

## CONSUMERS' WILLINGNESS TO PAY BASED ON GENDER, BRAND REPUTATION AND INVOLVEMENT IN CAUSE RELATED MARKETING

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### Introduction

American Express Company launched a Cause-Related Marketing Program (CRMP) in 1983 in support of the renovation of the Statue of Liberty. Under this program American Express promised to donate a penny to the renovation for each use of its charge card and a dollar for each new card issued in the U.S. during the fourth quarter of 1983. The objective of this program was to increase card usage, increase the number of applications for new cards to be issued and at the same time raise money and awareness for the non-profit organization. American Express had a 28% increase in card usage over the same period in 1982 and a sizeable increase in the number of new cards issued. This \$6 million national promotion campaign resulted in a \$1.7 million contribution by American Express to the Statue of Liberty-Ellis Island Foundation. CRM gained popularity among marketers as it offers dual benefits of philanthropy and increased brand sales (Varadarajan & Menon, 1988). Cause Related Marketing (CRM) is defined 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 & Menon, 1988 p. 60). In recent times marketing communications reflecting social dimensions have received much attention (Drumwright 1996). Previous studies have investigated consumers' response to frivolous v/s practical products in the context of CRM (Strahilevitz, 1999). Fuljahn & Moosmayer (2011) also studied consumers' responses to hedonic and utilitarian products in CRM in Germany. This research attempts to measure consumers' WTP for high and low involvement products and also considers reputation of the brand in CRM.

### Research Objectives

To explore the impact of gender, brand reputation and product involvement on consumers' Willingness To Pay (WTP) in Cause Related Marketing

### Concepts And Development Of Hypotheses

#### Willingness To Pay (WTP)

Willingness To Pay (WTP) is defined as the maximum amount of money a customer is willing to pay for a product or service (Krishna, 1991). By linking small donations to purchase of products, marketers provide consumers a feel good factor about making a contribution irrespective of the amount of contribution, without making them feel bad that they are not giving more. It is important to note that the amount donated is determined by the seller of the product rather than by the buyer, thus the consumer is not likely to feel accountable for the amount contributed, only for the fact that a charity-linked product is supported through the purchase made (Strahilevitz, 1999).

Cause Marketing programs provide a platform to consumers to stand up for the beliefs they hold and publicly express their beliefs in and extend support to causes that are dear to them (Agarwal, Kumar, Gupta, & Tyagi, 2010). Kanji and Chopra (2010) stated that consumers at the global level are becoming conscious of the environmental and social implications of their purchases and thus they consider these issues when they engage in the purchasing activity.

#### Involvement

Individual consumers' differ with regard to decision process and their search for information based on their level of involvement (Laurent & Kapferer, 1985). Consumers are likely to be involved in products which to a large extent reflect on their self-image, products with high cost or risk, or high social pressure. High involvement focuses on extensive problem solving, which involves active search and use of information, systematic processing of information, considering and evaluating many product attributes as antecedents to forming beliefs, developing an attitude leading towards behavioural intention and actual or overt behaviour (Verbeke & Vackier, 2004). Involvement with purchases leads one to search for more information and spend more time searching for the right selection (as cited in Zaichkowsky J. L., 1985). Involvement in the consumer behavior / marketing domain is the involvement with the purchase decision or the "act" of purchase (as cited in Zaichkowsky J. L., 1986). In the context of this study purchase decision involvement of the consumer is investigated.

## Reputation

"Reputation is a global perception of the extent to which an organization is held in high esteem or regard" (Weiss, Anderson, & Macinnis, 1999 p.75). Popular brands that associate with a charity would create a positive connect between popular brand and charity (Wymer & Samu, 2009). Corporate reputation has an impact on stakeholders' behaviour towards an organization, impacting factors such as employee retention, customer satisfaction and customer loyalty (Chun, 2005). Favourable reputation can influence buyers to pay higher price (Rao & Monroe 1996).

Drawing support from literature we hypothesized the following

H1: The average price quoted by the consumer for a product associated with a cause will differ from the reference price for the product associated with the cause.

This implies that cause is of significance and the consumer would be WTP in support of the cause.

H2: Gender has an impact on WTP for a product associated with a cause.

This implies that males and females are likely to differ in terms of WTP for a product associated with a cause.

H3: Reputation of the brand has an impact on WTP for a product associated with a cause.

This implies that reputed and non-reputed brands differ in terms of consumers' WTP for a product associated with a cause.

H4: Involvement has an impact on WTP

This implies that consumers' would be WTP more for high involvement products compared to low involvement products associated with a cause.

H5: Gender has an impact on WTP as moderated by reputation

This implies that gender makes a difference on WTP in the case of reputed products.

H6: Gender has an impact on WTP as moderated by involvement

This implies that gender makes a difference on WTP in the case of high involvement products.

## Methodology

An experiment was conducted to understand the consumers' behaviour in terms of their purchase decision involvement. Experimental research gives scope to the researcher to control the research situation so that causal relationship among variables may be evaluated. The experimenter therefore manipulates two or three variables considered to have a causal effect at various levels and its impact on a dependent variable is measured (Rao & Monroe, 1996). The study was conducted as a field experiment in which involvement and reputation of the brand was manipulated. The experiment comprised of two levels of involvement and two levels of reputation. Cause gender, involvement and reputation were the independent variables while Willingness To Pay (WTP) was the dependent variable.

## Method and Data Collection – Participants, Experimental Design and Procedure

For the purpose of the experiment 160 subjects were randomly assigned to four categories comprising of 40 respondents in each category. The study comprised on 61 males and 99 females. Category I (Reputed and High Involvement – Dettol – \*Mouth Wash), Category II (Non-Reputed High Involvement – Hygen (Fictitious brand) – Mouth Wash), Category III (Reputed and Low Involvement – Dettol Hand Sanitizer and Category IV (Non-Reputed Low Involvement – Hygen Hand Sanitizer). \*Dettol does not offer a Mouth Wash product – fictitious product. Two mundane consumer goods were identified for the study i.e. mouth wash and hand sanitizer as high and low involvement products respectively. (Although in the strict sense Mouth Wash may not be considered as a high involvement product).

An individual respondent was administered a treatment which was a combination of involvement and brand. The respondent was shown the product and personally interviewed to seek his/her response for e.g. The respondent was orally told that "Dettol Mouth Wash is priced at Rs. 50 and Dettol will contribute to the cause of cancer awareness through the sale of this product in such a case how much would you be Willing To Pay (WTP) for the product". (Similar information was mentioned for Non-reputed brand high involvement product, reputed brand low involvement product, non-reputed brand low involvement product). Both products carried a reference price of Rs. 50 (control) price and the net volume was 50 ml. All other features of the products were the same. The data obtained was analysed using SPSS and t test was used to test the relationships as hypothesized in H1, H2, H3 and H4, while ANOVA was used to test the moderation effects as hypothesized in H5 and H6.

## Findings

An independent sample t-test conducted to compare WTP between the average price and the reference price. There was significant difference in the scores of average price ( $M=63.34$ ,  $SD=13.28$ ) and reference price ( $M=50$ ,  $SD=13.28$ ) conditions;  $t(159)$ ,  $p=.000$ . The results suggest that consumers' are WTP more for a product associated with a cause.

Thus H1 is supported.

An independent samples t- test was conducted to compare WTP in the case of male and female consumers. There was no significant difference in the scores of males ( $M = 62.86$ ,  $SD=13.24$ ) and females ( $M= 63.64$  ,  $SD =13.36$  ) conditions;  $t(158) = .358$ ,  $p =.721$ . The results suggest that gender does not influence consumers' WTP. Thus H2 is not supported.

An independent samples t- test was conducted to compare WTP for reputed and non-reputed brand. There was no significant difference between the scores of reputed brand ( $M =64.07$ ,  $SD =14.80$ ) and non-reputed brand ( $M= 62.61$ ,  $SD= 11.61.37$ ) conditions;  $t(158) = .692$ ,  $p =.490$ . The results suggest that reputation of the brand does not have an effect on WTP. Thus H3 is not supported.

An independent samples t- test was conducted to compare WTP for high involvement and low involvement product . There was no significant difference between the scores of high involvement. ( $M= 64.51$ ,  $SD =14.10$  ) and low involvement purchase decision ( $M= 62.18$  ,  $SD =12.37$  ) conditions;  $t(158)= 1.11$ ,  $p =.268$ . The results suggest that extent of involvement in the purchase decision does not have an effect on WTP. Thus H4 is not supported.

A one-way between subjects ANOVA was conducted to compare the effect of reputation on gender with regard to WTP. There was no significant relationship between gender and reputation,  $F(1)= .182$ ,  $p= .67$ . The results suggest that reputation does not moderate the relationship between gender and WTP. Specifically our results suggest that reputation does not affect WTP of males and females. H5 is therefore not supported.

A one-way between subjects ANOVA was conducted to compare the effect of product involvement on gender with regard to WTP. There was no significant relationship between gender and product involvement,  $F(1)= 1.128$ ,  $p= .290$ . The results suggest that product involvement does not moderate the relationship between gender and WTP. Specifically our results suggest that involvement does not affect WTP of males and females. H6 is therefore not supported.

Table 1 Significance of Main Effects and Moderation Effects

Variables	Mean 1	Mean 2	t/F statistic	Significance
Average Price Quoted – Reference Price	63.34	50.00	12.705	S*
Male – Female	62.86	63.64	0.358	NS
Reputed Brand – Non-reputed Brand	64.07	62.61	0.692	NS
High Involvement – Low Involvement	64.51	62.18	1.111	NS
Gender * Brand reputation			0.182	NS
Gender*Product Involvement			1.128	NS

\* :- Significant at 5% level, NS:- Not Significant

## Managerial Implications

As consumers appear to be sensitive to the cause companies adopting CRM may need to give more attention to making the consumers more receptive to the concept of CRM may be using more effective emotional appeals which could have a better impact on WTP.

## Limitations

This research did not give specific attention to income level of the consumers' which may have an impact on WTP. Results may indicate significant difference with increase in the sample size.

## Conclusions

Previous studies by Strahilevitz (1999) had found that consumers respond favourably to CRM when the products involved were frivolous in nature. Similar study by Fuljahn & Moosmayer (2011) conducted in Germany showed different results. Our study made attempts to identify whether there could exist significant difference in consumers' behaviour in terms of WTP for high and low involvement products associated with a cause, and whether reputation of the brand would matter in CRM. Although there did exist differences, the differences were not statistically significant. However consumers did express their WTP more for the cause irrespective of involvement and reputation of the brand.

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