotler and Keller (2006) regard Cause Related Marketing as just one opportunity for the companies to enhance the brand awareness. Implying the importance of experience on memory building (Kaufmann, 2004), Skory et al (2004) argued that most of the companies use CRM to increase brand awareness among the consumers through their participation. So companies use the cause-related marketing campaigns consistently over time to change the overall attitude of consumers towards the company and its brands (Till and Nowak, 2000).

Corporate image and purchase intentions

Corporate image can be defined as the perception/feelings of customers regarding the company’s products and activities (Webb and Mohr, 1998). It requires a lot of time and enormous resources to build a positive corporate image but, on the other hand, it can help the companies not only in introducing new brands but also to pick up the sales of existing brands (Markwick and Fili, 1997). In order to build a positive corporate image in the minds of customers, companies are using cause related marketing as a strategy (Varadarajan and Menon, 1988; Chattananon et al., 2008) to gain a competitive edge in market place (Anselmsson and Johansson, 2007). As a result of their studies, Webb and Mohr (1998) as well as Anselmsson and Johansson (2007) argued that customers’ purchase intentions are influenced by the corporate image of a company involved in cause related marketing.

The mediating role of brand awareness and corporate image

This paper investigates the nature of the relationship between cause related marketing, brand awareness, corporate image and consumer purchase intentions. As mentioned earlier, previous research has shown that cause related marketing campaigns can help the companies in increasing brand awareness and building positive corporate image in the minds of customers (Varadarajan and Menon, 1988; Adkins, 2004). These two benefits can be achieved due to increased affective customer affiliations with the company achieved by CRM. But on the other hand consumer purchase intentions are pre-established, that is consumers are purchasing the existing products of the company before the company is executing the cause related marketing campaigns. This paper hypothesizes that consumer purchase intentions may not be increased through CRM campaigns in Pakistan or other developing countries unless consumers are not able to recognize the products (advertised in cause related marketing campaigns). Implicitly, the purchase stimulating effect of CRM requires pre-existing
brand awareness and positive corporate image.

Hypotheses and initial conceptualization

Based upon the literature review it is proposed that cause related marketing campaigns help the companies in order to enhance the brand awareness among the customers which leads to influence their purchase intentions. Most of the previous studies have only focused on the direct impact of cause marketing campaigns on consumer purchase intentions while ignoring the significant role of brand awareness and corporate image of the organization. To overcome the gap, the current study intended to confirm some previously established relationships in the setting of Pakistan. Following hypothesis can be drawn based on the literature review:

1) Cause related marketing campaigns have a positive impact on the brand awareness.
2) Higher level of Brand awareness is associated with the higher level of customer purchase intention.
3.) Cause related marketing campaigns have a positive impact on the corporate image of the company.
4) Good perception regarding the corporate image of company is associated with the higher level of consumer purchase intentions.
5) The impact of cause related marketing campaigns on consumer purchase intentions is mediated by brand awareness and corporate image of the company.

METHODOLOGY

Sample and data collection method

The main objective of the present study was to investigate the relationship between cause related marketing campaigns, brand awareness, corporate image of the company (involved in Cause Related Marketing) and ultimately, consumer purchase intentions. To prove these relationships data was collected from 203 students studying in different universities of Rawalpindi and Islamabad by using the convenience sampling technique. These universities include Islamic International University, FAST and IQRA University Islamabad. These universities were selected due to high level of diversity of the respondents hailing from different areas of Pakistan.

Before further data collection was started a pilot study was conducted to test the instrument. The sample for the pilot study consisted of 30 members. Further the questionnaire was designed in two parts. In the first part the respondents were asked about demographic aspects like gender, age, and education. In the second part different statements were solicited based upon the variables of the study. A five point likert scale was used to assess the respondents’ level of agreement or disagreement with each statement by circling a number from 1 - 5. Before filling in the questionnaire the respondents were informed about the significance and purpose of the study. Cause marketing was found relatively a new concept for most of the respondents of the study. To overcome this impediment and to enhance the validity of the results of current study the respondents were also informed regarding the meaning of cause related marketing using examples to familiarize them with this concept.

Measures

All measures for the constructs were taken from previous studies which were carried out from a marketing perspective. In order to measure the impact of cause related marketing campaigns on consumer purchase intentions following scenario was given. “Proctor and Gamble is currently participating in a cause related marketing campaign. On the sale of each bottle of (Head and Shoulder / Pantene) the company will donate 10% of its profits to Shaukat Khanum hospital for the treatment of poor people”. Brands were selected keeping in view the characteristics of target population as well as their familiarity with the brand. Similarly in developing countries people are more concerned about the poverty or health issues vis-à-vis environmental issues in developed world. Keeping in view the above mentioned constraints Shaukat Khanum hospital selected as a worthy cause. The scenario was provided to get them in to a real time situation. Based upon the given scenario and previous studies, four items were developed to elicit the consumers’ opinion about Cause Related Marketing campaigns. These items constitute: 1. “The company has selected an appropriate organization with a worthy cause”; 2. “The company is perceived as more democratic and humanistic”; 3.” The company can build long term customer relationships with CRM”; 4. With CRM the company can achieve its commercial objectives”. Furthermore, in order to measure the brand awareness five items were adapted from the study of Yoo and Donthu (2001). Similarly, for measuring the corporate image in the minds of customers’, three items were adapted from the study of Nguyen and Leblanc (2001). Also for measuring the consumer purchase intentions six items were adopted from the study of Hou et al. (2008). A special emphasis was placed on conceptual equivalence to make the context understandable and meaningful to the respondents (Table 1).

DATA ANALYSIS

Reliability analysis

A summary of the level of reliability achieved with the scales used to measure the dependent and independent variables in the pilot study is shown in Table 2. The reliabilities were acceptable as all scales achieve the Cronbach’s alpha coefficient was greater than 0.7.

Test of hypothesis

Based up on the literature review and hypothesis design, regression analysis followed by correlation analysis was found an appropriate test for the analysis of data. Table 2 contains scale statistics such as means, standard deviations, and correlations for all variables. The results based on regression analysis are depicted in Table 3. Based upon correlation analysis (Table 2) the relationships hypothesized in H1 through H4 were all confirmed to be positive and significant as predicted (also see Table 3 for specific path coefficients). The results provide an evidence that cause related marketing campaigns have a positive impact on brand awareness (0.192*, p < 0.01, H1 supported) and brand awareness
positively influences the customers purchase intentions (0.280*, p < 0.01, H2 supported). Similarly it was found that cause related marketing has a positive impact on corporate image of the company (0.269*, p < 0.01, H3 supported) and customers perception regarding the corporate image of the company influence their purchase intentions (0.251*, p < 0.01, H4 supported).

Based up on the H5, to test the mediating role of brand awareness and corporate image (Figure 1) a three step procedure recommended by Baron and Kenny (1986) was followed. Zboja and Voorhees (2006) also used the same procedure to prove the mediation in their study. According to the procedure, in the first step a significance test of the relationship between the independent variable (CRM campaigns) and the mediator (brand awareness and corporate image) was required. In both cases the relationship was found to be positive and significant (p < 0.05). The second step required a test of relationship between the independent variable (CRM campaigns) and the dependent variable (Consumer purchase intentions). In this step, the relationship was again found positive and significant (p < 0.05) which again complies with the standard. Finally, in the third step the dependent variable needed to be regressed on both, the independent variable and the mediator. To legitimize mediation, the third step must find the mediator to be significantly related to the dependent variable and the effect of the independent variable on the dependent variable to be less than it was in the second step. Furthermore, if the relationship between the independent variable and the dependent variable becomes insignificant in step three, full mediation is supported. In our case, the first criterion was met as both, brand awareness and corporate image were still significantly related to customer purchase intentions, and in both cases, the effect of the independent variable (CRM campaigns) on the dependent variable (customer purchase intentions) These results provide evidence of a partial mediation between the variables in question rendering partial acceptance for H5.

**DISCUSSION AND IMPLICATIONS**

Being a developing country with a population of more than 160 million people, it was very important to investigate to what extent the customers’ purchase intentions are influenced by the cause related marketing campaigns? The main objective of the present study was to investigate the relationship between cause related marketing campaigns, brand awareness, corporate image of the company (involved in Cause Related Marketing) and ultimately consumer purchase intentions. Conclusively, through the testing of the proposed conceptualization, the study intended to confirm some previously established relationships in the setting of Pakistan, and answer the following questions:

1) Do cause related marketing campaigns have a positive effect on consumer purchase intentions in Pakistan?
2) What is the nature of the relationship of the aforementioned factors, i.e. is it direct, or mediated by brand awareness or corporate image of the company?

The results in Table 2 and 3 provide strong evidence that cause related marketing campaigns positively influence the consumer purchase intentions in Pakistan which is the primary contribution of this research paper. These findings confirm the findings of Varadarajan and Menon (1988), Adkins (2004) and Chattananon et al. (2008). Contributing to the body of knowledge, the results also indicate that the effect of Cause Related Marketing campaigns on consumer purchase intentions is partially mediated by brand awareness and corporate image of the company, a fact which was ignored in previous studies. The results of the structural model and mediation test provide new insight for the development of different strategies to make the Cause Related Marketing campaigns successful in less developed countries such as Pakistan. The findings suggest that the companies must concentrate on increasing the brand awareness among the customers so that they can recall the brands at the point of purchase. For this purpose, the effective use of media (electronic and print) for CRM campaigns can play a significant role but there must be a match between the objectives of the company and the promotional campaign design (Taylor, 2007). Additionally, brand-cause fit can also play a vital role to increase the brand awareness among the customers (Till and Nowak, 2000; Gupta and Pirsch, 2006). Selecting an appropriate cause for a brand can increase the interest of customers. This interest of customers can then lead to the purchase of the advertised brand. Also brand-cause-culture fit reduces the consumer skepticism and increase their intention to participate in Cause Related Marketing campaigns (Web and Mohr, 1998). In this study a real scenario was used to explain the concept of cause related marketing to the respondents but the question that is generated is whether the brand-cause-culture fit resulted in the mediation effect or is this effect independent of the brand-cause-culture fit? This is a pertinent direction for future research.

<table>
<thead>
<tr>
<th>Table 1. Demographics of samples.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
</tr>
<tr>
<td><strong>Std. Dev. = 2.11</strong></td>
</tr>
<tr>
<td><strong>Gender</strong></td>
</tr>
<tr>
<td>Male (%)</td>
</tr>
<tr>
<td>Female (%)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
</tr>
<tr>
<td>Bachelors (%)</td>
</tr>
<tr>
<td>Masters (%)</td>
</tr>
</tbody>
</table>
Table 2. Means, standard deviations, reliability and correlations among the variables.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CRM campaigns</td>
<td>3.75</td>
<td>0.543</td>
<td>0.753**</td>
<td>0.192*</td>
<td>0.269*</td>
<td>0.425*</td>
</tr>
<tr>
<td>2 Brand Awareness</td>
<td>3.50</td>
<td>0.711</td>
<td></td>
<td>0.805**</td>
<td>0.405*</td>
<td>0.280*</td>
</tr>
<tr>
<td>3 Corporate Image</td>
<td>3.67</td>
<td>0.821</td>
<td></td>
<td></td>
<td>0.789**</td>
<td>0.251*</td>
</tr>
<tr>
<td>4 Purchase Intentions</td>
<td>3.56</td>
<td>0.694</td>
<td></td>
<td></td>
<td></td>
<td>0.775**</td>
</tr>
</tbody>
</table>

Notes: * p < 0.01, n = 203.
** Cronbach’s alpha values in bold.

Table 3. Structural model results.

<table>
<thead>
<tr>
<th>Hypothesized path</th>
<th>Path coefficients</th>
<th>t-value</th>
<th>R²</th>
<th>F-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM → Consumer purchase intentions</td>
<td>0.425*</td>
<td>6.627</td>
<td>0.181</td>
<td>43.915*</td>
</tr>
<tr>
<td>CRM → Brand Awareness</td>
<td>0.192*</td>
<td>2.765</td>
<td>0.030</td>
<td>07.648*</td>
</tr>
<tr>
<td>CRM → Corporate image</td>
<td>0.269*</td>
<td>3.947</td>
<td>0.073</td>
<td>15.578*</td>
</tr>
<tr>
<td>Brand Awareness → Purchase intentions</td>
<td>0.280*</td>
<td>4.115</td>
<td>0.078</td>
<td>16.937*</td>
</tr>
<tr>
<td>Corporate image → Purchase intentions</td>
<td>0.251*</td>
<td>3.663</td>
<td>0.063</td>
<td>13.416*</td>
</tr>
</tbody>
</table>

Notes: * p < 0.01, n = 203.

Similarly, the research suggests that firms need to undertake meaningful efforts to improve corporate image as it mediates the impact of CRM campaigns on consumer purchase intentions. Although CRM campaigns help the companies to improve their corporate image (Farache and Perks, 2008), there are also some other measures which must be taken into consideration, for example, the selection of the non-profit organization really matters a lot. The company must select an appropriate organization from the target audience point of view (Boush et al., 1994) and, in this context, that is its’ age, education occupation etc. must be considered. An appropriate selection of the cause can also support the company in terms of positive word of mouth from the consumer. Moreover, the use of an appropriate celebrity for overall communication strategy (Liu et al., 2007; Silvera and Austad, 2004) in CRM campaigns could produce better results for the company reflected in positive attitudes/feelings of the consumers towards the company. In addition, highlighting the contribution to society through electronic and print media (Farache and Perks, 2008) can help the companies not only in enhancing brand awareness but also in reducing consumer skepticism.

LIMITATION AND SUGGESTIONS FOR FUTURE RESEARCH

This study has attempted to investigate the impact of cause related marketing campaigns on consumer purchase intentions and discovered the mediating role of brand awareness and corporate image. For this purpose,
data was collected only from two main cities of Pakistan (Rawalpindi and Islamabad). Further research can be carried out in other cities of Pakistan to increase the generalizability of the results. Also, further research can be carried out to investigate other mediating variables such as age, education, and gender. As the main respondents of this study were students, further research could be conducted to investigate the response of those consumers who have actually participated in Cause Related Marketing campaigns or serving in public or private companies (Chattananon et al., 2008) to investigate the actual behavior rather than merely their purchase intentions. This research is also seen to be necessary because the original behavior of consumers can vary from their intentions towards some phenomena. Also, further research can be carried out in other developing countries like Pakistan to compare the results and findings in other developing countries. Furthermore, the findings of this research may not relate specifically to durable goods or services because this research focused only on few brands within FMCG sector so future research is suggested to validate the findings of this research with durable goods or services to determine whether these results could be extended to other conditions.

REFERENCES