Co-branding strategy for Cause Related Marketing activities: the role of brand awareness on consumers’ perception

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Abstract

The aim of the present study is to investigate the role of the awareness of the no profit and profit brand on consumers perception of the cause related product that links two brands in a co-branding strategy. The intent is to understand, regarding this kind of branding activities, which partners is most important to be aware in consumer mind to improve a positive perception of the cause related program and product. The study consists of an experimental 2 (profit brand awareness: high; low) x2 (no profit brand awareness: high; low) between subject design. Results have shown a significant interaction between the awareness of the profit and no profit brand in defining consumer willingness to pay for the cause related product and a main effect of the awareness of the two brand partners on consumer purchase likelihood.

Keywords

Co-branding, cause related marketing, brand awareness, experimental design.
1. Introduction
In recent years, more and more companies all around the world are associating their products to some sort of charitable projects. Pringle and Thompson (1999) motivate this trend suggesting that adopting a cause can give a brand or a product a credo or a belief system that allows to integrate previous attitudes toward the profit brand, with the new information provided by the association with a charitable project supported by a non-profit organization. (Till, Novak, 2000; Andereasean, 1996). Doing so, companies aim to create a positive brand image, improve consumer evaluation (Brown & Dacin, 1997) and purchase intention (Barone et al. 2000). Such a strategy has been defined “cause related marketing” (CRM; Varadarajan & Menon, 1988), that 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. Most of literature considers cause-related marketing activities as spot initiatives by which a firm simply add an attribute to a product (the money giving for a social cause). Doing so, firms are focused on communicating cause-related activities as “exceptions” in their product portfolio and researchers are focused on finding the best way to choose the product, the donation formula and the communication contents to stress a specific initiative.
The starting point of this study is that cause-related marketing activities might have a proper identity, linked to company profile and values, but even a self-standing image. That implies that companies might plan CRM activities in a long-term horizon, considering not only operational choices but even strategic ones. That means a long term strategy able to gradually collect and emphasize positive results due to such a kind of social activities. Among these strategic options there might be even a correct branding strategy for cause-related marketing activities. This paper shows some findings about the effectiveness of a co-branding strategy for cause-related marketing activities, exploring the different role by profit and no profit brand involved.

2. Theoretical background
It is commonly accepted that CRM is a communication tool in order to make clear regarding the corporate social responsibility and its involvement in social issue (Adkins, 1999). This kind of marketing activity is a way to link products with socially responsible program following a strategy, which is ultimately directed to strength the positive and emotional and responsible image of the profit brand. In this sense many studies demonstrated that CRM strategies may lead to favorable attitudes toward the brand and its products (Brown, Dacin, 1997; Ross, Patterson & Stutts, 1992; Webb et al. 2000). In particular cause related marketing helps profit brand to build brand awareness, to enhance brand image, to establish brand credibility, to evoke brand feelings, to create a sense of brand community and to elicit brand engagement (Hoeffler, Keller, 2002). Hoeffler and Keller (2002) suggest that the link between a no profit organisation and a profit brand could provide many important association able to shape brand equity. They identify three different branding strategies in order to link a profit brand to a social cause.
The first strategy provides that a firm could create a new social cause program which will be branded in some fashion with the corporate or the product brand (Self branded cause strategy; ex.. Ronald McDonald House Charities); the second one provides that a corporate, or the product, brand could be linked with an existing no profit organisation brand (co-branding strategy, ex. Patagonia and Save the Planet), as third option a firm could associates its brand to an existing and general social cause that has no defined identity and branding strategy (Jointly branded strategy; American Express against Hunger), using its brand to promote the mission and the aim of the cause. The authors suggest that a co-branding strategy is the most appropriate way to complement the brand image with the specific association leveraged from the cause and its brand. Rao and Ruekert (1994) describe co-branding as brand alliances that involve the short- or long-term association or combination of two or more master brands or products. These activities can be physically represented (e.g., bundled package of two or more brands) or symbolically (e.g., an advertisement) by the association of brand names or logos.
Aaker (1996) states that co-branding is particularly effective when a firm would like to enter in another product class, or in another filed. Charity activities are quite far from profit core business of companies, so even in this case a co-branding strategy could be a good solution. Formulating a co-branding strategy one firm can follow different ways: ingredient brands or composite brands. The first form of co-branding is suitable when one brand becomes part of a branded product, contributing to differentiate it altering core characteristics of the product and to deliver high quality. The second form of co-branding is to compose a new brand that jointly express the presence of two existing brands. Bundling this two brands it will be provided an additional consumer benefit. Aaker states that by this way two master brands can reach a positive “rubber band effect” (Aaker, 1996).

Hoeffler and Keller (2002) believe that co-branding strategy in cause-related marketing activities actually allows to take the most from the emotional and imagery appeals of both the brands and facilitate the transfer of associations from no profit to profit.

Several studies have focused on different antecedent of social cause activities effectiveness. Pracejus and Olsen (2004) suggest to consider the degree of fit between the mission of the cause and the mission of the profit brand (for example Save the plant and Patagonia). Partnering with a cause with a high degree of fit will enhance the commonality and brand credibility and strengthen existing brand knowledge (Hoeffler, Keller, 2002; Polonsky, Speed, 2001). Another important factor in choosing the non profit partner may be the awareness of social cause (Pringle, Thompson, 2000). If consumer have no familiarity with the non profit brand or knowledge with the cause, then there is nothing that can be positively transferred on the profit brand. Ideally consumers would be aware of the cause and hold strong and favourable associations toward the no profit brand in order to reinforce the link and to increase the effectiveness of the program.

In literature it lacks a focus on relationship between brands involved in co-branding cause-related activities.

**Research Hypothesis**

Previous studies (Ruth, Simonin, 2003; Simonin et al. 1998) have demonstrated an interaction effect between co-branding actors in terms of different components of each brand equity. This effect becomes evident in terms of attitude and effectiveness of the initiative (attitude, adhesion and willingness to pay). In particular Ruth and Simonin demonstrated this effect on a co-branded event. In the present study the intent was to verify the existence of the “rubber band effect” (Aaker, 1996) on two brands involved in a cause-related marketing product. We are interested in determining if bundling different brand equity (the first by profit brand, the second by no profit brand) might have a joint effect on the co-branded product, even in cause-related marketing field. Keller describes brand equity building process as a pyramid (Keller, 2001). At the base we have the first brand-building box that is salience or brand awareness. This is the reason why our starting point is brand awareness of those brands involved in the initiative. We hypothesized that brand awareness of the profit and no profit brand should not affect the attractiveness of the product itself and the perceived importance of the social cause, while it should have an influence on people intention to buy, their willingness to pay and their trust in the cause related marketing activity: In detail the hypothesis are the followings:

H1 The attractiveness of the cause related product, the feeling toward the product and the perceived importance of the social cause is not influenced by the awareness of the brand profit and no profit
H2 The awareness of the no profit brand have a main effect on consumers’ trust in the cause related marketing program.
H3 Profit brand awareness and no profit brand awareness have an effect on purchasing intention toward a cause-related co-branding product
H2 Profit brand awareness and no profit brand awareness have an effect on willingness to pay for a cause-related co-branding product
Dependent variables
The dependent variables on which we measure the effect of the profit and no profit brand awareness are: The product attractiveness, the importance an usefulness of the social cause, the feelings toward the product, the trust in the cause related marketing activity, the purchase intention and the willingness to pay for the cause related product.

Materials and procedure
The product selected for the empirical analysis was a doll involved in a cause related program in favour of the orphan children around the world. The study consists of an experimental 2 (profit brand awareness: high; low) x2 (no profit brand awareness: high; low) between subject design (Figure 1) in which the product was described via the presentation of a picture, the two brand logo of the partners involved in the caused related strategy (profit and no profit brands), and the description of the conditions of the donation and the mission of the social cause (“5% of the sales proceed will be donated to help orphan children around the world”). Four experimental settings were designed through the manipulation of degree of awareness of profit and no profit brand. We used two profit brand for the doll: here after called “profit brand X” and “profit brand Y”. The first one was supposed to be very well-known in the Italian market, while the second one was supposed not to be very well-known in the Italian market. For the no profit brand partner, we selected two brands of two no profit organisation involved in charity projects in favour of orphan children around the world. The first and the famous one, here after we call “no profit brand Z”, the second and not famous one was “no profit brand T”. 154 Italian consumers (23.4% male, 76.6% female; 5.2% aged less than 19, 15.6% aged from 20 to 29, 43.5% aged from 30 to 39, 29.2% aged from 40 to 55, 6.5% from 56 to 75) were randomly assigned to experimental conditions. The four independent samples show the same frequencies distribution in terms of gender (Chi-Square Test Sig. .551); age (Chi-Square Test Sig. .503) and degree of instruction (Chi-Square Test Sig. .708). The substantial homogeneity of the sample constituted an important control measure for our study, in order to be confident that results (purchasing intention and willingness to pay) do not steamed out by different believes and values, but rather by branding variables manipulation.In each conditions they were asked to answer, on a seven point Likert scale, to seven questions about the dependent variables (attractiveness of the cause related product, intensity of the feeling toward the social cause, importance of the social cause, trust in the good use of money, usefulness of the social cause, purchase likelihood and willingness to pay the cause related product) and two questions about the control variables (the awareness of the profit brand and the awareness of the no profit brand).

Insert table 1

Results
The descriptive analysis of the control variables (the awareness of the two brands) confirmed that we have really chosen one unknown and one well-know profit brand (doll brand) and one unknown and one well-know no profit brand in the experimental setting. Profit brand X brand awareness on a 7-ponit Likert scale was assessed around 5.77 (sd 1.77)\(^1\); Profit brand Y average awareness was 2.52\(^2\) (sd 1.84). As regards no profit brand, No-profit brand Z was actually well-known (mean 5.33\(^3\) std. dev 1.67), while No-profit brand T was not very well known (mean 2.08\(^4\) sd 1.40).

\(^1\) The score was 6,25 (sd 1,11) when Profit brand X was together with a well-known no profit brand, while it was 5,45 (sd 2,05) when Profit brand X was together with an unknown no profit brand (Independent-Samples T-test Sig. 0,03) 
\(^2\) The score was 2,66 (sd 1,88) when Profit brand X was together with a well-known no profit brand, while it was 2,30 (sd 1,77) when Profit brand X was together with an unknown no profit brand (Independent-Samples T-test Sig. 0,41)
Product attractiveness

The first dependent variable measured was the attractiveness of the cause related doll. The respondents perceived the doll attractive at an average of 3.81 (sd = 1.84) on a seven point Likert-scale. They expressed a medium appreciation\(^5\) for that doll. No statistically significant difference was found among the experimental sets. The analysis of variance has not shown any main effect by profit brand awareness (F (1,154) = .109; p > .05), or by the no profit brand awareness (F (1,154) = .850; p > .05). The attractiveness if the cause related product has not been affected by the awareness of the partner brands.

Importance and Usefulness of the Social Cause

The analysis of variance between subjects has shown no significant differences on respondents perception of the importance and usefulness of the social cause in favor of the orphan children (importance F (1, 154) = 3.69; p > .05; usefulness F (1,154) = 1.33; p > .05). It means that the degree awareness of the profit and no profit brand does not affect the perception of the social cause. The average importance of the social cause assigned by respondents was 6.37 (sd = 1.21) and the usefulness was 6.01 (sd 1.20). Results suggested that respondents correctly answered referring to the social cause in general, not thinking about the specific product or brand.

Feeling toward the product

Results of the analysis of variance between subjects on the dependent variable about the affective reaction toward the cause related product (feeling toward the product) have shown, once again, no significant differences due to branding policy in the cause related program (F (1,154) = .041; p > .05). In fact, the score about people feeling toward the product was at the average 4.66 (DS = 1.39), it was positive\(^6\) and homogeneous among the groups. This pattern of result is consistent with those observed in the case of the importance and usefulness of the social cause. If people perceived a social issue as very important to solve probably their emotional reaction toward this issue will not be affected by the awareness of the organization which is working for.

Trust

Results of the Trust dependent variable have shown the main effect of no profit brand awareness on respondents perception of confidence in the cause related program supported by the doll (F (1, 154) = 5.82; p = .017). The main effect of profit brand awareness has not emerged (F (1, 154) = 1.48; p > .05). This result suggests that people trust in the cause related program could be affected by the degree of awareness of the no profit partner, which seems to be the responsible of the effective use of the money collected by the product sale in favour of the social cause.

Purchase Likelihood

\(^3\) The score was 5.66 (sd 1.52) when No-profit brand Z was together with a well-known profit brand, while it was 5.11 (sd 1.75) when it was together with an unknown profit brand (Independent-Samples T-test Sig. 0.14).

\(^4\) The score was 2.11 (sd 1.42) when No-profit brand T was together with a well-known profit brand, while it was 2.00 (sd 1.40) when it was together with an unknown profit brand (Independent-Samples T-test Sig. 0.75).

\(^5\) We performed a One sample T-test (Test value=4) in order to find if the score was at a medium level (on a 7-point Liker t Scale. The score resulted not statistically different form the central point of the scale (Sig. 2-Tailed=0.191)

\(^6\) We performed a One sample T-test (Test value=4) in order to find if the score was at a medium level (on a 7-point Liker t Scale. The score resulted statistically different form the central point of the scale (Sig. 2-Tailed=0.000)
The analysis of variance on the purchase likelihood variable has revealed another important difference among groups due to two main effects: the first was the one of profit brand awareness ($F(1, 154) = 4.59; p = 0.03$), the second was the one due to the no profit brand awareness ($F(1, 154) = 3.67; p = 0.05$). This result suggests that the degree of awareness of both the brands (profit and no profit) has a relevant role on shaping consumers’ purchase intention toward a product that supports a social cause. In this perspective the branding policy could become a strategic tool in cause related marketing activities. In general the mean average of the purchase likelihood was, in all the groups, quite low (see table 1). These results were linked and consistent with those measured for the perceived attractiveness of the product.

Willingness to Pay

The last dependent variable was respondents’ willingness to pay for the cause related doll. Results has shown that the brand policy could have a significant effect on this variable. We found a significant one way interaction (brand awareness X no profit brand awareness, $F(1,154) = 5.35; p = .022$), the main effect of the awareness of the profit brand ($F(1,154) = 10.83; p = .001$) and the main effect of awareness of the no profit brand ($F(1,154) = 6.19; p = .014$). The higher price ($39, 38$ euro), respondents were willing to pay, was for the cause related doll linked to a very famous profit brand in partnership with the as many famous no profit brand. At the contrary the lower price ($29, 83$ Euro) was related to the cause related doll offered by a unknown profit brand in partnership with an unknown no profit brand. These results advise relevant implication in cause related branding strategy and suggest that the awareness of the partner brands could determinate people willingness to pay and, as a consequence, the amount of money collected in reach a social aim.

Discussion and implications

Cause-related marketing is rapidly growing, together with many other initiatives linked to social corporate responsibility. This area is becoming more and more detailed and integrated with firm core activities. This is the reason why several firms have already started to join their core production to social, charity or environmental causes. In doing so, firms sometimes are confused about which could be the best degree of integration between profit activities and cause-related activities. Our paper wishes to contribute to this debate showing how branding policies usually utilized for totally commercial product could help even in developing and legitimating cause-related activities. The central contribution of this paper is about cause-related marketing activities branding. We investigated co-branding activities. Results confirmed our hypothesis and have shown that purchasing intention toward a cause-related product is driven first of all by the awareness of producer. On the other hand the jointly activity together with a popular no profit brand significantly increase the effectiveness of this project (willingness to pay). Both well-known profit producer brand and well-known no profit brand can implement effective social initiatives, but only with a combined action by two well-known brand we can observe an authentic positive “Rubber band effect” (Aaker, 1996). Moreover results shed light on several focus point.

First of all the social cause linked to a product is not desirable on its own. It might be presented together with a good and desirable product. As demonstrated by this study, a product that is not particularly attractive doesn’t reach a great purchasing intention. That means that the social goal does not compensate poor characteristics of the product. This is particularly important for cause-related product development and communication strategy. Linking a product to a social cause does not mean to be less careful about its appealing and performance. Moreover in cause-related marketing activities it is not enough to stress the social aim; even core characteristics of the product should be emphasized. Consumers shouldn’t believe that the philanthropic aim will lead to a trade-off in terms of their satisfaction.
Second, social causes have got an individual standing, that is that the source of a specific cause-related marketing activity (neither profit firm nor no-profit organization) can not exert an influence on individual belief about the importance or the usefulness of the social issue in itself. Companies and humanitarian organizations can increase with their communications tools the degree of awareness of a specific social problem, but they can not significantly alter the reputation of this problem. This become a central issue when companies exploit particular social matters. If their social behaviour is not honest, negative reputation effects hurt the specific companies, but not the social cause itself.

Then, another significant result of this research is about the trust in cause-related marketing activities. Even if people show to pay a considerable attention about social problems (in this case orphan children life) they are not completely confident about the honesty of the initiative in favour of social causes. Past scandals and a diffused skepticism could restrain the growth and the effectiveness of cause-related marketing activities. One way to give legitimacy to a project is to involve no profit organization with a well-known brand. In fact, in terms of credibility the only brand that plays a significant role is the no profit organization one. This is a great evidence for no profit organization that have rightly taken into consideration the importance to build a strong brand. Moreover it is a considerable reflexion stimulus for those case in which the trend is leading to an over-fragmentation of no-profit organization in charge of a specific problem. Another reflection that steams out from this evidence is that profit organization on their own are not suitable to give legitimacy to a particular project. That means that people do not believe that profit firms are highly involved in cause-related marketing activities they promote. Cleary this activities are often perceived only as money donation and not as an authentic assent to social values.

In conclusion, this finding suggested important managerial implications. First of all marketing practitioners have to consider that, if they want to carry on social causes by their product, they have to carefully manage strategic branding decisions. Also for no profit organization a branding strategy seems to become more and more important, having a strong brand could imply a different role in the relationship with companies which feed their project. If no profit organizations will be more conscious about their positive differential effect, they could exert a more active role in promoting project, selecting partner profit companies and in addressing their social-related practices. Of course, this study is only a starting point in cause-related activities branding comprehension. We investigated only one product: doll. This product is not only a functional product; frequently it is a gift, and usually it is bought by women. Moreover, we showed a medium-quality product. Finally, we utilized a particular co-branding strategy where the two brands had got the same status (two dominant brands). Further studies could extend the research field to different product categories and/or to different co-branding strategies.


Table 1. The experimental design

<table>
<thead>
<tr>
<th>Awareness of the no profit brand</th>
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<th>Awareness of the profit brand</th>
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<tbody>
<tr>
<td></td>
<td>SET 4</td>
<td>SET 2</td>
<td></td>
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<tr>
<td>“Profit brand X”</td>
<td>“Profit brand Y”</td>
<td>“Profit brand Z”</td>
<td>“Profit brand Z”</td>
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<tr>
<td>“No profit brand Z”</td>
<td>“No profit brand T”</td>
<td>“No profit brand T”</td>
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Table 2. The experimental output

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<tr>
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<th>Well-known profit brand</th>
<th>Unknown profit brand</th>
<th>Well-known profit brand</th>
<th>Unknown profit brand</th>
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<tr>
<td><strong>Product Attractiveness</strong></td>
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<td>3.8</td>
<td>4.1</td>
<td>3.3</td>
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<td></td>
<td>(2.02)</td>
<td>(1.84)</td>
<td>(1.86)</td>
<td>(1.47)</td>
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<td><strong>Importance Social Cause</strong></td>
<td>6.2</td>
<td>6.5</td>
<td>6.5</td>
<td>6.1</td>
</tr>
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<td></td>
<td>(1.21)</td>
<td>(0.86)</td>
<td>(0.88)</td>
<td>(1.25)</td>
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<tr>
<td><strong>Usefullness Social Cause</strong></td>
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<td>5.8</td>
<td>6.0</td>
<td>6.1</td>
</tr>
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<td></td>
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<td>(1.65)</td>
<td>(1.35)</td>
<td>(1.00)</td>
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<td>4.9</td>
<td>4.3</td>
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<td></td>
<td>(1.39)</td>
<td>(1.61)</td>
<td>(1.50)</td>
<td>(1.60)</td>
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<td>4.2</td>
<td>4.5</td>
<td>3.9</td>
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<td>(1.54)</td>
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