

Is there Need for more Transparency and Efficiency in Cause-related Marketing

Nina Langen, Carola Grebitus, and Monika Hartmann

*Department of Food and Resources Economics, University of Bonn, Nußallee 21,
53115 Bonn, Germany*

*nina.langen@ilr.uni-bonn.de ; carola.grebitus@ilr.uni-bonn.de ;
monika.hartmann@ilr.uni-bonn.de*

Abstract

“Growing awareness among consumers about sustainability issues - ranging from recycling to fair wages for workers - are starting to shape consumer buying patterns” (Partos 2009). Especially for conscious consumers ethical and sustainable consumption are becoming mainstream.

With regard to ethical consumption the popularity is shown for instance by a growing relevance of Cause-related Marketing (CrM) campaigns in Germany. CrM is an increasingly applied marketing tool, where product purchase leads to target-oriented donations regarding a designated cause – promoted on the product by label. However, research reveals that German consumers are sceptic with regard to the amount of money spent and have doubts towards unselfish motives of firms. At present little information is provided in CrM campaigns on how much of the sales price is spent on the ‘cause’ by the respective organization. If the gap between the sum consumers assume to be contributed and the amount really spent by the companies is too large this could lead to mistrust among consumers once they become aware of this. In the long run, this might decrease willingness to pay for those products in general. Also, firms’ reputation could be harmed (see e.g. Webb and Mohr 1998). Against this background, we aim to answer the question of (1) how much consumers assume to be contributing to the ‘cause’ by purchasing the respective product and (2) whether this information is of relevance for the consumer. We investigate (i) whether consumers want products to carry a label indicating the percentage or absolute amount of money being spent on the ‘cause’, (ii) how much money should be contributed to the ‘cause’ in the case of CrM, and (iii) how much consumers think companies do actually spend on the ‘cause’.

In this regard, we conducted a consumer survey (n=217) in Germany in 2009. Results show that (i) consumers want to be able to evaluate the efficiency of the CrM donation. 71% want this information given in percent and 63% would like to know the exact amount of money reaching the addressee. (ii) Regarding CrM results show that 46% of respondents would pay 5.00€ for a pound of CrM coffee if they can be sure that 20% reaches the ‘cause’. At the same time (iii) 54% of respondents believe that a maximum of 6% of the CrM price premium reaches the ‘cause’.

Overall, consumers desire transparency with regard to CrM. Hence, our study enables marketers to develop efficient and effective consumer-oriented communication strategies.

Keywords: *Cause-related Marketing, donations efficiency, transparent labelling*

1 Introduction

Consumers' awareness about sustainability and ethical issues – varying from recycling to fair wages for workers – grows and is starting to shape consumers' consumption and buying patterns in Germany (Partos 2009). Consumers ask for sustainability and place substantial value on sustainability issues (Havas Media 2009, p. 1). Especially for conscious consumers ethical and sustainable consumption is gaining in relevance. This is shown for example by increasing sales volumes of Fair Trade products in Germany¹. For the same reasons the use of Cause-related Marketing (CrM) campaigns has grown in popularity over the last few years. CrM is an increasingly applied marketing tool, where the product purchase leads to a target-oriented donation regarding a designated cause which is promoted on the product by label. This means each time a consumer purchases a CrM product money is donated to a charity organisation or a good cause. E.g. in a recent campaign Germany's coffee producer Dallmayr cooperates with the NGO 'Menschen für Menschen'. The campaign promotes that per sold coffee package five trees are planted in Ethiopia. In this regard, the campaign is close to Fair Trade in terms of the prevention of soil degradation and therefore sustainable production methods. In the USA expenditures for CrM by firms strongly increased from almost zero in 1983 to around \$1.57 billion in 2009 (Chong 2009, p. 1). Compared to most of the Anglo-Saxon countries CrM is a marketing instrument which is used in Germany only for a short time (Huber et al. 2008, p. 6). The number of CrM campaigns are relatively low in Germany. However, in recent years the trend is comparable to the one in the US. Since legal praxis changed in 2004² the number of CrM campaigns in Germany increased steadily (see Figure 1). Overall more than 90 firms offered CrM products in Germany since 2002 (Oloko 2008, p. 3). Oloko (2008, p. 34) reveals in his review of CrM campaigns in Germany that this marketing tool is most often applied by the food industry. 35% off all CrM promotions in Germany Oloko (2008, p. 34) reviewed were undertaken by the food and beverage sector.

Figure 1: Number of new CrM-campaigns in Germany 1998-2008

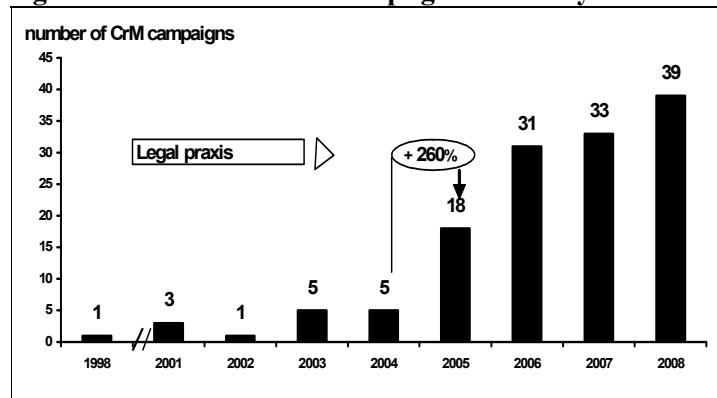


Figure 1. Number of new CrM-campaigns in Germany 1998-2008

Source: Oloko 2009, p. 5.

1. The sales volume of Fair Trade products were 213 Mio. € in 2008, which is an increase in sales of 50% compared to 2007 (Transfair 2009).

2. Since the novell of the Act Against Unfair Practices (UWG) in 2004 CrM is no longer seen as unfair advertising practise. Emotional advertisement like CrM can fall in the category of §4 Nr. 1 UWG and the prohibition of mislead of §5 UWG has to be considered (Online Werberecht 2010).

Webb and Mohr noted in 1998 (p. 226) for the Anglo-Saxon countries that despite an increasing relevance of CrM in praxis little research has been undertaken. This holds for Germany even in 2009. So far, studies with a focus on the German market primarily looked at general issues of CrM such as consumers' knowledge (sources) of CrM campaigns and their general opinion towards CrM (see e.g. Huber, Regier and Rinino 2008). Oloko (2008), in addition, investigated consumers' assumption with respect to the firms' intentions for using CrM and to the share of money dedicated to the cause by the companies. The findings reveal that German consumers are sceptic with regard to the "fair" amount of money spent on the "cause" as well as with regard to the altruistic motives of firms (see Oloko 2008, p. 6f.). Also according to Singh (2009, p. 314) scepticism with respect to CrM arises primarily because customers question the company's motivations for participating in such actions. This is in line with the results of Havas Media (2009, p. 2; 4). Their findings indicate that consumers mistrust the sustainability efforts of companies in general. CrM is believed to be used primarily as a marketing tool and a fig leaf. This may be partly due to the fact that a great number of CrM promotions lack transparency with regard to the amount of donations as well as with respect to the success of the "cause" the money is aimed at. Also, CrM campaigns seldom disclose details of the agreement between the NGO and the company (Berglind and Nakata 2005, p. 450).¹ A transparency requirement, however, is not included in the German Act Against Unfair Practices (UWG) (Online Werberecht 2010). Adkins (2004, p. 50) identifies transparency in general to be of crucial relevance for a firms' credibility.

This is an important finding, considering that credibility is identified as one of four critical success factors for effective CrM (Blumberg and Conrad 2006, p. 33). Moreover, one key aspect of successful CrM is the way the donation is communicated. In principal two general options exist to communicate CrM measures: providing information on **project-specific donations** in form of own currencies like e.g. hours of schooling provided or numbers of vaccinations or square meters of rainforest saved from destruction. The second possibility is providing information as **absolute donations** of money e.g. in percent of the retail price. The former lacks transparency for the consumer as it is difficult to know the costs of e.g. a schooling hour and how those costs relate to the sales volume the firm earned by the CrM promotion (see Oloko 2008, p. 10ff.). Olsen, Pracejus and Brown (2003) show based on a series of five studies that consumers are confused about the donation amounts in CrM promotions. The authors conclude that CrM campaigns are far from being transparent as they do not generally reveal the amount of money reaching the cause (Olsen, Pracejus and Brown 2003, p. 170).

Thus, the purpose of this study is to delve in depth into consumers' perceptions of CrM promotions and to gain a better understanding of the reasons people do or do not respond positively to such campaigns with a social dimension. The main focus lies on the question of the promotions efficiency and transparency – which is in this study understood as the open communication of donated amounts on the product by label – and how those dimensions affect consumers' view of and attitudes towards CrM.

The remainder of the paper is structured as follows. Section 2 provides a literature review with respect to the motives for and the critical success factors of CrM. In section 3 the sample of the standardised survey is described while section 4 provides the estimation results from the econometric analysis. In the final section of the paper (section 5) conclusions are derived and implications for further research needs are given.

1. In Norway (see Singh 2009, p. 314) the labelling and communication of the monetary amount donated to the cause is not allowed. This, however, does not hold for Germany.

2 Literature review with respect to CrM

The first promotion entitled as CrM campaign started in 1983 and was initiated by the credit card institute 'American Express' (Adkins 1999, p. 14). American Express announced to spend 1 cent of each transaction with the credit card to the restoration of the Statue of Liberty in New York. The usage of cards (plus 28%) as well as the number of new card customers (plus 45 %) increased strongly compared to the respective period in the previous year (Wall 1984, p. 1).

Until 1988 there did not exist a generally accepted definition for the term CrM (Huber et al. 2008, p. 7; Varadarajan and Menon 1988, p. 60). The definition proposed by Varadarajan and Menon in 1988 is considered as the most widely used and admitted one in science (Huber et al. 2008, p. 8): „Cause-related marketing is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives” (Varadarajan and Menon 1988, p. 60).¹

Firms' profits as well as the donation volume depend on the sales volumes of the CrM product under consideration which again is linked to consumers' willingness to buy these products. Therefore a CrM campaign results in a three way constellation between firm and brand, respectively, non-profit organisation (NPO) and consumer. Accordingly the success of a CrM strategy depends on the interaction of these three protagonists which is illustrated in figure 2.

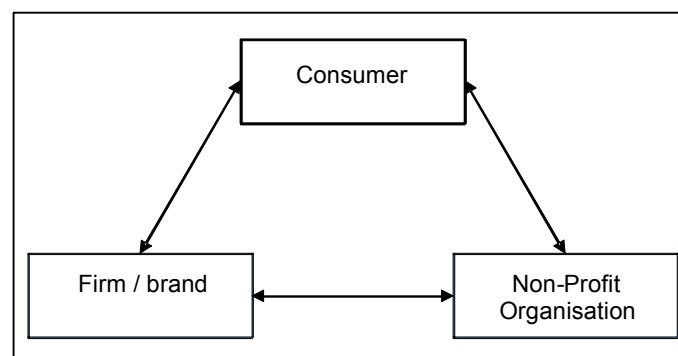


Figure 2. The triadic relationship of a CrM-campaign

Source: Westberg (2004, p. 41)

The relationship exists only for the duration of the CrM campaign and is in most cases limited to one specific product and one specific purpose (see Dallmayr Ethiopia) (Kotler und Lee 2005, p. 81f.). Such a triadic relationship can only be successful if it is a win-win-win situation for all involved groups leading to mutual benefits (Adkins 1999, p. 11).

Motivation of firms to launch certain aspects of CrM campaigns:

Wymer and Samu (2009, p. 1f.) differentiate two key motivations for firms to support causes by means of a CrM promotion. The first is altruism. It occurs if business believes in the value of the cause. The second is the opposite: self-interest. This motivates business if they support a cause only because they believe by doing so they could gain some advantage and utility.

1. Other definitions are: “commercial activities by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit” (Adkins 1999, p. 11). A more simplified description of CrM provided by Eikenberry (2009, p. 61) serves as a critique of the construct: CrM “adroitly serves two masters, earning profits for corporations while raising funds for charities”.

Wymer and Samu (2009, p. 2) assume that in reality both stimuli are active for most cases. Varadarajan and Menon (1988, p. 58) are less optimistic: for them CrM is an innovative form of corporate philanthropy which is exclusively profit-oriented.

As consumers ask for and place considerable value on sustainability issues (Havas Media 2009, p. 1) firms respond to consumers' high expectations of corporate social responsibility by respective marketing campaigns (Webb and Mohr 1998, p. 226). Firms search for opportunities to effectively demonstrate their social commitment and social responsibility thereby differentiating their brand from those of competitors (Berger et al. 1996, p. 71; Brown and Dacin 1997) and at the same time enabling their stakeholders to identify with the corporation and its brands (Roy and Graeff 2003, p. 163). Thus, CrM allows companies to make their values meaningful to stakeholders and to take their consumer relationship well beyond a simple transaction-based relationship which only relies on price and functionality of the product (Adkins 2006, p. 5).

CrM is used to enhance firms' corporate image, reputation and profile and thereby to increase sales volumes and consumers' loyalty (Cadbury 2000, p. vii). Several studies confirm that the economic goal to increase sales volumes by encouraging consumers to switch brand or retailers can be achieved via CrM (Webb and Mohr 1998, p. 227). Brown and Dacin (1997, p. 68) found that consumers' perceptions of a firm's corporate social responsibility can positively influence their beliefs about and attitudes toward new products manufactured by this company. Corporate reputation can be positively influenced by a CrM campaign as Creyer and Ross (1996 in Webb and Mohr 1998, p. 227) showed with their experiment. Such economic goals differ strongly from a pure altruistic agenda of a firm (Roy and Graeff 2003, p. 164).

Furthermore, CrM is a means to gain consumers' attention (Cadbury 2000, p. viif) a precondition for selling products especially in saturated markets. Thus, firms use CrM as a marketing tool as it allows integrating the core business activities of trading with the needs of a particular charity cause (Mason 2000, p. x). From a marketing perspective CrM allows companies to perform well by doing well (Varadarajan and Menon 1988, p. 60). Besides this firms take into consideration (and also fear) the power of consumers: the power of knowledge, purchase, protest and boycott (Adkins 2004, p. 50). In addition, employees' attitudes towards their company change for the better due to a CrM promotion as they feel proud of their company (Adkins 2004, p. 53). To conclude, CrM is a marketing tool that can be used to achieve plenty of objectives (Singh 2009, p. 313) while some have been discussed here additional ones are summarized in e.g. Varadarajan and Menon (1988, p. 60).

Motivation of charity organisations to get involved in CrM activities:

Non-profit organisations (NPOs) face declining funds from government agencies (Bergling and Nakata 2005, p. 446). CrM allows charity organisations to raise additional funds while informing consumers at the same time (Eikenberry 2009, p. 52). The additional financial resources permit NPOs to maintain or even increase their activities. Furthermore, CrM leads to non-monetary benefits as NPOs enjoy and gain far greater awareness for their projects through the media attention, as their logo can be found on the CrM products and the marketing material. This potentially increases the number of supporters, advocates and volunteers for the causes (Bergling and Nakata 2005, p. 448f.). The penetration of a CRM promotion of a well-known and esteemed business partner increases not just the publicity but potentially also the profile of the NPO. Thus, NPOs lend credibility not only to firms but it also can work the other way round. This holds especially if the partner is a company with a high reputation. In addition, the cooperation between the companies and NPOs leads to a knowledge transfer from the former to the latter for example with respect to conducting efficient marketing campaigns.

Motivation of consumers to purchase CrM products:

According to Wymer and Samu (2009, p. 2) still little is known about consumers' perception of CrM. One explanation for consumers' willingness to purchase CrM products is that the pairing of cause and brand creates an additional benefit to the consumer. And that this additional attribute (the cause) of the brand has to have some value (Barone, Miyazaki and Taylor in Wymer and Samu 2009, p. 5). According to Webb and Mohr (1998, p. 227) research showed that consumers evaluate CrM campaigns in general with mostly positive attitudes and express purchase intentions. Possible reasons are not given. Nevertheless, research reveals that elements of the promotion, such as type of product and sum of donation, possibly make a difference.

In a recent study Eikenberry (2009, p. 52) analyses the motives of consumers for purchasing CrM products. She (2009, p. 53) found that CrM "makes philanthropy simple and convenient"¹. They are informed about a cause or charity and have the possibility to spend in "a convenient way [to spend] their disposable income on charity causes" (Eikenberry 2009, p. 52). Purchasing CrM products provides consumers with the feeling 'to make a difference in the world'.

The presented literature leads to the conclusion that all three stakeholders, firms, NPOs and consumers, have their own specific reason to get involved in CrM activities either through providing the products, the charity label or by purchasing the CrM good².

Critical success factors for effective CrM are according to Blumberg and Conrad (2006, p. 33) relevance, commitment, integrity and credibility. Relevance means that the target group is addressed specifically – emotionally and rationally. Commitment considers that the additional utility consumers gain through the purchase of a CrM product will be transferred and added to the CrM brand only in a long term perspective. Thus investments in CrM most likely will not lead to returns in the short term and firms have to be patient. Integrity refers to the fit of the brand on the one hand and the charity organisation on the other hand. It also implies that CrM activities have to be fully integrated in the overall marketing mix (Mason 2000, p. x). Credibility is vital for the success of a CrM campaign. If consumers mistrust the altruistic motives of the firms such a campaign can have a negative influence on the reputation of the firm as well as on the brand and might lead to a decline in sales. Transparency is the identified crucial element to secure credibility. The more familiar consumers are with CrM the less sceptic they become (Webb and Mohr 1998, p. 235; Singh 2009, p. 318). Thus, if consumers believe they have sufficient knowledge about the CrM activity they hold more trust towards it (Singh 2009, p. 315). According to Webb and Mohr (1998, p. 236) consumers' trust towards CrM promotions is a critical success factor. Scandals, on the other hand, will bring back scepticism and can damage consumers' trust for a long time.

One important element of transparency refers to the donation volume linked to the CrM activity. According to Olsen, Pracejus and Brown (2003) consumers are often confused about the donation amounts in CrM programs. The authors undertook several studies to assess the effect of different labelling strategies with regard to the donated money. In a content analysis aforementioned authors found that percentage-of-the-profit formats are used five times more often than percentage-of-the-sales-price formats. From Olsen's, Pracejus's and Brown's (2003, p. 170ff.) perspective percentage-of-the-profit formats are more problematic because

1. That several authors e.g. Eikenberry (2009, p. 53f.) and Smith and Higgins (2000, p. 311) think and argue that this type of consumption is not philanthropy and accordingly this tool to achieve philanthropic efforts in tandem with business objectives and commercial interests is rather strategic philanthropy is another story.

2. Possible negative effects of CrM are summarized in Gurin (1987, p. 16 in Varadarajan and Menon 1988, p. 70).

consumers have to calculate two steps to arrive at the final amount of money donated. But usually people take computational shortcuts and fail to take into account that profit is a fraction of price. This leads to overestimation in the case of percentage-of-the-profit formats. Furthermore, consumers often do not know the actual profit level of a firm or brand and overestimate profits in general. Moreover, it is often unclear whether the net or the gross profit is meant (Olsen, Pracejus and Brown 2003, p. 171). Moreover, several studies (see e.g. Daly 1976; Estelam 1999; Schapira et al. 1990) reveal that consumers' ability to compute a price is not very pronounced and consumers' evaluation deviates from rational economic assessment: 10 % of 5 Euro and 50 cents are not for all consumers the same. Only highly educated people are able to convert values given in percent into the respective absolute numbers and vice versa.

Several studies looked at the impact of the donation volume on consumers' attitude and purchase intention of the CrM product. Dahl and Lavack (1996 in Hajjat, 2003, p. 96) show in their study that CrM is more effective with larger donations than with smaller ones. With small contributions to the NPO or the charity cause consumers may believe that the NPO is being exploited by the company and the CrM primarily serves egoistic rather than altruistic motives. Consumers' disappointment will likely be negatively reflected in their attitudes and purchase intentions of the product/brand (Hajjat 2003, p. 96). In contrast, Holmes and Kilbane (1993 in Hajjat, 2003, p. 96) find no significant differences in consumer responses to three different levels of charitable giving's or three price levels. In their study, consumers' attitudes towards the product as well as their purchase intentions was not influenced in a negative way, even if the increases in price relative to the donation being made to the NPO were disproportionate.

Based on the inconsistency of these findings as well as on the fact that consumers mistrust firms' honesty to a certain extent we undertake our research.

Previous studies indicate that consumers' interpretation of CrM depends on the **level of scepticism** towards the CrM claim (Webb and Mohr 1998, p. 233ff.). This level differs from individual to individual. Scepticism in their study (p. 234) was formed through four issues: Firstly, consumers distrust the company to donate the promised amount of money to the NGO. Secondly, consumers perceive the donated amount of money as unimportant small. Thirdly, the relation between firms gains by increased sales and the money collected for the charity is perceived to be unfair. And fourthly, consumers fear to be forced to buy products of minor quality or overpriced. This reveals that the money dedicated to the cause as well as the transparent communication of this is of importance for sceptic consumers. We pose the question whether sceptic consumers have also a high risk perception.

3 The sample

The data comes from a consumer survey with n=217 respondents in Germany in 2009. Table 1 describes participants' socioeconomic characteristics and reveals that compared to the German population young and highly educated people are overrepresented in the study.

Table 1. Participants' socioeconomic characteristics

<i>variable</i>	<i>specification</i>	<i>% of the sample (N=217)</i>	<i>% population (year 2007)</i>
Gender	female	53.6	51.0
	male	46.4	49.0
Age¹	18-24 years	11.5	9.9
	25-34 years	23.4	14.5
	35-44 years	20.1	20.4
	45-54 years	19.6	17.6
	55-64 years	17.2	14.0
	> 64 years	8.1	23.4
Income¹ (N=214)	< 500 €	16.0	3.3
	500 - < 1300 €	30.6	27.1
	1300 - < 2000 €	24.1	24.5
	2000 - < 3600 €	19.6	
	3600 - < 5000 €	7.0	2000 to 4500: 33.8
	> 5000 €	2.0	> 4500: 5.4
Education	Without any graduation	0.0	2.9
	Volks-/ Hauptschulabschluss	19.4	42.9
	Mittlere Reife	26.3	26.4
	University entrance diploma	27.6	27.7

¹ Compared to German statistical office year 2005.

Source: Own calculation; StBA 2007; StBA 2008, p. 29, 62.

4 Empirical results

To answer the question whether German consumers want products to carry a label indicating the percentage or the absolute amount of money being spent to the CrM cause we posed two questions. The first was whether companies should label the donation amount in percent of the retail price. With the second question we asked whether firms should mention the absolute figures. A seven-point scale was used with 1: I do fully agree and 7: I do not agree at all. Results show that respondents are very interested in this information: with a mean of 2.11 for the information in percent and 2.30 for the absolute figures. Both answers are correlated with 0.35 at a significance level of 0.001. The difference between the means is not significant. Thus, we conclude that consumers do not prefer one form of information over the other form but request at least to be informed about the amount of money spent to the cause by the firm.

To gain deeper insight into the characteristics of those who are interested in the information we clustered the respondents according to these two questions. 166 persons are classified in cluster 1 and 44 in cluster 2. In the first cluster the respondents indicated that labelling is important for them (Cluster 1: top 2 boxes in both questions on labelling) and those who attached a lower relevance to transparency (the rest of the sample) are grouped in cluster 2. A logistic regression analysis reveals that except for age, socio-demographics have no influence on the information requests of the segmented survey participants.

As other attributes might allow a characterization of the two clusters additional items - "paying attention to product information"¹, "buying CrM products" and "requests regarding the efficiency of CrM activities" - had been incorporated in our analysis. However, the model did

1. We asked respondents whether they normally read product labels (Yes, No).

not yield statistically significant results. Finally, we apply the risk perception scale from the domain-specific risk taking scale by Weber (2003). For a series of statements the risk perception of consumers is measured on a scale from 5 (high risk) to 1 (low risk). A risk perception index was then calculated as an unweighted average of the obtained scores over all statements. We expect that people who perceive a greater number of events as highly risky would request information on CrM's efficiency rather than others. However, also regarding the item "risk perception" no significant differences regarding the two clusters can be detected.

With respect to the efficiency of a CrM donation requested by consumers, we posed the question of how much from a 5 € coffee should be spent to the cause so that consumers would be willing to support such a campaign by buying the coffee. The results, illustrated in figure 3, show that about 50 % of the respondents would support a CrM campaign if at least 1 € is given to the cause. Only 12 % are willing to buy the product if the donation is below 50 cents.

The results have to be interpreted in the framework of market prices for coffee at the time of survey. Though the only available CrM coffee in Germany at that time was Dallmayr Ethiopia with a minimum price of 5.29 €, coffee prices were in general rather low in 2009. With aggressive promotions having been very common that year even coffee for manufacturer brands like Dallmayr or Mövenpick had been available at times for a price below 3 €. Thus, 5 € was likely considered by consumers as a high price for coffee in 2009. From this point of view the request that 1€ or more has to be devoted to the 'cause' seems reasonable.

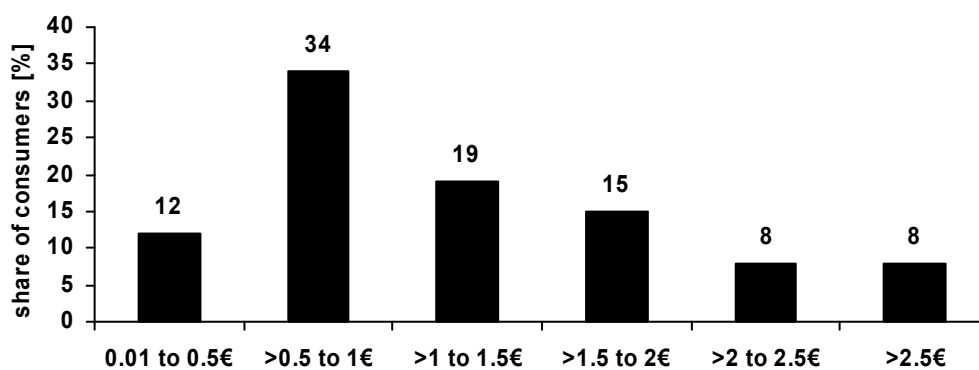


Figure 3. Consumers' requested efficiency of a 5 € CrM coffee

As coffee prices are especially low at discounters it can be assumed that price sensitive consumers who primarily buy their coffee at those stores require a higher amount to be donated from a 5 € coffee than those consumers who are used to pay more for their coffee. However, a chi-square test revealed no significant differences between the donation requested between those 50 % of respondents who buy their coffee very often and often at the discounter and those survey participants who primarily buy their coffee in e.g. speciality stores and supermarkets.

Women are considered to be more compassionate and emphatic than men. Furthermore, they are regarded to be more willing to help others (Wymer and Samu 2009, p. 8). Thus, they can be assumed to place a greater relevance on a high amount of the 5 € coffee being donated to the 'cause'. Our results show that indeed differences exist between male and female participants (see Table 2). Females request that a higher share of the coffee price is devoted to the cause.

Table 2. Gender differences with respect to CrM donation proportion

	Gender	N	Mean	Std. Dev.	Std. Error Mean	Levene's Test for Equality of Variances	F ^a	t
A) Proportion of donation relative to the retail price	female	102	4.11	2.4	.241	Equal var. assumed	3.71*	
	male	95	3.33	2.1	.216	Equal var. not assumed		2.418**
B) if...€ is donated I would support CrM	female	107	3.20	1.4	.138	Equal var. assumed	.089	2.106**
	male	94	2.77	1.5	.151	Equal var. not assumed		

^a p<0.1 =*, p<0.05 =*, p<0.01 =***,

A) 7 point scale from 1 = I fully agree to 7 = I do not agree at al.

B) Ordinal scale (6 levels)

Based on an ordered logit model potential determinants of the requested CrM efficiency level are analysed. However, of all socioeconomic characteristics included in the model only household size and children proved to be significant. Furthermore, several determinants, indicating the general appraisal of CrM were considered. The statement 'CrM shoppers' (Buy CrM) was significant. In addition "the expected efficiency of CrM" had a significant influence on the requested efficiency level of the CrM campaign for coffee (see Table 3).

Table 3. Potential determinants of requested CrM efficiency level

	Coeff.	Std. Err.	z value ^a	
Gender female	0.519	0.322	1.61	n.s.
High education level	-0.261	0.313	-0.83	n.s.
Age in categories	-0.072	0.058	-1.25	n.s.
HH_size	-0.496	0.140	-3.54	***
Children under 18 years	0.724	0.199	3.64	***
High risk perception	0.388	0.319	1.21	n.s.
Dummy efficiency Fair Trade	0.282	0.341	0.83	n.s.
Dummy efficiency donation	0.089	0.326	0.27	n.s.
Expected efficiency of CrM	0.185	0.078	2.37	**
Label absolute	-0.136	0.141	-0.96	n.s.
Label percent	-0.036	0.114	-0.32	n.s.
Buy CrM	-0.427	0.180	-2.37	**
CrM is greenwashing	0.074	0.110	0.67	n.s.

^a p<0.1 =*, p<0.05 =*, p<0.01 =***, n.s. = not significant

Wald $\chi^2(13) = 37.6$, Prob > $\chi^2 = 0.0$, Log pseudolikelihood = -236.4, Pseudo $R^2 = 0.06$

While the previous discussion concentrated on the donation amount requested by consumers to buy a 5 € priced coffee we were also interested in consumers expectation regarding the share of the price of a CrM product donated for the cause. As we did not ask this question at the example of a specific food product the results between the "requested level at the example of the coffee" and the "expected share" are not directly comparable. The results are striking as 73 % of the respondents expect that less than 10 % of the price of the CrM product is donated to the cause (see Figure 4). In the case of coffee only 12 % would have been willing to buy a 5 € coffee if the donated amount would be less than 0.5 € and thus 10 % of the price

(compare Figure 3). This might be one explanation for the very low share of only 20 % of respondents who so far have bought CrM products. The difference between the 'required' and 'expected' level of donation likely will cause problems with regard to the acceptance of CrM also in the future.

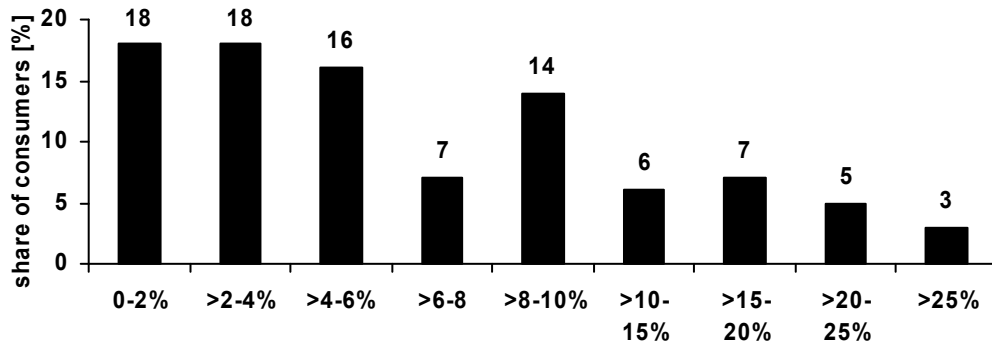


Figure 4. Consumers' expected efficiency of CrM promotions

An ordered logit model (table 4) shows which factors influence consumers' expectations according to the efficiency of CrM. Factors significantly influencing consumers' perception are for example whether consumers want a high efficiency for Fair Trade and monetary donations to charity, a high donation share in the example of the 5 € coffee, age, gender, children under age of 12 in the household and have a high risk perception. These determinants explain consumers' attitudes with regard to CrM donation efficiency.

Table 4. Factors influencing consumers' perception of CrM efficiency

	Coeff.	Std. Err.	z-value ^a	
Want a great efficiency of Fair Trade (dummy)	0.53	0.30	1.72	*
Want a great efficiency of donation (dummy)	-0.55	0.31	-1.75	*
Efficiency price (5€ coffee)	0.24	0.10	2.18	**
Desire CrM-label in percent	-0.29	0.30	-0.95	n.s.
Age in categories	0.11	0.05	2.04	**
Gender female	0.69	0.29	2.34	**
Children under age of 12 in HH	-0.32	0.16	-1.89	*
High risk perception	0.52	0.29	1.77	*

^a $p < 0.1 = *$, $p < 0.05 = *$, $p < 0.01 = ***$, n.s. = not significant

Wald $\chi^2(8) = 27.6$, Prob $> \chi^2 = 0.0$, Logpseudolikelihood = -318.3, Pseudo $R^2 = 0.04$

5 Conclusion

Our study reveals that German consumers have a great interest to be informed about the amount of money spent to the cause by the firm. The conducted analysis aimed to find the reasons influencing consumers' perception of CrM efficiency and the preference for labelling. However, the results do not provide a clear picture. On the one hand socio-demographic characteristics make no differences between the clusters. Also, whether consumers generally read product information or have a high risk perception does not influence the desire to have the donation amount labelled. On the other hand t-tests reveal that gender has an influence in the manner that males accept smaller amounts of donation spent relative to the retail price and are willing to support a CrM campaign even if the donated money is small. Females

expect firms to contribute higher donation amounts to the cause than men do. Nevertheless, we can definitely state that German consumers want a transparent communication of CrM's efficiency by labelling.

6 References

- Adkins, S. (1999). Cause Related Marketing. Who Cares Wins, Elsevier LTD, Oxford.
- Adkins, S. (2004). Cause Related Marketing: Who Cares Wins, In: CSR: the business case, 50-55, <http://www.iccuk.net/csrapdf/CSR%20the%20business%20case/Cause%20Related%20Marketing%20who%20cares%20wins.pdf>, 08.01.2010.
- Adkins, S. (2006). Cause Related Marketing: Putting your marketing where your values are, In: *Market Leader*, 1-6
- Barone, M.J., Miyazaki, A.D. and Taylor, K.A. (2000): The influence of cause-related marketing on consumer choice: does one good turn deserve another? In: *Journal of the Academy in Marketing Science*, 28 (2), 248-262.
- Berger, I.E., Cunningham, P.H. and Kozinets, R.V. (1996). The processing of cause-related Marketing claims: cues, biases or motivators? In: American Marketing Association, Summer 1996, 71-72.
- Berglind, M. and Nakata, C. (2005). Cause-related marketing: More buck than bang? In: *Business Horizons*, 48, 443-453.
- Brown, T. and Dacin, P. (1997). The Company and the Product: Corporate Associations and Consumer Product Responses, In: *Journal of Marketing*, 6, 68-84.
- Brown, T.J. and Dacin, P.A. (1997). The company and the product: corporate associations and consumer product responses, in: *Journal of Marketing*, 61 (1), 68-84.
- Cadbury, D. (2000). Foreword by Sir Dominic Cadbury, In: Adkins, S. (2000): Cause Related Marketing – Who cares wins, p. vii-viii.
- Chong, R. (2009). Cause-Related Marketing: Just Plain Ol' Marketing? In: Huffington Post, 13.01.2010.
- Creyer, E. and Ross, W. Jr. (1996). The Impact of Corporate Behavior on Perceived Product Value, In: *Marketing Letters*, 7 (2), 173-185.
- Dahl, D. and Lavack, A. (1995). Cause-Related Marketing: Impact of Size of Corporate Donation and Size of Cause-Related Promotion on Consumer Perceptions and Participation, in: Stewart, D. and Vitell, S. J. (eds). 1995 AMA Winter Educators' Conference: Marketing Theory and Applications, 6, 476-481.
- Daly, P.A. (1976). The Response of Consumers to Nutrition Labeling. In: *Journal of Consumer Affairs*, 10 (2), 170-191.
- Eikenberry, A. (2009): The Hidden Cost of Cause Marketing, in: Stanford Social Innovation Review, Summer 2009, 51-55.
- Estelam, H. (1999). The computational effect of price endings in multi-dimensional price advertising, In: *Journal of Product and Brand Management*, 8 (3), 244-256.
- Gurin, M. (1987). Cause-Related Marketing in Question, Advertising Age, July 27, 16.
- Havas Media (2009). Sustainable Future 09: German Factsheet, <http://www.havasmedia.com/staticfiles/Germany%20Factsheet.pdf>, 18.01.2010.
- Hajjat, M. M. (2003). Effect of Cause-Related Marketing on Attitudes and Purchase Intentions: The Moderating Role of Cause Involvement and Donation Size, In: *Journal of Non-profit & Public Sector Marketing*, Volume 11, Issue 1 February 2003, 93 – 109.
- Huber, F., Regier, S. and Rinino, M. (2008). Cause-Related-Marketing-Kampagnen erfolgreich konzipieren, Gabler, Wiesbaden.
- Kotler and Lee (2005). Corporate social responsibility: doing the most good for your company and your cause, Wiley, Hoboken.

- Mason, T. (2000). Foreword by Tim Mason, in: Adkins, S. (1999): Cause Related Marketing – Who cares wins, p. ix-xii.
- Olsen, D, Pracejus, J. and Brown, N. (2003). When profit equals price: consumer confusion about donation amounts in Cause-related Marketing, In: *Journal of Public Policy and Marketing*, 22 (2), 170-180.
- Online Werberecht (2010). Cause Related Marketing, <http://www.online-werberecht.de/causerelatedmarketing.html>, 08.01.2010.
- Schapira, D.V., Kumar, N.B., Lyman, G.H, and McMillan, S.C. (1990). The Value of Current Nutrition Information. In: *Preventive Medicine*, 19, 45-53.
- Singh, S. (2009). Overcoming scepticism towards cause related claims: the case of Norway, in: *International Marketing Review*, 26(3), 312-326.
- Smith, W. and Higgins, M. (2000). Cause-related marketing: Ethics and the ecstatic, In: *Business and Society*, 39(3), 304-322.
- StBa (Statistisches Bundesamt) (2007). Statistisches Jahrbuch 2007. Wiesbaden.
- StBa (Statistisches Bundesamt) (2008). Bevölkerung und Erwerbstätigkeit - Haushalte und Familien, Ergebnisse des Mikrozensus 2007. Fachserie 1, Reihe 3, Wiesbaden.
- Transfair (2009). 50% Plus für Fairtrade, <http://www.transfair.org/presse/detailseite-presse/browse/4/article/45/50-prozent-p.html>, 23.04.2009.
- Varadarajan, P.R. and Menon, A. (1988). Cause-related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy, In: *Journal of Marketing*, 52, 58-74.
- Webb, D. J. and Mohr, L.A. (1998). A Typology of Consumer Responses to Cause-Related Marketing: From Skeptics to Socially Concerned, in: *Journal of Public Policy & Marketing*, 17 (2): 226-238.
- Weber, E.U. (2003). Domain-Specific Risk Taking. Updated version of Weber, Blais, Betz (2002), In: *Journal of Behavioral Decision Making*. <http://209.85.135.132/search?q=cache:pXyWQppBFUoJ:decisionsciences.columbia.edu/uploads/File/Articles/DospertEnglish.doc+DOSPERT&cd=4&hl=de&ct=clnk>, Accessed on 15.01.2010.
- Westberg (2004). The Impact of Cause-Related Marketing on Consumer Attitude to the Brand and Purchase Intention: A Comparison with Sponsorship and Sales Promotion, Dissertation, Griffith University, <http://www4.gu.edu.au:8080/adt-root/uploads/approved/adt-QGU20050211.124210/public/02Whole.pdf>, 18.01.2010.
- Wymer, W. and Samu, S. (2009). The influence of cause marketing associations on product and cause brand value, In: *International Journal of Nonprofit and Voluntary Sector Marketing*, 14, 1-20.
- Wymer, W. and Samu, S. (eds.) (2003). Nonprofit and Business Sector Collaboration: Social Enterprises, Cause-Related Marketing, Sponsorships, and Other Corporate-Nonprofit Dealings, Routledge. Co-published simultaneously as *Journal of nonprofit & public sector marketing*, 11 (2003), 1.