Executive Summary

Balancing Consumer Self-Benefits and Altruism in Online Shopping: Examining Consumer Preferences for Customized and Personalized Cause-Related Marketing Campaigns Versus Price Discounts

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Over the last decades, consumer expectations for organizations to engage in socially responsibly behaviors have increased considerably. The digital promotion of Corporate Social Responsibility (CSR) initiatives, e.g., via social media platforms, has emerged as an effective tool for brands to foster their brand image and strengthen customer relationships in the long-term, as well as a short-term response to mitigate reputational damages caused by crises or negative publicity. Cause-related marketing (CRM) campaigns, which link company donations to a specified cause with consumer purchases, have been established as a particularly effective measure within the realm of CSR advertising. However, selecting the right cause that aligns best with the brand, company, or product presents a significant challenge in such campaigns. To overcome this issue, CRM campaigns with choice, which empower consumers to select their most preferred cause from a range of options, have evolved and are nowadays widely applied in practice. More recently, also personalization approaches in CRM campaigns and in charity advertising, which involves the firm-initiated tailoring of marketing mix elements of the campaign such as the supported cause to consumer needs and preferences, have been studied.

Within this regard, the main research objectives of this study are:

1. to examine the effectiveness of customized CRM campaigns compared to other types of CRM campaigns (CRM with personalized or pre-determined baseline causes) and traditional types of sales promotion such as price discounts of different online apparel retailers.
2. to determine potential drivers of consumers preferences for CRM campaigns rooted in consumers’ personality structure or cultural dimensions
3. to identify and characterize different consumer segments based on socio-demographic and psychographic consumer characteristics such as consumers’ personality traits and cultural orientations.

By applying choice-based conjoint (CBC) analysis as method for measuring consumer preferences of German online panel participants (n=388) the study at hand offers the following insights:

1. CRM campaigns with individualized components are preferred to traditional sales promotion methods with pure self-benefits (price discounts).
2. Yet, not all types of CRM campaigns (i.e., CRM campaigns with a pre-determined cause) are considered more effective than traditional sales promotion.
3. While customized CRM is more effective than personalized CRM, personalized CRM could be more cost-effective and less cumbersome (requirement of less alliances with potential charitable organizations).
4. Customers’ familiarity with a specific retailer and positive CSR pre-evaluations of the brand are key to successful CRM campaigns.
5. Psychographic consumer characteristics (especially collectivism, agreeableness, and openness) might be more helpful than sociodemographic aspects in determining enhanced preferences for CRM campaigns and for categorizing consumers into different segments.
6. Allowing consumers to choose between a self-benefit (price discount) and an other-benefit (CRM campaign) could equally appeal to the preferences of consumers from different segments.