Does Cause-Related Marketing (CRM) Really Work in the Case of Stigmatized Products?: A Conceptual Framework and Implications for CRM Campaigns

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ABSTRACT

This study examines the effect of company-cause congruency on consumer responses to Cause Related Marketing (CRM) programs of stigmatized products. This study also investigates the moderating role of user status and tests a theoretical model of the effects of attitude toward the industry on congruence, consumer perception of company motives, and subsequent company credibility and attitude toward the company. The results show that congruent condition has a significant effect on only the attitude toward the cause. In the user status, users have a more positive industry attitude and stronger perception of altruistic motives for the stigmatized company than non-users. This study also suggests that consumers who have a positive attitude toward the industry perceive CRM programs to be more altruistic and socially responsible, consequently they perceive the company positively and as being credible.

Keywords: Attitude toward the industry; Congruency; Altruistic motives; Cause-related marketing; Stigmatized products

I. Introduction

Corporate Social Responsibility (CSR) initiatives have become progressively popular among US companies (Nan & Heo, 2007). One type of CSR initiative that brings together social responsibility and consumption is Cause Related Marketing (CRM) (Moosmayer & Fuljahn, 2010). Varadarajan & Menon (1988, p.60) define CRM 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 and satisfy organizational and individual objectives.”

The key feature of this definition is the fact that CRM is recognized as a marketing tool specifically aimed at revenue generation. This definition also recognizes that CRM satisfies the consumer objectives to support social causes. Image enhancement, economic gain and organizational attitude enhancement are some of the many benefits that can come from effective CRM campaigns (e.g., Boenigk & Schuchardt, 2013). CRM can be understood as a marketing tool in which the company associates with a cause for multiple benefits to both the cause and the company.

CRM campaigns, including sponsorship which has emerged as a tool in CRM related activities, could provide framework for investigating consumer’s behavioral responses to a companies’ ‘doing well by doing good’
campaigns and examining their responses to social cause activities (Irwin et al., 2003). Companies in the United States spent more than $1.92 billion sponsoring social causes in 2015 (IEG, 2015) and sponsorship spending on social causes has seen a big increase from stigmatized companies such as alcohol and tobacco which are major sponsors of sports (FMM, 2015).

According to a 2015 Cone Communication/Ebiquity Global CSR Study, 91% of North American consumers are inclined to switch brands if one of the brands is connected with a cause. The Nielsen Global Survey (2014) polled more than 30,000 consumers in 60 countries and the findings show that 55% of global consumers are willing to pay a premium price for products/services from firms that are focused on making a positive social and ecological impact. As more and more businesses are linking themselves with a specific cause for various benefits, CRM campaigns are increasingly seen as a critical marketing instrument.

CRM programs are also considered as an important marketing tool for stigmatized industries such as Cigarettes and Alcohol. In stigmatized industries, companies may pursue CSR initiatives as a form of insurance to temper public criticism, manage a crisis, or change their negative image (Porter & Kramer, 2006; Yoon, Gürhan-Canli & Schwarz, 2006). Since the products of some companies have a stigma associated to their use it is possible that consumers could look at these companies as being different from non-stigmatized companies, and also respond differently to their marketing. Ruth & Simonin (2003) show that stigmatized product sponsors do not produce the same positive attitudinal change that can be shown with non-stigmatized product sponsors. Even though stigmatized industries have become more active in conducting CRM programs it is still unclear whether or not the benefits of CRM can be extended to companies with stigmatized products and whether or not CRM programs of stigmatized products are truly effective.

Perceived congruence or fit between company and social cause is a benefit to the company and is also regarded as a strategic approach to conduct more effective CSR activities (e.g., Lee et al., 2012). For example, research has shown that the perceived congruence between the company and cause has a positive effect on consumer response (e.g., Becker-Olsen, Cudmore & Hill, 2006). Although congruency is an important factor for the success of CRM activities, little research has been conducted to investigate its effects on stigmatized products. For this, this study investigates the effect of perceived congruence between the company and their cause on consumer responses to CRM programs of stigmatized products.

In addition, the Persuasion Knowledge Model assumes that a consumers’ existing knowledge structure is very important for interpretation and evaluation of marketing actions taken by companies (Friestad & Wright, 1994). It suggests that preexisting attitudes and information of the industry may influence a positive or negative attitude toward the companies. Research regarding the influence of attitude toward the industry on consumer responses to CRM programs of stigmatized products still has not been well established. Moreover, there is no research that examines the rigorous explanations of consumer response to CRM programs of stigmatized products. Therefore, this research develops and tests a theoretical model of consumer responses to CRM programs based on theories and studies of Persuasion. The model investigates the effects of attitude toward the industry on congruence and consumers’ attribution of company motives and subsequently company credibility and attitude.

Therefore, the objectives of this research are as follows: First, this study examines the effect of company-cause congruency on consumer response to CRM programs. Secondly, this study investigates the differences in the perception of users and non-users of stigmatized products. Lastly, this study examines the role of attitude toward the industry in determining consumer perception of company motives and subsequently company credibility and attitude toward the company.

II. Literature Review and Hypotheses

A. Cause Related Marketing Benefits

CRM programs can influence consumer attitude toward a company. Global consumers report that they have a more positive image of a company (93%) if the company supports a social cause or ecological issues that they care about, and 89% of them are more likely to buy these products and services (Cone Communications,
The findings provide strong evidence that companies will need to engage in CRM programs and promote those initiatives in order to survive in the changing economy.

CRM programs benefit companies, consumers and non-profit organizations. Companies receive benefits through CRM programs by gaining visibility, brand awareness, enhancing corporate image and profits (e.g., Ahluwalia & Bedi, 2015), promoting sales, brand differentiation (Barone et al., 2000), gaining new customers, employee motivation (Polonsky & Wood, 2001), creating positive brand associations and improving a long-term favorable attitude (Westberg & Pope, 2014).

CRM programs are expected to benefit the consumer in the area of gaining additional information and perceived value (Webb & Mohr, 1998), and the opportunity to make donations without spending out of budget and changing their behavior (Polonsky & Wood, 2001). CRM programs also provide benefits for nonprofit organizations by generating financial resources (Hans & Gupta, 2013), gaining publicity for the nonprofit organization and the cause, obtaining a shift in the organizational image (Polonsky & MacDonald, 2000), sourcing managerial support from the sponsoring company, and generating higher awareness for the cause (Polonsky & Wood, 2001).

Considering the many benefits of CRM programs, it has now become main stream in its use by many companies. Some companies that have a negative image have used CRM programs to thwart their negative publicity and enhance corporate image (Varadarajan & Menon, 1988). The question then arises as to whether the benefits of CRM are generally applicable or not? One such case would be that of products with which the consumer attaches some form of stigma such as Cigarettes, Alcohol, Drugs etc. Consumers attach many negative attributes to such stigmatized industries, which might affect the company negatively in both response and attitude (Rifon et al., 2004). That is, it is important to address if the benefits of CRM programs can be extended to industries with stigmatized products.

B. Stigmatized Products

A stigma is defined in the Memidex dictionary as “a mark or token of infamy, disgrace, or reproach.” Goffman (2009) describes stigma as an “identity spoiled” and stigmatized states being tainted with a negative stereotype (Ruth & Simonin, 2003). Previous research has labeled these products as “socially undesirable” (Cornwell & Maignan, 1998) and “controversial” (Schuster & Powell, 1987). Stigmatized products are defined as products whose usage is attached to some sort of stigma in the perception of most consumers (Banning, 2001). Tobacco, alcohol, and drugs are common examples of stigmatized products.

Cigarette smoking is regarded as a social problem and smoking initiation is independently related to peer influence, secondhand smoke exposure, and exposure to tobacco advertisements. An anti-tobacco movement to stop and prevent smoking has been taken on by social marketers and others (Sly et al., 2000). The strategies in this movement include showing the executives and supporters of tobacco industry as dishonest, manipulative and predatory. Kropp, Lavack & Holden (1999) find that tobacco consumption has been seen as a high-risk harmful consumption behavior by most people. They find that there is a hostile climate for smokers, smokers were maligned, made to feel like second-class citizens and suffered from a lack of respect and belonging. In the wake of such strong feelings toward tobacco usage it was felt that there definitely is a stigma ascribed to such behavior.

Moreover, there are many federal prohibitions on how a tobacco company can promote itself (Siegel, 2001). The goal of most tobacco/cigarettes companies is to promote brand awareness, loyalty and image benefits from their CRM programs (Blum, 1990; Siegel, 2001). If CRM can be shown to generate image benefits for tobacco companies then it can have big implications for the industry and the effects of CRM could be generalized without considering corporate reputation as a factor.

There are however some differences between tobacco/cigarettes and alcohol. Tobacco consumption is generally considered a health hazard but the main concern in the alcohol industry is youth and heavy drinking (Schuster & Powell, 1987). Adolescent drinking has caused many negative consequences harmful for both the individual and society including a variety of social problems such as violent crime, suicides, incarceration, sexual assault etc (Feng et al., 2001; Nielsen & Martinez, 2003). There are many associations that rally against alcohol advertising and consumption such as MADD (Mothers Against Drunk Driving), The National Council
Even though there is evidence that alcohol advertising has some relation to alcohol consumption, it is not strong enough to bring any federal law restricting alcohol advertising or promotions. Instead, the industry is expected to operate on self-regulation (Garfield, Chung & Rathouz, 2003). Recently, debates have started on compelled 'counter advertising' with the message that the 'alcohol industry misleads the public with glamorized depictions of alcohol consumption' (Sorini & Greene, 2003). Noting this increased pressure from anti-alcohol advocates, it is possible that the alcohol industry might face similar regulations as the tobacco industry does. It can be said that the stigma attached to alcohol is slightly less than cigarettes, or is at least situational (Barlow, 2015).

Millions of people have consumed and enjoy alcohol and tobacco. Excessive alcohol and tobacco consumption leads to significant health problems, and marketing encourages the use of these stigmatized products (Schroeder & Morris, 2010; Wakefield & Schmiz, 2015). A company producing stigmatized products may want to use CRM to improve its image in the market. Sponsorship spending on social causes is increasing and some of the major sponsors of sports are alcohol and tobacco companies (Crompton, 1993).

Corporate sponsorship of social cause strategies are used in a variety of consumer-oriented marketing objectives, such as improving brand image, increasing brand awareness, and enhancing corporate reputation (Dean, 2002; Gardner & Shuman, 1988). Empirical evidence from research relating to stigmatized product has shown that sponsorship has an impact on product awareness, attitudes and behavioral intentions (e.g., Kelly et al., 2011).

C. The Effect of Company-Cause Congruency on Consumer Response to CRM Programs

Congruency has been called by many terms such as "fit" (Brainbridge, 2001) and "compatibility" (Ruth & Simonin, 2013) and its importance has been stressed many times over in CRM literature. Authors from the industry have also recognized the importance of congruency. Gray (2000) argues that an absence of a logical fit can lead to a rise in suspicion among consumers, more so if the company would have faced some criticism in the past. Brainbridge (2001) regards brand fit to be a crucial element of a CRM campaign. One of the principles it follows is establishing a good fit between the cause and the business (Duff, 2003). Apart from congruency between the company and the cause, the cause should also resonate with the consumer for a successful CRM campaign. For consumers to develop a positive attitude to the CRM program they should have some affinity toward the cause (Drumwright, 1996).

CRM effects on consumer response can be explained by the attribution theory (Heider, 1958) that consumers judge motives behind behaviors. In CRM, congruency promotes perception of altruistic motives. When more altruistic motives are associated with a company, the company is seen as more credible and higher credibility is preferred as credibility has a direct positive relationship with attitude toward brand and purchase intentions.

Company credibility as well as company-cause congruency are important factors for CRM success. The importance of the constructs of company credibility and congruency on consumer response has been tested and shown in CRM literature and in industries. Bigné-Alcañiz, Currá's-Pérez & Sánchez-García (2009) suggest that cause-brand congruence has a positive impact on brand credibility in CRM. As the perception of compatibility between social cause and brand increases, consumers are more likely to perceive the brand as having more skills and experience when it comes to associating with the cause (Becker-Olsen, Cudmore & Hill, 2006).

Since congruency is an important factor for the success of CRM it would be interesting to test such effects for stigmatized products. It is possible that the congruency effects may backfire. Forehand & Grier (2003) suggest that causes that were closely related to a company's business should increase the salience of cause-exploitive motives. For example, if stigmatized industries, especially a tobacco company donated money to a cancer association (vs. an environmental association) it should lead to increased salience of cause-exploitive motives. The public is aware that smoking causes cancer. Therefore, they may infer that the tobacco company is interested in changing the public's negative perceptions, which is likely to undermine the perceived sincerity of the company's motives. Stigmatized product sponsors do not produce the same...
positive attitudinal change that can be seen with non-stigmatized product sponsors (Ruth & Simonin, 2003). For stigmatized product sponsors, the public’s judgments about the sponsor motives prove to be an essential component for understanding negative responses to sponsorship activities. A matching cause may highlight a company’s social stigma by emphasizing the negative consequences of product use.

H1: CRM programs perceived as incongruent will generate higher perceptions of (a) attitude toward the industry, (b) attitude toward the cause (c) altruistic motives for the company, (d) company credibility and (e) attitude toward the company than a CRM program perceived as congruent.

D. Moderating Variable: User Status

There is little research that has investigated the difference in the attitudes of users and non-users of stigmatized products (Bhattacharya, 2004). Kinney & McDaniel (2001) suggest that the attitude toward sponsorship would differ between the users and non-users of the stigmatized product, with users being more supportive of the stigmatized brand’s sponsorship of an event. They clarify this by supporting that the difference is owing to the self-interests of the users. Sly et al. (2000) suggest that smokers did not see the tobacco industry or its supporters in a terrible light and proposed similar promotion rights for the tobacco industry as for other industries while, non-smokers reprimanded the tobacco industry for promoting smoking.

Shore et al. (2000) use the theory of reasoned action by Azjen & Fishbein (1980) to explain the difference between users and non-users of stigmatized products. The theory states that the most important determinant of a person’s behavior is his/her intention or behavioral intent. Behavior intent is influenced by the person’s attitude toward the behavior and social norms. The attitude toward a behavior includes the behavioral belief, evaluation of the behavior outcome, subjective norms, normative beliefs, and the motivation to comply. Using this theory it can be presumed that the attitude toward the company may be different for a user compared with a non-user, if this would be true then CRM programs would have a different response within these groups. User status thus could be a moderating variable in this study.

H2: A user will have a higher perception of (a) attitude toward the industry, (b) attitude toward the cause (c) altruistic motives for the company, (d) company credibility and (e) attitude toward the company than a non-user.

E. CRM Effect on Consumer Response: Attitude toward the Industry, Congruency, Attributions, Company Credibility and Company Attitude - A Proposed Model

1. Attitude toward the industry

Theoretically rigorous explanations of consumer response to CRM programs have yet to be fully developed and tested. However, several studies have examined consumer response as a function of strategy specific characteristics in its different forms. Prior research has suggested that an industry’s image may be one element of CRM programs (Kim & Choi, 2012). The industry’s good reputation and attitude would affect positive consumer response (Dean, 2003/2004). However, if consumers are suspicious of the industry, they will infer profit motive and it will more likely lead to negative perceptions about the industry.

Deshpande & Hitchon (2002) show that when a company is faced with bad publicity the credibility of its advertisements also go down. This fall was observed more significantly when the company used cause related marketing advertisements. Elving (2013) suggests that a bad reputation results in skepticism about the motives of the company to participate in CSR activities. He also shows that a perceived high congruency between the company and CSR activities leads to less skepticism when a company has a bad reputation.

Persuasion Knowledge Model presumes that consumers’ existing knowledge structures play an important role in interpreting and evaluating marketing actions taken by corporations (Friestad & Wright, 1994). It suggests that consumers use broad information of the industry when they make a positive or negative attribution toward the companies. Consumers may also infer motives for engaging in CRM campaigns. However, consumers may be suspicious of a stigmatized company motives for engaging in CRM campaigns. Szykman (2004)
suggests that a stigmatized industry can generate a more positive perception and evaluation when they conduct CRM campaigns that would sustain their business or decrease profits of their products or brands.

H3: Attitude toward the industry will have a negative effect on the congruence between the company and their cause.

H4: Attitude toward the industry will have a positive effect on the perception of altruistic motives.

2. Company-cause congruency

Previous studies have suggested that consumer attributions of corporate motive may be an essential element of any model of consumer response to CRM programs (e.g., Samu & Wymer, 2014). Motive ascription can be explained by the attribution theory (Heider, 1958). This theory suggests that people actively search for explanations of behavior. They form causal inferences, which determine their future motivation to engage in that behavior. In the case of CRM the intrinsic motives of the actor, the company, are seen as altruistic motives, and extrinsic motives are seen as egoistic, profit oriented and self-serving (Ellen, Mohr & Webb, 2000).

Rifon et al. (2004) test a model of consumer cognitive response as a function of the fit between a company and the cause it sponsors. Research has suggested that by associating with a cause a company can share the positive image of the cause (Haley, 1996) and one of the goals of CRM is to create positive brand associations (Westberg & Pope, 2014). Rifon et al. (2004) show that congruent conditions resulted in stronger attributions of altruistic motive of the company as well as generating higher credibility perceptions than incongruent conditions resulting in an overall positive attitude toward the sponsor.

However, as we mentioned before, it can be predicted that the congruency effects may backfire in the case of stigmatized products if consumers are skeptical or suspicious about an industry or company. Previous studies suggest that if stigmatized companies use CRM programs that are relevant to their product, consumers may perceive stronger attribution of profit motive and lower corporate credibility and have a negative perception about the company (Deshpande & Hitchon, 2002; Rodgers & Bae, 2007; Yoon, Gurhan-Canli & Schwarz, 2006). Ruth & Simonin (2003) find a similar conclusion in their study about corporate sponsorships. They find that the attitude toward an event were significantly more negatively affected when the event was associated with some controversial sponsor as compared to a non-controversial sponsor.

H5: The congruence between the company and their cause will have a negative effect on the perception of altruistic motives.

H6: The congruence between the company and their cause will have a negative effect on company credibility.

H7: The perceptions of altruistic motives will have a positive effect on company credibility.

3. Company credibility

One of the factors that influence a consumer’s evaluation of CRM programs is company credibility. Goldsmith, Lafferty & Newell (2000) define company credibility as a part of the overall corporate image and include consumer’s perception of company expertise and trustworthiness. Company credibility has been treated as source credibility in CRM literature too, and is also shown to exert a significant direct and independent influence on, attitude toward brand and purchase intentions (Goldsmith, Lafferty & Newell, 2000; Lafferty, 2007; Lafferty & Goldsmith, 1999).

H8: Company credibility will have a positive effect on the attitude toward the company.

III. Method

A. Research Design and Stimuli

This study employed a 2 x 2 fixed factor design with the user status as a covariate (user/non-user). The user status was not a controlled measure for this study but was randomized. We measured user status through a questionnaire and used the random distribution of users and non-users for analysis. The independent variables were the product categories (tobacco/alcohol), and the match of the cause sponsored to the stigmatized product and company. The dependent variables - attitude toward the industry, perceived company motives, company
credibility, attitude toward the cause and attitude toward the company - were measured.

The study used fictitious companies supporting real non-for-profit organizations. Golden Eagle has been selected as the company name for two categories of stigmatized products. Each company was paired with a cause that is functionally related to the stigma associated with the product and the cause of AIDS. AIDS was chosen, as it is a cause that the participants would easily be able to relate to. For the stigma related match Nicotine Anonymous and Alcoholics Anonymous are used assuming that most participants will be able to easily recognize these. Moreover, the two non-profits are of a similar nature as they both support addiction prevention.

B. Participants and Procedure

The participants were randomly selected University students above 21 years of age. This test used a total of 218 usable responses that were obtained from a sample of 240 students.

The majority of participants were women (75.5%) aged 20-23 (92.3%). We did this because several studies show that women have a more positive attitude and behavior toward CRM campaigns than men (e.g., Cheron, Kohlbacher & Kusuma, 2012; Moosmayer & Fuljahn, 2010) because women have more empathic emotions so they are more inclined to pro-social behavior (Galan Ladero, Galera Casquet & Singh, 2015). For this reason, successful CRM campaigns concentrate on women as critical target consumers, this study also followed those examples and was conducted with a majority of female samples.

The participants were first given a paper-based test to measure their attitude toward the industry. They were then presented with a short written scenario and thereafter completed the rest of the questionnaire (see Appendix 1). Each participant saw only one scenario as per the following presentation (Table 1).

C. Measures

All dependent variables were measured on 7-point semantic differential scales except company motive. Attitude toward the industry (alpha = .97) was measured on the nine items scale adopted from Homer (1990). Company credibility (alpha =.94) was measured on a four items scale anchored by dishonest/honest, not dependable/dependable, not trustworthy/trustworthy, and not credible/credible adopted from Rifon et al. (2004). Attitude toward the cause (alpha =.87) was measured on a three item scale anchored by good/bad, useless/useful, unnecessary to society/necessary to society (Moore, Mowen & Reardon, 1994). Attitude toward company (alpha =.94) was measured on a three items scale anchored by good/bad, pleasant/unpleasant and favorable/unfavorable (MacKenzie & Lutz, 1989).

IV. Results

A. Manipulation Check

To test the effects of match and industry on the outcome variables, a series of univariate ANOVAs were performed. A univariate analysis confirmed that congruence perceptions were significantly different (F (1, 188) = 37.45, p = .00) between stigma related cause (M = 4.36) and stigma unrelated cause (M = 3.16). The results were as expected with the stigma related cause perceived as a more congruent condition as compared to a stigma unrelated cause. These differences were relatively equidistant from the scales midpoint.

<table>
<thead>
<tr>
<th>Product category</th>
<th>Cause Sponsored</th>
<th>Stigma related cause</th>
<th>Stigma unrelated cause</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golden Eagle Tobacco</td>
<td>N=60</td>
<td></td>
<td>N=60</td>
</tr>
<tr>
<td>Golden Eagle Breweries</td>
<td>N=60</td>
<td></td>
<td>N=60</td>
</tr>
</tbody>
</table>

Total N=240
B. The Effects of Congruency on Consumer Response to CRM Programs

To test the hypotheses, several univariate ANOVAs were performed. The univariate test revealed that only attitude toward the cause had a significant main effect on the congruent condition (F (1, 184) = 7.83, p < .05), with attitude toward cause higher for conditions of non-congruent (M = 5.42) as compared to congruent conditions (M = 4.85). Thus H1b were supported but H1a, H1c, H1d, H1e were rejected. As expected, users (M = 3.86) had a more positive perception of attitude toward the industry (F (1, 184) = 17.10, p < .01) than non-users (M = 2.99). Altruism was also significantly influenced by user-status. Users (M = 3.67) had stronger attributions of altruistic motive for the company (F (1, 184) = 6.28, p < .05) than non-users (M = 3.01), however, both users and non-users were viewed lower than the midpoint of the scale for altruistic motive. Therefore H2a and H2c were supported but H2b, H2d, H2e were not.

Additionally we compared consumer response of CRM programs between tobacco and beer companies. These findings show that consumers have stronger attributions of altruistic motives (F (1, 184) = 14.46, p < .01), stronger credibility perception (F (1, 184) = 12.35, p<.05), and a more favorable attitude toward the beer company (F (1, 184) = 20.38, p<.05) than the tobacco company.

C. A Test of the Model of Consumer Response

1. Measurement validity

This study used AMOS 18.0 to perform a structural equation analysis and test the hypotheses in the proposed model. Following the two-step approach (Anderson &
Gerbing, 1988), the measurement model was examined. Confirmatory factor analysis (CFA) was conducted to test the convergent validity of each construct prior to estimating the structural relationships. Convergent validity is obtained when the path coefficients from the latent constructs to their corresponding manifest indicators are statistically significant (Bagozzi & Yi, 1988). All factor loadings for each latent constructs were statistically significant as indicated by the results of CFA, convergent validity was achieved.

Table 2 reported the results of CFA. The comparative fit index (CFI) and Tucker-Lewis Index (TLI) values are .971 and .965, respectively, which exceed the .90 standard for model fit (McDonald & Marsh, 1990) and the root mean square error of approximation (RMSEA) is .058, which is less than .08, show a good fit (Brown & Cudeck, 1993).

2. Analyzing the structural relationships

Five proposed relationships were statistically significant of the seven relationships (p < .05). Structural relationships in the proposed model (Figure 1) were examined and results of the hypothesized relationships among the constructs are reported in Table 3.

H3 proposed the effect of attitude toward the industry on congruence between company and cause. The result showed that industry attitude has a negative effect on congruence ($\beta=-.33$, $t=-4.13$ and $p<.001$). H4 posited the effect of attitude toward the industry on the perception of altruistic motives. The results show that industry attitude have a positive influence on altruistic motives ($\beta=.65$, $t=8.90$ and $p<.001$). H5 and H6 proposed the congruence between company and cause on the perception of altruistic motives and company credibility. As expected, congruence has a significant negative effect on altruistic motive ($\beta=-.26$, $t=-3.73$ and $p<.001$) while there is no significant effect on company credibility ($\beta=-.04$, $t=-.56$ and $p>.01$).

H7 proposed the effect of the perceptions of altruistic motives on company credibility. The results indicate that altruistic motives have a positive influence on company credibility ($\beta=.66$, $t=7.40$ and $p<.001$). It was hypothesized

** Table 3. Results of the Model

<table>
<thead>
<tr>
<th>Hypothesized path</th>
<th>Stigmatized products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the industry $\rightarrow$ Congruence</td>
<td>-33</td>
</tr>
<tr>
<td>between company and cause</td>
<td>-4.13***</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the industry $\rightarrow$ Altruistic</td>
<td>.65</td>
</tr>
<tr>
<td>motives</td>
<td>8.90***</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Congruence between company and cause $\rightarrow$</td>
<td>-26</td>
</tr>
<tr>
<td>Altruistic motives</td>
<td>-3.73***</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Altruistic motives $\rightarrow$ Company credibility</td>
<td>.66</td>
</tr>
<tr>
<td></td>
<td>7.40***</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Congruence between company and cause $\rightarrow$</td>
<td>-.04</td>
</tr>
<tr>
<td>Company credibility</td>
<td>-.56</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Company credibility $\rightarrow$ Attitude Toward the</td>
<td>.53</td>
</tr>
<tr>
<td>Company</td>
<td>7.25***</td>
</tr>
</tbody>
</table>

$\chi^2$(df)=381.707 (199), CFI=0.957, TLI=0.950, RMSEA=0.069

**p<.001, *p<.01
that company credibility would be positively affected by attitude toward the company (H8), and the results support a significant positive relationship between them (β=.53, t=7.25 and p<.001). The overall fit of the model was highly acceptable (χ² (df) = 381.707 (199), CFI = .957, TLI = .950, and RMSEA = .069).

After analyzing the completed data, this study looked at the differences of product category and user status to deepen the understanding of the CRM effectiveness in stigmatized products. Table 4 provides the results of the product category and user status comparison fit of the model. The overall fit indices of the groups are acceptable. The results show that attitude toward the industry has a significant negative effect on congruence between cause and company in the case of the alcohol company at a 0.1 level (β=-.23, t=-1.88, p<.1) while it has no significant effect on congruence of the tobacco company. This path also showed different results between users and non-users. The results support a significant negative relationship between them (β=-.27, t=-2.50 and p<.05) in the user group but there is no significant relationship in the non-user group.

V. Discussion

As stigmatized industries have become more active in conducting CRM activities, investigation into the benefits of CRM programs that can be extended to companies with stigmatized products becomes salient. This study investigates the effect of congruency on consumer response. It also examines how attitude toward the industry influences company credibility and company attitude through the congruence and consumer altruistic motives of the company. The present study contributes to the understanding of the effectiveness of CRM programs on stigmatized products and tested a model of consumer response to CRM programs.

This study provides both theoretical and managerial implications for CRM communication programs. First, the ANOVA results show that congruent condition has a significant effect only on the attitude toward the cause. The main findings show that consumers perceived more positive cause attitude in non-congruence conditions than in congruence conditions. It provides evidence that stigma related cause could potentially backfire on a company and stigma related cause could lead to skepticism. For that reason, associating with a stigma unrelated cause could be a better option than associating with a stigma related cause in developing effective CSR communication strategies. The findings are in line with prior research that stigmatized product sponsors do not produce the same positive attitudinal and behavioral change that can be observed with product sponsors of products that are not stigmatized (Ruth & Simonin, 2003) and the CSR initiatives backfire when a company with a bad reputation conducts high benefit salient cause initiatives (Yoon, Gürhan-Canli & Schwarz, 2006).

It is also show that user status has a significant effect on just two factors, industry attitude and altruism. These

<table>
<thead>
<tr>
<th>Hypothesized path</th>
<th>Tobacco Estimate (T-value)</th>
<th>Alcohol Estimate (T-value)</th>
<th>User Estimate (T-value)</th>
<th>Non-user Estimate (T-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI → CBCC</td>
<td>-.09 (-.86)</td>
<td>-.23 (-1.88)*</td>
<td>-.27 (-2.50)**</td>
<td>-.13 (-1.05)</td>
</tr>
<tr>
<td>AI → AM</td>
<td>.62 (5.92)**</td>
<td>.30 (2.48)**</td>
<td>.54 (5.00)**</td>
<td>.63 (5.58)**</td>
</tr>
<tr>
<td>CBCC → AM</td>
<td>-.34 (-3.35)**</td>
<td>-.27 (-2.14)**</td>
<td>-.25 (-2.37)**</td>
<td>-.32 (-2.91)**</td>
</tr>
<tr>
<td>AM → CC</td>
<td>.57 (4.36)**</td>
<td>.52 (4.02)**</td>
<td>.64 (5.14)**</td>
<td>.53 (3.76)**</td>
</tr>
<tr>
<td>CBCC → CC</td>
<td>.01 (.08)</td>
<td>-.10 (-.89)</td>
<td>-.11 (-1.10)</td>
<td>.02 (0.19)</td>
</tr>
<tr>
<td>CC → AC</td>
<td>.36 (3.43)**</td>
<td>.53 (4.34)**</td>
<td>.58 (5.57)**</td>
<td>.34 (2.97)**</td>
</tr>
<tr>
<td>χ² (df)</td>
<td>349.729(199)</td>
<td>293.336(199)</td>
<td>343.339(199)</td>
<td>274.680(199)</td>
</tr>
<tr>
<td>CFI</td>
<td>.924</td>
<td>.926</td>
<td>.924</td>
<td>.954</td>
</tr>
<tr>
<td>TLI</td>
<td>.911</td>
<td>.914</td>
<td>.912</td>
<td>.946</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.088</td>
<td>.072</td>
<td>.082</td>
<td>.068</td>
</tr>
</tbody>
</table>

AI: attitude toward the industry; CBCC: congruence between company and cause; AM: altruistic motives; CC: company credibility; AI: attitude toward the company

***p<.001, **p<.01, *p<.05
results prove that users perceive a more positive attitude toward the industry than non-users. In addition, users had stronger attributions of altruistic motive for the company than non-users. However, both users and non-users were viewed lower than the midpoint, so we can infer that both groups have a negative attitude toward the industry and a lower perception of altruism for stigmatized products.

Second, the AMOS results suggest that attitude toward the industry is a crucial factor for understanding consumer response to CRM programs. The main findings of this research show that attitude toward the industry leads to a lower congruence and altruistic motives. Namely, consumers who have a high level of attitude toward the industry perceive the CRM programs to be more altruistic and have a lower fit between cause and company.

The results of this study are supported by Friestad and Wright (1994)’s Persuasion Knowledge Model which explains how consumers use their previous knowledge of the industry to perceive the congruency and evaluation of CRM program. That is, this model is postulated that consumers’ preexisting knowledge and attitudes of the industry play a significant role in congruence perception and consumers’ attributions of companies’ motives. This study also has implications for the enlargement of applications of the Persuasion Knowledge Model in the area of CRM.

However, the findings show that congruence between cause and company does not have an influence on company credibility. CRM in stigmatized products deteriorates company credibility regardless of perceived congruence. Moreover, consumers who believe the company’s motivation is true and sincere perceive the company as being credible and favorable.

This study suggests that consumers who have a positive attitude toward the industry perceive CRM programs to be more altruistic and socially responsible, consequently they perceive the company positively and as being credible. These results show the important role of attitude toward the industry. Striving to create a positive reputation and favorable image is much more salient in stigmatized industries than in non-stigmatized industries. It is confirmed that perceived altruistic motives are a very important mediating variable between the attitude toward the industry and company credibility.

This study provides some initial insight that attitude toward the industry is the key variable for inferring altruistic motives. For example, Phillip Morris company has changed their corporate name to The Altria group because of stigma so that they can improve their corporate image (Smith & Malone, 2003). It is possible that consumers have a positive attitude toward the company for the benefit of sustainability. Therefore, it is important to create a positive industry and company image to improve their bad reputation through socially responsible programs not necessarily connected to improving profits.

The results provide insight on sponsorship for manufacturers of stigmatized products and shows that they need to make a greater effort to generate altruistic perceptions and consumer assessment about sponsor motives. That is, stigmatized companies should conduct social marketing campaigns in which they sincerely show caring for their customers instead of pursuing them as a form of insurance to change their negative image and improve their profit.

Third, this study also finds that the level of stigmatization of an industry is viewed differently in consumer perception and attitude in both ANOVA and AMOS. That is, the tobacco company generated a slightly more negative attitude and perception than the alcohol company did. It is possible that consumers perceived their attitudes toward the tobacco industry as a societal point of view rather than for self. Another explanation is that tobacco has received a great deal of negative publicity through mass media and cultural acceptance of smoking is decreasing in the U.S. (Sly et al., 2000).

According to Miller (2008), about 45% of people who smoke get addicted while around 15% of those who drink alcohol develop an addiction. It is demonstrated that tobacco is more stigmatized than alcohol because tobacco has a high level of stigma attached to the consumer. However, alcohol still causes a lot of damage in people’s lives even though it is less addictive and harmful than smoking (Barlow, 2015). For this reason, both the tobacco and alcohol companies may not be able to derive benefits from CRM campaigns. To make their CRM communication effective the industry needs to do more responsible, sincere and moral based campaigns without beneficial salience cause in the planning and development of their CRM programs.

Lastly, in today’s fast-changing global marketplace, business ethics and socially responsible behavior are very important in business. Most of all, stigmatized industries and marketing managers should be responsible and ethical
to consumers and to society to minimize harmful effects by using their CRM programs properly. Especially for adolescents, smoking and drinking major social problems (Dryfoos, 1990) and CRM programs of stigmatized products may influence an adolescent’s perception regarding the desirability of drinking alcohol or smoking cigarettes. Thus, CRM campaigns should be designed to be socially responsible to reduce the rate of use of stigmatized products and should be carefully planned to prevent teens and young adults from abusing tobacco and alcohol.

There are some limitations and some important opportunities that need further research. First, this study used a fictitious company. A pretest could not be done to measure attitude change as participants are unlikely to have any fictitious company attitude. It also might reduce the external validity, so it is suggested that real companies and their cause should be used and then the differences of consumer response to CRM programs between the fictitious company and the real company should be compared in further research. Second, the sample consists of consumers only from the United States. Consumers from different cultures are likely to respond differently to CRM programs by stigmatized products, but cross-cultural differences in consumer response to CRM programs in the domain of stigmatized products have rarely been investigated. It is suggested that for further research the sample size should be increased and cross-cultural differences among the variables examined.

References


Appendix 1. Scenario

Product Category and Stigma Related Cause

Golden Eagle Tobacco Company is proud to announce its support toward Nicotine Anonymous.

Recognizing that cigarettes though made especially for adults can have serious addictive effects for young people and children, Golden Eagle Tobacco Company has decided to budget 1% of its annual net profit towards the cause of youth smoking prevention by offering dollar grant to Nicotine Anonymous.

Other Product Category: Golden Eagle Breweries and Alcoholics Anonymous

Product Category and Stigma Unrelated Cause

Golden Eagle Tobacco Company is proud to announce its support toward UCAN (United Communities AIDS Network).

Recognizing that AIDS is one of the leading causes of death in the nation, Golden Tobacco Eagle Company has decided to budget 1% of its annual profits towards the cause of AIDS prevention by offering dollar grant to UCAN.

Similar for other product category, Tobacco Company will be replaced by the word breweries.