The Effectiveness of CRM in Sport in Changing Consumer Responses

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Positive consumer responses are vital for success in business (Crosby, Evans, & Cowles, 1990; Dorsch, Swanson, & Kelley, 1998; Wulf, Odekerken-Schroder, & Lacobucci, 2001). However, because of various challenges in the current business environment, firms are engaged in activities that deteriorate positive consumer responses (Lee & Kang, 2010; White, Bandura, & Bero, 2009). These activities range from a simple product failure to corporate transgressions. Some of the major areas that can be significantly influenced by negative consumer responses are: consumer attitudes (Ingram, Skinner, & Tayler, 2005; Babin, Boles, & Griffen, 1999), consumer commitment (Folkes & Kamins, 1999; Creyer & Ross, 1997), consumer satisfaction (Blocker, 2012), brand equity and loyalty (Lindenmeier, Schleer, & Pricl, 2011), brand image and reputation (Bailey & Bonifield, 2010), and sales and market share (Aaker, 2012). The research found that once the consumers’ responses are set, they are very hard to change (Cooper, 2013; Mohr & Webb, 2005).

In an effort to recuperate positive responses from consumers, firms have used a variety of recovery strategies such as advertisements, promotional giveaways, discounts, and extended warranties (Beverland, Chung, & Kates, 2009). However, these recovery strategies are short-term marketing activities and found to only have temporary effects. The recovery strategy should focus on rebuilding long-term relationships with consumers in order to promote positive responses (Beverland, Chung, & Kates, 2009). Among various relationship marketing activities, cause-related marketing (CRM) has been an effective marketing strategy in building long-term relationships with consumers because it demonstrates a firm’s sincere commitment to social responsibility (Ailawadi & Keller, 2004; Gupta & Pirsch, 2006; Hoeffler & Keller, 2002; Kotler & Keller, 2006; Lichtenstein, Drumwright & Braig, 2004; Nan & Heo, 2007). CRM refers to “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).

Despite research found that CRM provides various benefits to firms, to our best knowledge, there is a dearth of empirical study on the effectiveness of CRM in sport (sponsoring charity sporting events) as a recovery strategy. The purpose of this study was to investigate the effectiveness of CRM in sport in changing consumers’ negative psychological (perceptions) and behavioral (purchase intentions) responses to positive responses. Specifically, this study was designed to examine the following research questions: (1) Do the levels (high and low) and types (time and financial) of CRM commitments in sport influence changing consumers’ psychological and behavioral responses? (2) Do fit conditions (good and poor) between a firm and a cause influence changing consumers’ responses? (3) Which combination of the commitment type, level, and fit will produce the best results in changing consumer responses? Answers to these questions will allow firms to develop more effective strategies for a CRM campaign in sport.

A total sample of 181 college students participated in this experimental study. The participants were randomly assigned to one of eight between-subjects treatment conditions: 2 types (time v. financial commitment) X 2 levels (high v. low commitment) X 2 fit conditions (good v. poor). Each participant read two short scenarios about a firm’s (Brand X or Y) activity, that creates negative consumer responses, and its commitment to a CRM campaign in sport. For the charity sporting event, the Special Olympics were chosen because it is a well-liked and familiar event. In order to measure the impact of the fit between the firm and the event, a fictitious sporting goods company, Brand X, (a good fit condition) and a detergent company, Brand Y, (a poor fit condition) were chosen. The manipulation of the levels (high v. low) of CRM commitment and the fit conditions (good v. poor) was checked through a series of t-tests.

A 7-point Likert scale, ranges from 1 (strongly disagree) to 7 (strongly agree), was used to measure consumers’
perceptions of the brand (psychological responses) and purchase intentions (behavioral responses). Prior to conducting the main study, the authors measured the validity and reliability of the instrument. The results of CFA, using LISREL 8, supported the reliability and validity of all measures. Specifically, the composite reliabilities (Cronbach’s α) of the two constructs (perceptions and purchase intentions) were .78 and .82 respectively. In addition, the average variance extracted (AVE) of the perceptions (.615) and the purchase intentions (.623) exceeded the threshold .5 (Fornell & Larcker, 1981) and greater than the squared correlation (.454) between two constructs. Hence, the discriminant validity was also supported. For the convergent validity, all estimated loadings of indicators for the underlying constructs were significant (the smallest t-value = 5.24, p < .05). Specifically, all Lambda score (λ) of factor loadings (.72, .74, and .88 for consumer perceptions, .75, .88, and .73 for purchase intentions) exceeded .5. The CFA goodness-of-fit statistics showed an adequate overall fit with χ² = 131.57, p < .01), and the comparative fit index (CFI) = .91, goodness-of-fit index (GFI) = .89, and root mean square error of approximation (RMSEA) = .071.

The results of stepwise paired sample t-tests revealed that the long-term commitment to CRM in sport significantly improved respondents’ perceptions (M = 2.26, SD = 0.77 (before the commitment), M = 4.76, SD = 1.32 (after the commitment)) (t = 13.279, p < .001) and purchase intentions (from M = 2.29 to M = 4.86) (t = 10.667, p < .001). However, the short-term commitment did not significantly improve respondents’ perceptions (from M = 2.26 to M = 3.32) and purchase intentions (from M = 2.28 to M = 3.21). Furthermore, the results of ANOVA showed that the long-term commitment to CRM in sport has a significantly greater influence on respondents’ perceptions (F (1, 180) = 18.854, p < .001) and purchase intentions (F (1, 180) = 26.854, p < .001) responses. The results also showed that neither high nor low financial commitment did not significantly improve consumers’ perceptions and purchase intentions. In addition, the results of ANOVA indicated that the respondents’ perceptions and purchase intentions did not significantly differ on the level of firm’s financial commitment. In terms of the influence of fit conditions, stepwise paired sample t-tests indicated that the fit conditions (good v. poor) between the firm and the cause did not significantly change respondents’ psychological and behavioral responses before and after the commitment to CRM in sport. Furthermore, the result of ANOVA showed that the fit conditions did not significantly influence on consumers’ perceptions and purchase intentions. The results of interaction between levels, types, and fit conditions revealed that the combination between long-term, high financial commitment, and good fit conditions had the most significant influence on consumer perception and purchase intention changes.

Marketing managers can utilize the findings of this study to maximize the impact of their CRM programs in sport in order to change consumer responses. First and most importantly, firms should demonstrate a sincere commitment to CRM campaigns by engaging in a long-term commitment to CRM campaigns. Consumers will not respond to a short-term commitment. Furthermore, financial support without a long-term commitment does not help firms achieve consumer response changes. In addition, although the fit between a firm and a cause is often considered as an important element to elicit consumers’ responses, the effect of fit will not be undertaken if a firm does not demonstrate sincere commitment.