The Role of Brand Credibility in the Relationship between Cause Related Marketing and Customer Loyalty

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Abstract

Consider that Shell donates 1 percent of their fuel sales to Pink Ribbon. Would you believe that Shell truly wants to help Pink Ribbon? Why would Shell donate money for research in breast cancer? Don’t you think that they just want to generate extra sales? Would it be possible that Shell wants to attract more women at the petrol stations of Shell? Why did Shell choose Pink Ribbon as donation partner? These questions show that firms should be aware of the effects concerning the choice of a social cause. Firms should not consider the success of a CRM campaign as a given fact.

Recently, more and more companies and brands engage in cause related marketing campaigns. On the other hand, customer loyalty has received much focus over time and seems to be even more important in the current financial crisis. This paper should make managers aware that the two marketing concepts should not be seen separately, since the first can affect the latter via brand credibility.

In order to build brand credibility via CRM campaign it is important what the perceived motivations of the brand are. Do people believe that the brand truly wants to help the cause? Or do people believe that the brand wants to generate extra sales via the CRM campaign? Perceived egoistic motives of the brand lead to less brand credibility. In contrast, perceived altruistic motives lead to more brand credibility. Next to that, it is important if the firm and the cause are congruent in image or in functionality. Managers should focus on both aspects in order to build brand credibility through a CRM campaign on.

In turn, brand credibility significantly influences the affective antecedents of customer loyalty. The role of satisfaction as an affective antecedent is especially important. Customers are satisfied if they believe that a brand is delivering on its promises (trustworthiness). In case the conative and affective antecedents are favorable for the brand, it leads to more customer loyalty in a behavioral (repeat purchase) and in an attitudinal (relative attitude) way.
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Chapter 1: Introduction

1.1 Problem Background

Over the years cause related marketing has been identified as a form of promotion growing in popularity (Samu and Wymer 2009). Varadarajan and Menon (1988, p.160) consider cause related marketing 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”. Revenue-providing exchanges in this sense should be interpreted as a customer buying a product/service at a firm. Because customers pay for their product/service, it is a revenue-producing transaction for the firm. Cause related marketing is in place if the firm finally donates a specific amount or percentage of money to a cause dependent on the quantity of purchases done by customers. CRM\(^1\) is a way to differentiate from competitors and to add value to the brand (Davison 1997). Additionally, consumers generally tend to respond positive towards companies engaging in cause related marketing (Webb and Mohr 1998).

A new view in marketing over the last years is the transition of transaction marketing methods to relationship marketing. Transaction marketing means that companies have a focus on attracting new customers instead of retaining the existing ones. Nowadays, more companies consider relationship marketing of vital importance (Kotler and Armstrong 2008). Relationship marketing emphasizes retaining and growing customers, since relationships with customers do pay off in the end. Loyal customers do not have the motivation to search for other products/services anymore, switching behaviour of customers will decrease and customers are more likely to engage in positive word-of-mouth communication (Dick and Basu 1994).

This paper will combine both aspects described above: CRM and the focus on customer loyalty. Little is known about how CRM can influence customer loyalty. Since there is more and more focus on both CRM and customer loyalty, it is interesting to create an understanding how those two variables are linked to each other. Brand credibility will play a crucial role in this thesis, as it will link the concepts of CRM and customer loyalty.

In the literature brand credibility has been investigated in relation with CRM (Lafferty 2007). On the other hand, research has been done to figure out how brand credibility influences customer loyalty (Sweeney and Swait 2008). In conclusion, this thesis will

\(^1\) From now on CRM is used as an abbreviation of cause related marketing.
investigate the role of brand credibility in the relationship between CRM and customer loyalty.

1.2 Problem Statement

The problem statement of this thesis is:

What is the role of **brand credibility** in the relationship between **cause related marketing** and **customer loyalty**?

1.3 Research Questions

In order to investigate the problem statement several research questions need to be extracted. All the research questions together should lead to the general conclusion of this thesis, namely how brand credibility can influence the relationship between CRM and customer loyalty. The research questions are constructed in such a way they firstly stress the broad concepts of CRM, customer loyalty and brand credibility. After having explained the basic concepts it is time to dig in the relationships between CRM, customer loyalty and brand credibility.

The conceptual model of the problem statement stated above is visually presented in figure 1.1.

*Figure 1.1: Conceptual model*

The following research questions are constructed to finally answer the question how brand credibility links the concepts of CRM and customer loyalty:

1. What is cause related marketing?
2. What is customer loyalty?
3. What is brand credibility?
4. How does cause related marketing influence brand credibility?
5. How does brand credibility influence customer loyalty?
1.4 Academic Relevance

Extensive research is conducted on the topics of CRM and customer loyalty. Both concepts are investigated in relation to brand credibility. However, there exists no academic literature linking CRM and customer loyalty. In the literature brand credibility has been investigated in relation to CRM (Lafferty 2007; Bigne, Curras and Sanchez 2009). On the other hand, research has been done to figure out how brand credibility influences customer loyalty (Sweeney and Swait 2008). Theoretically, it is interesting to enlarge the scope of the two papers and to put the role of brand credibility in a bigger perspective.

1.5 Managerial Relevance

The relevance of this paper from a managerial perspective is based on the crucial importance to maintain and build relationship with loyal customers. Acquiring new customers costs far more than developing a broader and deeper relationship with customers (Sweeney and Swait 2008). Loyal customers do not have the motivation to search for other products/services anymore, switching behavior of customers will decrease and customers are more likely to engage in positive word-of-mouth communication (Dick and Basu 1994).

It is important for marketing managers to be aware of customer loyalty because of the mentioned reasons above, but there is no common ground on the relationship between CRM strategies and customer loyalty. Since CRM is used more extensively over the last years, firms should consider how they set up their CRM strategies and whether the strategy fits within the corporate marketing objectives.

This paper should avoid that managers are on the one hand executing CRM strategies without knowing the effects on customer loyalty and on the other hand trying to build a loyalty relationship with the customer. For managers it is important to look beyond the scope of the direct effects of a CRM campaign, since it can significantly influence indirectly other marketing principles as well. As a consequence, one indirect effect of CRM will be investigated in this thesis, namely customer loyalty. This avoids that managers only look to variables which are directly affected by CRM strategies.

1.6 Structure of the Thesis

The conceptual model resulted in the constructed research questions. In the second chapter the focus is on CRM and why firms use this marketing strategy. The third chapter stresses customer loyalty itself and what the antecedents and the effects of customer loyalty are. Brand credibility is explained in chapter four and chapter five deals with the influence of CRM on
brand credibility. The sixth chapter examines how brand credibility specifically affects customer loyalty. Lastly, the seventh chapter gives a conclusion about the role of brand credibility in the relationship between CRM and customer loyalty. Limitations and recommendations for further research and managerial implications are given in this chapter as well.
Chapter 2: What is cause related marketing?

2.1 Definition of cause related marketing
First of all, the term CRM will be defined in this subchapter. Varadarajan and Menon (1988, p. 60) classify 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 that satisfy organizational and individual objectives”. Revenue-providing exchanges in this sense should be interpreted as a customer buying a product/service at a firm. Because customers pay for their product/service, it is a revenue-producing transaction for the firm. CRM is in place if the firm finally donates a specific amount or percentage of money to a cause dependent on the quantity of purchases done by customers. Yet, CRM should not be seen as a form of sales promotion, corporate philanthropy, corporate sponsorship and public relations; it is often a mix of those activities. (Varadarajan and Menon 1988).

One real life marketing strategy of American Express is explained to give an answer on the question whether American Express engaged in customer related marketing. In 1983, American Express donated one penny for each use of the American Express card to the Statue of Liberty Restoration Project. Finally, 1,7 million dollar was raised in order to restore the Statue of Liberty. The use of the American Express Card by customers is a revenue-providing exchange for the firm. Next to that, the specified amount for the designated cause was one penny at each use of the card. Thus, all the constructs of the definition of CRM (Varadarajan and Menon 1988) are clearly present in the marketing campaign of American Express.

2.2 Objectives
As described in previous sections businesses are increasingly linking their brand with causes. To explain the growing use of CRM strategies, the objectives for firms to engage in CRM are explained. Varadarajan and Menon (1988) create a distinction between firm-related and cause-related objectives. In figure 2.1 an overview of the most important objectives are given. They will all be explained in the sections below.

2.3 Firm related objectives

CRM can be used to meet a broad range of corporate objectives (Varadarajan and Menon 1988). As stated by them the two major corporate objectives to engage in CRM are ‘enhancing corporate and/or brand image’ and ‘increasing sales and/or profit’.

2.3.1 Enhancing corporate and/or brand image

CRM strategies are implemented to enhance corporate and/or brand image. Research has investigated that all respondents have more favorable attitudes towards both the firm and the cause if a CRM strategy is implemented. However, the attitude towards both the firm and the cause are more favorable in case of a ‘local’ cause instead of a ‘national’ cause. Another interesting finding is the fact that women are more favorable towards both the firm and the cause than men (Ross, Patterson and Stutts 1992). Thus, CRM can help to enhance corporate and/or brand image.
2.3.2 Increasing sales and/or profit
Another corporate motive to deploy CRM is the focus on increasing sales and profit. One example shows how successful cause marketing strategies can be in the objective of generating extra sales and/or profit. CVC Corporation, a US pharmacy service provider, made a donation of $0.25 at each purchase of $35 dollar. Although the collected money was given to UNICEF, CVC Corporation increased his sales with a percentage of 11% (Barone, Norman and Miyazaki 2007). Obviously, this was a win-win situation for CVC Corporation, since on the one hand they increased their sales significantly. On the other hand, customers have the feeling that the company acts corporate socially responsible. Not surprisingly, not many companies showed how successful their CRM campaigns were in terms of extra sales and profit. Mostly, only the amount of donated money is communicated to the customer. It could be questioned if customers still think that companies behave corporate socially responsible if they know about the extra generated sales and profits.

2.4 Cause-related objectives
The two most important cause-related objectives are ‘generating funds for the cause by stimulating revenue-producing exchange transactions’ and ‘promoting direct contributions by the general public to the cause’ (Varadarajan and Menon 1988).

2.4.1 Generating funds
From a cause perspective, the most important objective is to generate funds for itself. The causes’ goal should be to maximize the donations to the cause in a CRM strategy. For example, IKEA raised $ 2.2 million for UNICEF by donating $2, £2 or €2 from the sale of a BRUM teddy bear. From the cause perspective, in this case UNICEF, extra funds were generated due to a successful CRM campaign³.

2.4.2 Promoting direct contributions
Generating greater awareness of the cause, its mission and the activities is another cause-related objective. If a cause engages in a CRM campaign, it is likely that consumers are more familiar with both the cause and the brand. Moreover, consumers are more attracted to the cause/brand due to repeating advertising messages (Zajonc 1968). By creating awareness the cause hopes to increase direct contributions to the cause. Causes generate great awareness due

³ Unicef: http://www.unicef.org/corporate_partners/index_42735.html
to CRM strategies and it is questionable if they would reach the same degree of awareness with their own marketing budget.

2.5 Summary
Firstly, this chapter explained the definition of CRM and elaborated on the firms’ objectives for engaging in CRM, namely enhancing corporate/brand image and generating sales/profits. The causes’ objectives, generating funds and promoting direct contributions, were explained afterwards.
Chapter 3: What is customer loyalty?

In this chapter customer loyalty is investigated. Furthermore, the antecedents of customer loyalty are examined and the consequences of customer loyalty are finally explained.

3.1 What is customer loyalty?

Definitions of customer loyalty vary mostly between definitions based on repeated purchase and definitions considering the characteristics of an individual’s attitude (Buttle 2009). Dick and Basu (1994) combine the two aspects and state that both a high relative attitude and repeat patronage are required for loyalty. The definition of Oliver (1999, p.392 ) of customer loyalty is based on repeat purchase and the individual attitude: “A deeply held commitment to rebuy or repatronize a preferred service/product consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.” Repeated purchases are in this definition described as rebuying or repatronizing a service/product. The attitudinal aspect lies in ‘deeply held commitment’. This thesis takes the framework of Dick and Basu (1994) as an indicator of customer loyalty, since it considers both attitudinal and behavioral aspects.

Loyalty is shown towards different entities, like brands, services, stores and vendors (Dick and Basu 1994). This chapter focuses on loyalty towards the brand. In this framework the link between the relative attitude toward a brand and patronage behavior is important. A relative attitude of an individual is based on attitude strength and attitudinal differentiation (figure 3.1). Both the attitude towards alternative brands and the attitude towards the brand itself are considered in a relative attitude (O’Malley 1998).

![Figure 3.1: Components of a relative attitude (Dick and Basu 1994)](image)

The attitude strength indicates how strong the attitude towards the brand is. Consumers having a strong attitude towards Coca Cola do not automatically have a positive
attitude towards the brand. It can also mean that these consumers have a strong negative attitude towards Coca Cola.

Besides that, attitudinal differentiation means that consumers have different attitudes towards competing brands (Dick and Basu 1994). Consumers having a high positive attitude towards Coca Cola and a very negative attitude towards Pepsi Cola and other coke brands, have a high degree of attitudinal differentiation.

Subsequently, figure 3.1 shows that attitudinal differentiation and a strong attitude leads to the highest relative attitude. This means that people having the highest relative attitude have a strong attitude (either positive or negative) towards brand A. In addition, their attitude towards alternatives of brand A is clearly different, which results in attitudinal differentiation.

The second determinant of loyalty is repeat patronage. A high degree of repeat patronage means that consumers purchase certain services/products consistently in the future (Oliver 1999). For instance, consumers who always buy Coca Cola have a high degree repeat patronage. Repeat patronage is characterized as behavioral loyalty (Buttle 2009). To determine if customers show behavioral loyalty, the recency of purchases (how long ago), the frequency of purchases (how often) and the monetary value of purchases (how much) should all be high (Buttle 2009).

A combination of high repeat patronage and a high relative attitude leads to loyalty (Figure 3.2). As was stated earlier, consumers are loyal both based on an attitudinal aspect (relative attitude) and on a behavioral aspect (repeat purchase). Conversely, low repeat patronage and a low relative attitude results in no loyalty.

<table>
<thead>
<tr>
<th>Repeat Patronage</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Loyalty</td>
</tr>
<tr>
<td>Low</td>
<td>Spurious Loyalty</td>
</tr>
</tbody>
</table>

*Figure 3.2: Components of loyalty (Dick and Basu 1994)*

Consumers in the box of latent loyalty show low repeat patronage and a high relative attitude towards the entity (Figure 3.2). This combination can be explained for instance by
inconvenient store-locations or out-of-stock products (O’Malley 1998). For instance, consumers can have a high relative attitude towards Coca Cola, but they never buy Coca Cola since it is not available in the near supermarkets. Although the relative attitude is present, Coca Cola will not be bought repeatedly and thus consumers are categorized as having latent loyalty.

Oppositely, spurious loyalty is characterized by a high degree of repeat patronage and a low relative attitude. Consumers in this category may act in accordance with inertia or high switching costs (Buttle 2009). Inertia means that consumers do not have the motivation to look for competing brands and they make decisions out of habits (Kotler and Armstrong 2008). If people perceive high switching costs, their only reason to not switch is based on high costs. Their behavior (repeat patronage) has nothing to do with attitudinal aspects.

3.2 What are the antecedents of a loyalty relationship?
In subchapter 3.1 it is explained that relative attitude and repeat patronage are two dimensions of loyalty. The antecedents of loyalty will be explained in order to understand and manage customer loyalty. Only the affective and conative antecedents are considered in this thesis, since these are the most relevant in a customer-based context. (Gustafsson, Johnson and Roos 2005; Sweeney and Swait 2008).

3.2.2 Affective antecedents
Firstly, affect refers to how a consumer feels about an object (Kotler and Armstrong 2008). In other words, affect can be used to generally describe feeling states of a consumer (Cohen and Areni 1991). According to the framework, the following affective antecedents on customer loyalty are respectively explained: emotions, moods, primary affect and satisfaction. All antecedents are in a positive relationship with loyalty, provided that the antecedents are favorable for the entity.

Emotions arise if a mental state of readiness comes up when individuals evaluate certain events or thoughts (Bagozzi, Gopinath and Nyer 1999). These cognitive appraisals are often expressed in body language and evoke certain gestures, postures and facial features (Lazarus 1982). As a result, emotions can lead to intense focus on specific targets, while ongoing behavior is disrupted (Mandler 1976).

Moods do disrupt ongoing behavior to a lesser extent than emotions. Adding to that, moods are lower in intensity than emotions as well (Clark and Isen 1982). Although moods are less intense, they tend to last longer than emotions, varying from a few hours to days.
(Bagozzi et al. 1999). The difference in moods and emotions lies in the fact if they are intentional or not. Emotions refer to an object and are thus intentional. Someone can be scared of something, can be angry on someone or can love something. In contrast, moods are non-intentional in general since a mood is not related to a specific thing (Frijda 1993).

Primary affect also works as an antecedent for loyalty. Primary affect lead to primary responses to an object without any cognitive evaluation (Zajonc 1980). Direct sensory experiences (taste, smell, hearing) can influence the strength of the primary affect (Smith and Swinyard 1983).

Customer satisfaction matches the expectation and the perceived performance of the purchase. The customer´s response to the brand is satisfied if the two are matched (Bitner 1990). Satisfaction is also considered to be an antecedent to customer loyalty (Dick and Basu 1994).

3.2.3 Conative antecedents

Conation refers to the consumer´s behavioral intentions towards the brand/company. (Oliver 1999). Three conative antecedents to loyalty are investigated, namely switching costs, sunk costs and expectations.

Consumers facing costs to switch from one to another supplier have switching costs (Porter 1980). Firms use switching costs as a common strategy to build loyalty. For instance, customers paying an exit fee in order to switch to another supplier are more likely to engage in repeated purchases at the current supplier (Dick and Basu 1994).

Sunk costs also act as an antecedent on customer loyalty. Individuals face sunk costs when the costs are already incurred and cannot be recovered anymore (Arkes and Blumer 1985). Arkes and Blumer (1985) found out that consumers who pay more for a season subscription at a theatre attended more plays over the year in comparison with the group who paid less for their season subscription. People who bought the expensive season subscription feel an urge to go the theatre. Otherwise, they irrationally feel that the money spent is a waste. This study shows the effect on customer loyalty, since the first group has higher repeat patronage than the second group.

Another conative antecedent of loyalty is future expectation. The choice to either postpone, repurchase or even increase repurchase the current product is dependent of expectations concerning product availability. As an example, consumers buy more Coke when they know that the product will be removed from the market in the future (Dick and Basu 1994).
3.2.4 Effects antecedents on loyalty

If the affective and conative antecedents are consistently favorable for a brand, an increase in the degree of differentiation in its relative attitude is expected (Dick and Basu 1994). This refers to the circle in figure 3.4 which shows that a high degree of attitudinal differentiation results in either ‘highest relative attitude’ or ‘high relative attitude’, depending on the attitudinal strength. As explained in 3.1 the two components to determine customer loyalty are relative attitude and repeat patronage. Favorable affective and conative antecedents should be the goal for brand managers in order to manage customer loyalty.

![Figure 3.4 Components of a relative attitude (Dick and Basu 1994)](image)

3.3 What are the consequences of customer loyalty?

It is important to summarize the consequences of customer loyalty, since managers need to know what the firms’ benefits of customer loyalty are.

3.3.1 Search Motivation

Consumers showing loyal behavior do have less motivation to search for alternatives than non-loyal consumers would have (Dick and Basu 1994). Not being motivated to search for other options might be caused by high non-monetary costs of switching as well. Lost time, lost money and psychical and or psychological inconveniences are causes of consumers not motivated to search for alternatives (Ratchford 1980).

3.3.2 Resistance to counter persuasion

Individuals who are loyal to specific brands show enhanced resistance to counter persuasion (Dick and Basu 1994). A study in comparative advertising shows this effect. A group of consumers got to see a comparative television ad for a new brand (brand B), while they preferred the established brand. After watching the ad of brand B, the attitudes towards the established brand enhanced (Belch 1981).
3.3.3. Word-of-mouth
Word of mouth is the informal advice customers give to each and it lacks in commercial bias. It has been examined that satisfaction/dissatisfaction is the most important antecedent in word of mouth behavior (Oliver 1980). To come back to the framework previously described in this chapter, satisfaction is one affective antecedent of the loyalty relationship.

3.4 Summary
In this chapter a framework for loyalty is explained. Both a high relative attitude and repeat purchase are important to establish loyalty. In addition, the cognitive and affective antecedents of customer loyalty are pointed out. Finally, search motivation, resistance to counter persuasion and word of mouth communications are described as consequences of loyalty.
Chapter 4: What is brand credibility?

Brand credibility links CRM and customer loyalty in this thesis. After having investigated both concepts in chapter two and three, this chapter focuses on brand credibility.

4.1 What is brand credibility?

Hovland, Janis and Kelley (1953) proposed the most influential conceptualization of credibility (Erdem and Swait 2004). They suggest that source credibility constitutes of the two components source expertise and trustworthiness. This model has been used to narrow source credibility to brand credibility (Aaker and Brown 1972). Brand credibility is defined as the believability of a brand’ intentions at a particular time (Erdem and Swait 2004). Combining the credibility framework of Hovland et al. (1953) and the definition above, brand credibility refers to “the believability of the product information contained in a brand, which requires that consumers perceive that the brand has the ability (i.e. expertise) and willingness (i.e. trustworthiness) to continuously deliver what has been promised (Erdem and Swait 2004, p. 192). This definition is visually presented in figure 4.1.

![Brand Credibility Components](image)

*Figure 4.1 Components of brand credibility*

More specifically, brand credibility can also be explained in a CRM context. It determines whether consumers perceive that the brand expresses sincerity and goodwill, also considered as trustworthiness. Next to that, the skills and experience necessary to associate to the specified social cause (i.e. expertise) is important in determining the brand credibility in a CRM context (Bigne et al. 2009).

Furthermore, a brand represents the past and present marketing mix strategy and brand investments of a firm (Klein and Leffler 1981). That is the reason why brand credibility is the sum of the credibility of all individual marketing actions from the past taken by the brand (Erdem, Swait and Louviere 2002).
4.2 Consistency
Brand credibility depends on consistency in marketing mix strategies. It assesses each individual marketing mix component in relation to the whole marketing mix (Erdem and Swait 1998). Stated differently, consistency is a matter of harmony and convergence among the marketing mix elements (Erdem and Swait 2004). Price, promotion, place, product should all be consistent with each others. A discounter, like Aldi, selling very expensive truffles shows an inconsistency in marketing mix elements.

Consistency may be relevant to different marketing mix signals. Expensive retailers and exquisite packaging are for instance two marketing mix elements which are consistent, since the different elements are in line with each other (Erdem and Swait 1998). Consistency may also pertain to marketing messages over a long time. As an example, Nike has been using the slogan “Just do it” from 1988 onwards and never changed it anymore 4.

In conclusion, higher marketing mix consistency over time results in a higher credibility of the brand, because consumers consider the brand as more likely to be willing and to be able to keep their promises (Erdem and Swait 2004).

4.3 Incentives
A brand has always an incentive to provide truthful product position information. The brand has invested in for instance advertisements, product design and an advertising slogan. These investments need to be earned back with future sales. Therefore, brands have an incentive to provide truthful product position information, because otherwise their investments will be lost if the information is not truthful. So, the concept of brand credibility should be embedded in the marketing strategy for brands focused on future sales (Erdem et al. 2002).

4.4 Summary
This chapter showed that the two components of brand credibility are expertise and trustworthiness. Furthermore, it has been shown that higher marketing mix consistency leads to higher brand credibility. Lastly, the incentive to focus on brand credibility is covered and some other research in the field is presented.

Chapter 5: How does cause related marketing influence brand credibility?

The topic of brand credibility was covered in chapter four. This chapter explains how CRM influences brand credibility. Brand credibility in a CRM context is influenced by cause-brand fit and altruistic contribution (Bigne et al. 2009). Subsequently, the cause-brand fit is distinguished in image fit and functional fit (figure 5.1).

![Figure 5.1 Antecedents of brand credibility in a CRM context](image)

5.1 Cause-brand fit

The similarity and the compatibility of a cause and a brand determines the cause-brand fit (Lafferty, Goldsmith and Hult 2007). Research has proposed that fit between brand and cause may influence the success of CRM (Strahilevitz and Meyers 1998). Greater fit between a cause and a brand can promote positive evaluations towards the brand (Rifon, Choi and Trimble 2004). Furthermore, a high cause-brand has also impact on consumer choice. Pracejus and Olsen (2004) demonstrated that a high-fit CRM campaign had 5 times more impact than low-fit CRM campaign on consumer choice. Respondents were willing to pay 3.02 dollar extra for an entrance ticket of a theme park showing a high-fit with a cause. This was five times extra than respondents would pay for an entrance ticket of a theme park with a low-fit with a cause.

In contrast, there are also some studies who maintain that moderate fit-levels are able to increase the effectiveness of a CRM campaign (Lafferty 2007; Barone et al. 2007). These findings depend on the way fit is operationalized in the experiments (Bigne et al. 2009). Fit can be studied in terms of functional fit and image fit.
5.1.1 Functional fit

Functional fit compares the characteristics and functions of the product category associated with the brand and the type of cause it is associated with (Bigne et al. 2009). An example of functional fit is the relationship between the product categories cancer research and fiber cereal (Lafferty et al. 2004). Medical research showed that some forms of cancer can be prevented by eating fiber. Therefore, it is logical that a cause-brand alliance between the two product categories exist.

5.1.2 Image fit

Image fit in turn refers to the degree to which the brand and the cause are similar in image and positioning characteristics (Bigne et al. 2009). The brand image of Bodyshop and the image of World Wildlife Fund have nature and sustainability as common factors. Thus, the brand-alliance of Bodyshop and World Wildlife Fund is logical in terms of congruence of image.

5.1.3 Relationship between cause-brand fit and brand credibility

As the perceived fit between the cause and the brand increases, consumers generally perceive the brand as having more skills and expertise when it comes to associating with the brand (Becker-Olsen 2006). In addition, the generation of egoistic judgments is constrained if a greater cause-brand fit is perceived (Rifon et al. 2004). The perceived fit by consumers leads to less thoughts that corporations engage in CRM to generate extra sales. Thus, a high cause-brand fit can be used as an indication of brand honesty and sincerity in a CRM context (Becker-Olsen 2006). Recent research showed that cause-brand fit, comprising of both functional and image fit, has a significant positive impact on brand credibility (Bigne et al. 2009).

5.2 Altruistic attribution

Attribution theory says that individuals are looking for an explanation of what is happening, if they do not know everything about an event (Kelley 1973). Individuals who make causal attributions assign an underlying logic to an observed event (Folkes 1988). By doing so, they try to get a better understanding of their lives and environment (Kelley 1973).

In a CRM-context two types of causal attributions to the brand can be distinguished, namely altruistic motives and egoistic motives (Forehand and Grier 2003). Altruistic motives refer to the potential benefits for the cause and, to the contrary, egoistic motives focus on the potential benefits for the brand (Bigne et al. 2009). Research has illustrated that individuals
can attribute mixed motives to the brand, which means that they attribute both altruistic motives and egoistic motives (Ellen, Webb and Mohr 2006). In contrast, other studies demonstrated that individuals either attribute altruistic or egoistic motives in judging the brand (Rifon et al. 2004; Becker-Olsen 2006).

5.2.1 Relationship between altruistic attribution and brand credibility
Consumers evaluating brand credibility in a CRM context seek to know the motives of the brand to engage in a cause-brand alliance (Bigne et al. 2009). Research has shown that more credibility can be generated if consumers attribute altruistic motives to the brand. (Klein and Dawar 2004; Ellen et al. 2006). Consumers believing that the brand truly tries to help the brand results in higher brand credibility. Consumers who attribute egoistic motives to the brand respond worse towards socially responsible practices of the brand, because they have the feeling that they are being manipulated and deceived (Forehand and Grier 2003). In a CRM campaign, consumers perceive the brand as trying to project itself as a socially responsible entity. This attempt to be seen as socially responsible is successful if consumers attribute altruistic motives to the brand. There is evidence that the attribution of altruistic motives is the most powerful antecedent to brand credibility in a CRM context (Bigne et al. 2009).

5.3 The moderating role of altruistic values on the antecedents of brand credibility
In recent research it is investigated what the role of people with altruistic values is on the antecedents of brand credibility (Bigne et al. 2009). People with altruistic values perceive a CRM-message as a threat to self-identity, because they want to ensure that they are not manipulated or deceived (Polonsky and Wood 2001). Stated differently, altruists are more suspicious towards CRM-messages in order to protect the personal identity (Dean 2003; Strahilevitz, 2003). Subsequently, altruistic values have a moderating role on the antecedents of brand credibility (Bigne et al., 2009). People with altruistic values care more about the altruistic motives of the brand to engage in CRM. The relationship between altruistic attributions and brand credibility is strengthened by the moderator altruistic values. However, the influence of cause-brand fit on brand credibility is weaker for altruists than for non-altruists. For non-altruists it is sufficient to trust on cause-brand fit to determine brand credibility, since they are less likely to perceive a CRM campaign as a special threat to their personal identity.
5.4 Summary

Brand credibility in a CRM context is influenced by the altruistic attributions of the customer to the brand and by the perceived cause-brand fit. Whether consumers have altruistic values moderates the antecedents on brand credibility.
Chapter 6: How does brand credibility influence customer loyalty?

This chapter focuses on the relationship between brand credibility and customer loyalty. Brand credibility is explained in chapter 4 and customer loyalty in chapter 3 and the two concepts this chapter put the two concepts in to a perspective.

6.1 Introduction

This chapter examines the role a brand can play on customer loyalty in the relational services industry, specifically focused on retail-banking and telecommunications (Sweeney and Swait 2008; Gustafsson et al. 2005). It is widely accepted that acquiring new customers is far more costly than establishing a deeper and broader relationship with the existing customers (Heskett, Jones, Loveman and Sasser 1994).

This chapter examines the role of brand credibility on two drivers of customer loyalty, which are affective commitment and conative commitment (Sweeney and Swait 2008; Gustafsson et al. 2005). These two are the most relevant in a consumer-based context (Fullerton 2003; Sweeney and Swait 2008).

6.2 Commitment

Marketing literature defines relationship commitment as a desire to maintain the relationship (Morgan and Hunt 1994). Commitment creates a “stickiness” which makes customers loyal to the brand or company. Attitudinal loyalty appears as consumers show higher commitment to the brand (Buttle 2009). Various definitions indicate that the two major dimensions of relationship commitment are affective and conative commitment (Gustafsson et al. 2005). However, different motivations underlie the desire to maintain the relationship in the future (Sweeney and Swait 2008). The affective and conative antecedents on customer loyalty were explained more extensively in chapter three.

6.2.1 Affective commitment

Affective commitment is associated with the positive emotional commitment to the relationship partner (Verhoef, Franses and Hoekstra 2002). It is also characterized as an emotional factor which is based on the personal involvement of the customer to the brand or company (Garbarino and Johnson 1999).

The bridge between brand credibility and affective commitment is built through satisfaction (Erdem and Swait 2008). Customers are satisfied if they believe that a brand is
delivering its promises (trustworthiness) and studies prove that trust affects satisfaction (Harris and Goode 2004; Gwinner, Gremler and Bitner 1998). The other component of brand credibility, expertise has been found to affect satisfaction as well (Franco 1990; Wray, Palmer and Bejou 1994).

In conclusion, the two components of brand credibility can be considered as drivers of overall satisfaction (Sweeney and Swait 2008). Recent research demonstrated that there indeed exists a strong positive relationship between brand credibility and satisfaction (Sweeney and Swait 2008). Subsequently, this study showed that affective commitment is positively influenced by satisfaction in the relational services industry, which is in line with studies in other industries (Bettencourt 1997; Garbarino and Johnson 1999). Figure 6.1 shows the role of satisfaction between the relationship between brand credibility and affective commitment.

![Diagram](Image)

**Figure 6.1 The effect of brand credibility on affective commitment**

Brand credibility also influences affective commitment directly. Trust of a relation partner explains the customers’ positive affect for the brand (Morgan and Hunt 1994). This is the reason why high trustworthiness should lead to high affective commitment (Sweeney and Swait 2008). The other component of brand credibility, expertise, should also lead to affective commitment, since the knowledge of the seller has influence on positive customer outcomes (Sweeney, Soutar and Johnson 1999). Sweeney and Swait (2008) indeed proves that brand credibility influences affective commitment, although the indirect relationship via satisfaction is much stronger.
6.2.2 Conative commitment

Conative commitment is characterized by the evaluation of costs when quitting the relationship with the organization (Gustaffson et al. 2005). It is also the more rational commitment due to a lack of choice or high switching costs (Anderson and Weitz 1992). Conative commitment is clearly different from affective commitment in the sense that it is a more negative, psychology based motivation (Sweeney and Swait 2008).

Several objective reasons exist to have conative commitment. Lack of competitors, contracts, income constraints and high contracts can all explain individuals having conative commitment (Oliver 1999). This study hypothesized that conative commitment is strengthened when the firm is able to deliver on their promises (expertise) and when the firm is trusted to deliver on its promises (trustworthiness). To put it differently, higher brand credibility leads to higher conative commitment. Following from that, lower brand credibility results in lower conative commitment. In conclusion, it is demonstrated that brand credibility moderately affects conative commitment in the relational services industry (Sweeney and Swait 2008). This finding is visually represented in figure 6.2.

![Figure 6.2 The effect on brand credibility on conative commitment](image)

6.3 Summary

This chapter has examined the role of brand credibility on customer loyalty. Sweeney and Swait (2008) investigated the role of brand credibility on affective and conative commitment, which are the two major drivers of customer loyalty in a customer-based setting (Gustafsson et al. 2005; Sweeney and Swait 2008). Research found out that brand credibility indirectly highly influences affective commitment by the construct satisfaction. This relationship was much stronger than the direct relationship of brand credibility on both affective and conative
commitment. Individuals showing affective and conative commitment are considered to be loyal in an affective and conative sense (Oliver 1999). In conclusion, this chapter proves that brand credibility has a significant role to play in managing customer loyalty. Since these findings are based on a relational service industry, further research should investigate whether brand credibility also influences customer loyalty in a CRM-context.
Chapter 7: Conclusions

The final chapter contains conclusions, limitations and suggestions for future research and managerial implications. In the first section the conclusions of the literature study are presented. Secondly, the limitations of this study and the suggestions for future research are given. Thirdly, as a result of the literature study the managerial implications are discussed in the last section.

7.1 Conclusion

The central research question of this thesis is: What is the role of brand credibility in the relationship between cause related marketing and customer loyalty?

Since CRM and customer loyalty have been given considerable attention in literature, this literature study combines both concepts with the linking factor brand credibility (figure 7.1). This thesis should avoid that managers focus on the one hand on implementing a CRM-campaign and on the other hand on customer loyalty, without knowing how the first can affect the latter.

![Figure 7.1 Conceptual model](image)

In a CRM context, brand credibility is affected by the altruistic attributions of the consumer to the brand. Consumers attributing altruistic motives to the brand are focused on the potential benefits for the cause, instead of the brand (egoistic motives). They believe that a brand engages in a CRM campaign to do something good for the cause. In other words, they do not act in their own interest. Brand credibility will increase if consumers believe that the brand acts in the interest of the cause. Consumers tend to believe the altruistic motives of the brand if the time horizon of a CRM campaign is long and if the donated amount of money is communicated to the consumer.

On the other hand, the degree of cause-brand fit is also positively related to brand credibility. Cause-brand fit assesses if there is any congruence, either functional (cancer research and fiber cereal) or image-based (Body Shop and World Wildlife Fund), in the cause-brand alliance. Brands managing their credibility in a CRM context should focus on cause-brand fit and altruistic attributions to the brand. Especially the latter is important, since this antecedent has more influence on brand credibility. Consumers find it more important
what kind of motives the brand has to engage in CRM. Brand credibility significantly decreases if consumers attribute egoistic motives to the brand, even if there is a cause-brand fit.

Similarly, this thesis also shows how brand credibility influences customer loyalty. The role of brand credibility is investigated to demonstrate that CRM can affect customer loyalty. Two categories of antecedents to customer loyalty were elaborated on, namely affective antecedents (emotions, moods, primary affect and satisfaction) and conative antecedents (switching costs, sunk costs and expectations). Research showed that brand credibility has a larger influence on the affective antecedents than on the conative antecedents. The role of satisfaction as an affective antecedent is special. If brand credibility is high, the consumers trust the brand to deliver on their promises (trustworthiness). Several studies showed that consumers who trust the brand are generally more satisfied as well. As stated earlier, satisfaction is one of the affective antecedents to customer loyalty and that is the reason why brand credibility has a larger influence on the affective than on the conative antecedents of customer loyalty.

In conclusion, this thesis points out that CRM and customer loyalty should not be seen as two separate marketing principles. Here, brand credibility is chosen to see how both aspects are interrelated, but further research should examine other linking factors as well.

7.2 Limitations and further research

First, the relationship between brand credibility and customer loyalty is investigated in the relational services industry. Relationships between customers and firms tend to last longer than average in this industry (Sweeney and Swait 2008). Therefore, it is interesting to widen the scope of this research and to conduct the same study in industries characterized by short-term relationships, such as hotels and restaurants.

Whereas the relationship between CRM and brand credibility is logically studied in a CRM context, so it is not in the chapter where the relationship between brand credibility and customer loyalty is investigated. Further research on this relationship in a CRM context could be conducted with brands having high brand credibility due to a CRM campaign.

Studies are either conducted in a real-brand setting or in a fictitious-brand setting. Both do emphasize this choice to be a limitation, so identical studies should be executed in order to generalize the results generated in initial research.

In chapter 1 it is questioned whether firms are considered as acting corporate socially responsible if consumers know about the firms’ extra generated sales due to a CRM-
campaign. Firms only tend to communicate the total donation size, but the in of sales due to the CRM campaign are not presented very often. Research could examine how these extra sales generated by a CRM-campaign can influence the brand credibility perceived by consumers. It is hypothesized that the brand credibility will decrease, since the consumers attribute more egoistic motives to the brand after hearing the news.

7.3 Managerial implications

As stated in chapter one, this thesis should avoid that managers are on the hand executing CRM- strategies and on the other hand focusing on customer loyalty, without knowing how the first affects the latter. In chapter six it was investigated that both cause-brand fit and altruistic attributions acted as antecedents to brand credibility in a CRM context. The relationship between either cause-brand fit and altruistic attributions on brand credibility are moderated by altruistic values.

Altruists mainly judge the credibility of the brand based on the altruistic motives of the brand. They find it important if the brand acts in the interest of the cause. On the other hand, non-altruists focus more on the cause-brand fit in determining brand credibility. They do care less on the altruistic motives of the brand, but consider the congruence in the cause-brand alliance as more important. Managers should investigate whether their target group mainly consists of altruists or non-altruists.

This can be done by executing the dictator game (Eckel and Grossman 1996). This game is played with two persons. The first gets the role to allocate 10 dollars to itself and the recipient. They do not know each other and they will not see each other after the experiment. This game checks if people are egoistic or altruistic. If people allocate all the money to themselves they are seen as clearly egoistic. People who split the money or even give more money to the recipient are seen as altruistic. This game gives an indication whether the target group consists of altruists or non-altruists.

Subsequently, the research outcomes should be transformed to marketing practices. Focus in targeting altruists should lie on the elements which can affect the attribution of brand motivations, such as the time horizon of the sponsorship or the amount of money donated to the cause. As an example, if the time horizon of a CRM-campaign is long, consumers generally attribute more altruistic motives to the brand. So, managers should realize that altruists weigh more importance to marketing messages related to the altruistic motives of the brand.
In contrast, cause-brand fit is more important if the target group comprises of non-altruists. It is of crucial importance in building and maintaining brand credibility to make a considerate choice based on both functional-fit and image-fit concerning the cause and the brand. From a managerial perspective, both functional-fit and image-fit should function as decision criteria in choosing a social cause, since they both influence how a consumer evaluates the cause-brand fit.

It is important that managers know the difference between the two target groups, but they should also realize that a target group does not fully comprise of either altruists or non-altruists. Therefore, managers should always consider both target groups in determining the CRM strategy, although they can concentrate on one or the other.

This thesis illustrates how brand credibility influences customer loyalty, which is the reason why managers should focus on brand credibility in a CRM context. Customer loyalty results in beneficial effects for the brand such as customers who are resistant to counter persuasion. In addition, they have less motivation to search for alternatives and they engage in positive word-of-mouth communications. Focusing on brand credibility in a CRM-campaign is thus essential, since the indirect effects on customer loyalty are clearly evident.
References


