



**CONVERSION
MODEL TM**

**Cause-Related
Marketing:
A New Zealand View**

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The World's Leading Customer Commitment Measure

This paper considers the question...

"Can a brand strengthen the relationship between itself and its customers - or weaken the link between a competing brand and its customers - by supporting a cause, or sponsoring an activity"

Market research would generally approach this type of question qualitatively, considering the emotional bonding that could be achieved between brand and cause. This is, of course, completely valid, and provides an indepth understanding of what can be achieved.

However, in this paper we report on a more quantitative approach, which allows us to measure the trade-offs that people make between brand, price, cause support and sponsorship activities. By using adaptive conjoint analysis, we explored the appeal of a range of different causes and sponsorship activities, for a variety of product categories, ranging from bank mortgages to telephone line rental, to baked beans and cheese.

This paper explores not only our findings, but in particular focuses on the process and techniques used to gather evidence which can be used not only to show real effect from cause related marketing, but also to determine which causes are best for which brands or product categories.

The author would like to thank Bob Gill and Robert Roydhouse of Strategic Media Ltd, who own the information reported here, and with whose permission this paper is being presented.

Debra Hall (in association with Strategic Media Ltd)

Background and Objectives

As the New Zealand market has matured, the number of brands has multiplied in almost every category, to the point where there are more banks, more car brands, more radio stations - and more market research interviews - per head of population than almost anywhere else in the world.

Nevertheless, this does not mean that each brand has a tightly defined niche market, and is well differentiated from its competitors. On the contrary, in some sectors we have reached the point where brands are, at times, publicly acknowledging that they are in fact all just the same.

The early 90s saw a huge trend towards achieving and monitoring customer satisfaction, on the basis that if all products were the same, it was the brand which delivered the best 'service' that would win out. In fact, this too has led to less differentiation over time, albeit with much higher levels of customer service than before.

Thus the search for the competitive edge has led one step further, into sponsorship, and cause related marketing - attracting marketers to spend their marketing dollar on alternative, and sometimes quite unrelated activities, with the promise of a positive rub-off on their brands.

The approaches and requests for support are many and varied, and probably most large companies receive dozens if not hundreds of requests each year. The task for the marketer is to decide which of these causes can add value to their brand - and indeed if this is an effective strategy in the first place.

This paper is based on a market research project conducted for, and funded by, Strategic Media Ltd, the leader in the New Zealand market for developing cause related marketing programmes.



Cause Related Marketing: The New Zealand View ³

Strategic Media approached Research Solutions with a brief which simply asked for research to answer the following questions.....

"Can a brand increase the emotional link between itself and its customers by supporting a cause, or sponsoring an activity?"

or

"Can a brand weaken the attachment that people feel to a competing brand by supporting a cause or sponsoring an activity?"

Underlying those two questions are the details in terms of....

- what types of causes or sponsorships are most effective
- for what types of people (demographically and attitudinally)
- for what types of brands, products or categories.

The study forms the basis for this paper, and has been hailed by Strategic Media, and its Clients, as the most definitive study into cause related marketing yet conducted in New Zealand.

Design Considerations

Our approach to this project was designed in consideration of the following points.

The potential for any cause related marketing project, or sponsorship to be effective will clearly depend on the product category involved. A good example of this is Mainland Cheese and the Yellow Eyed Penguins - superbly marketed, but also, we suspect, predisposed to succeed by the fact that people at that time viewed cheese as a generic product, with little or no brand loyalty, and thus were more easily shifted.

In essence, the ability to shift people from one brand to another depends not only on how they feel about the alternative brand, but also on how committed they are to their existing one. As such, it is important that our study considered a range of different categories - both high and low commitment products - rather than simply an undefined product or service.

The chart overleaf shows some examples of differing levels of commitment which people have (drawn from a range of studies worldwide²) to different categories. While the actual figures may be different in New Zealand, we have seen a similar pattern emerging where people are

- reasonably highly committed to their brands in markets which show strong brand differentiation, and where the product is personally consumed (ie. put in the mouth);
- moderately committed to their brand in poorly differentiated markets, or where there is little personal vested interest in the brand choice
- and poorly committed to their brand in markets which they feel are unimportant in their lives or where the brand delivers a variable product (such as media, retail stores & the like).

² Sourced from the Conversion™ Model International Database of Customer Commitment



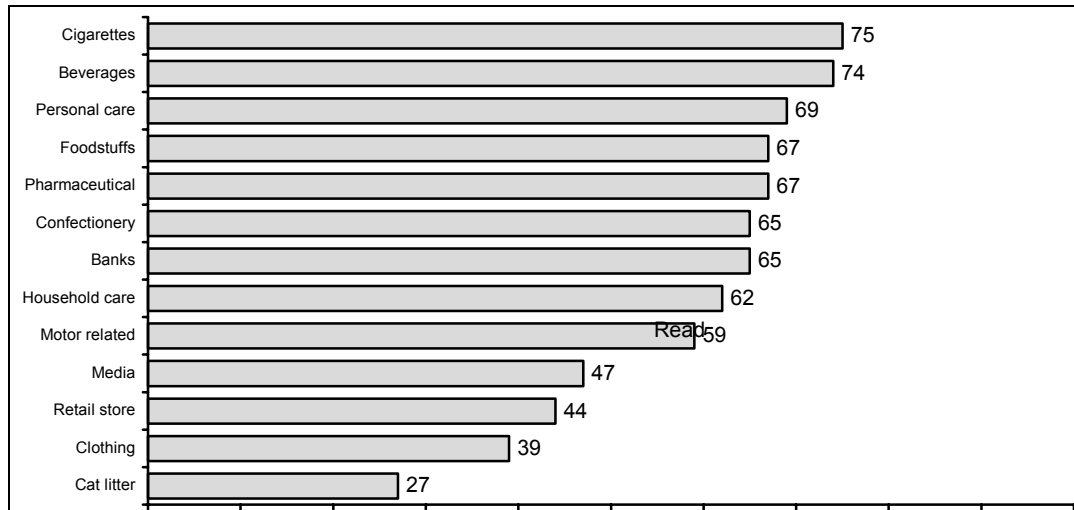


Figure 1. Levels of commitment to the brand used in a range of different product categories.

Taking this into account, we chose a number of different product categories to represent a range of different levels of commitment, as well as being products which we could expect a wide range of people to purchase or use. This resulted in a list of 15 possible product categories, ranging from toothpaste to baked beans to cars, jeans, banks and so on.

Each respondent could not possibly be expected to deal with 15 product categories, so we designed a selection process which allowed each person to be filtered into just 3 of the 15 categories - selecting ones which, for that person, reflected high, moderate and low levels of commitment.

Commitment to the brands used in each category was measured using the Conversion™ Model³ to measure the emotional bond which people currently have (which we are seeking to either loosen in order to attract them to a competing product, or strengthen by associating their own product with a cause).

Having identified the three categories of interest (which were different for different people), we then needed to measure the effects of cause related marketing, or sponsorships in each of those categories. To do this, we used the Sawtooth Software product, Adaptive Conjoint Analysis, which allows us to measure the trade-offs that people make in selecting one brand or one product over another.

If we simply ask people whether they would prefer A over B if A supports a cause, we are likely to get a positive 'socially acceptable' response. If we ask whether or not they are willing to pay more for A in this case, there is still an element of 'acceptability' in a positive response. However, in the store, the actions may in fact be quite different. Therefore, we need to have a way of measuring the trade-offs that they make, between brand, cause and price in a less 'obvious' way.

Conjoint analysis provides us with this opportunity. By using a computer-based interview, we remove part of the 'socially acceptable response' problem - because the interview is self-driven. We also present the options in a more realistic manner.

³ Hofmeyr, J: The Conversion™ Model - A New Foundation for Strategic Planning in Marketing", 3rd Emac/Esomar Symposium, "New Ways in Marketing and Marketing Research, Athens, 1990

Rice, J; Hofmeyr, J: "Segmentation using Conversion™ Theory", 12th SAMRA Convention, "Marketing to the Southern African Consumer of the 1990's", Swaziland, 1990.



The Output

The output of an ACA interview is a set of utility values, which represent the **relative** value that the respondent placed on each of the attributes considered. These are amalgamated across the sample, for particular subgroups, or used as the basis for computer based modelling which is part of the ACA suite of programmes.]

An example of the utility values for a particular single respondent is shown below.

Utility Values for Respondent # 2	
97 Watties	7 Costs \$1.20
61 Heinz	23 Costs \$1.30
15 Supermarket brands	17 Costs \$1.40
0 Oak	25 Costs \$1.50
	0 Costs \$1.60
42 Supports local schools	23 Supports rescue services
31 Sponsors a local sports team or event	0 Supports children's health charities/causes
12 Sponsors a national sports team or event	12 Supports animal-related charities
0 Sponsors the performing arts such as theatre, ballet, opera	11 Supports charities focusing on social issues
2 Sponsors the visual arts, such as painting, exhibitions etc	23 Supports general health charities

Figure 5: Table showing one respondent's ACA utility values

These utility values show that, for this respondent....

- brand was a great deal more important than any other factor, with a very strong preference for Watties;
- and that a brand which supported local schools would stand the greatest chance of moving the consumer preference away from the preferred brand.

An example of the information yield from the study

The chart below shows the relative values of the attributes, for a particular sub-sample.

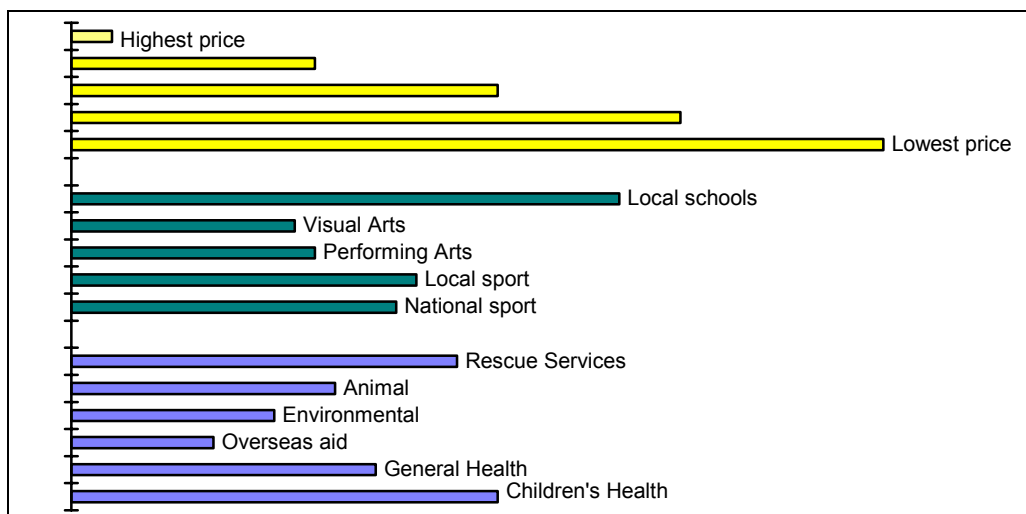


Figure 6: Selected utility values



For this particular group of respondents, price was a reasonably strong motivator. However, there was significant appeal in brands which supported local schools, children's health and rescue services.

However, the utility value of a particular factor varied enormously from one category to the next - in the example shown below, the utility of cause related marketing per se for baked beans is significantly more "valuable" than for bank mortgages (where, as one would expect, price was a major motivator).

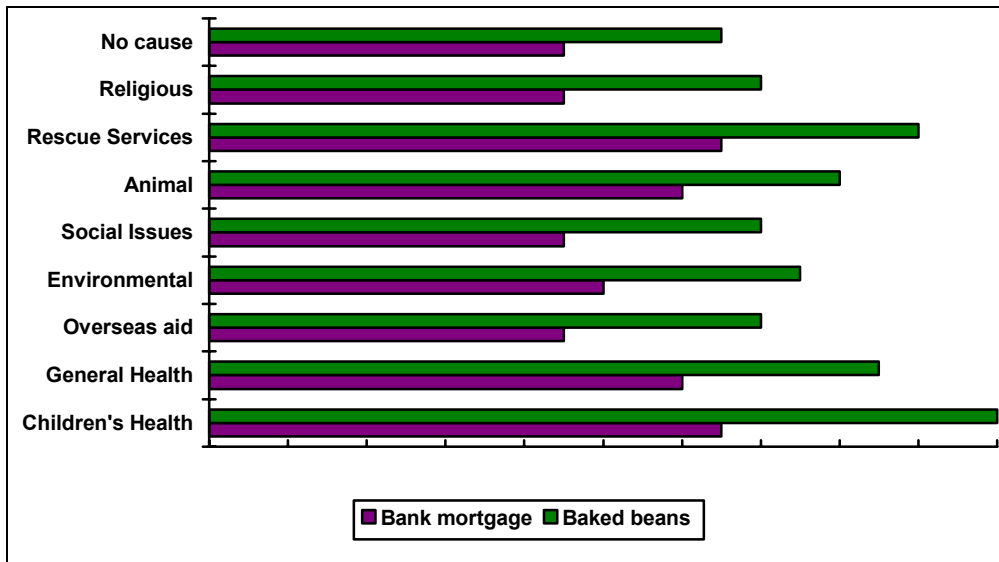


Figure 7: Variation in ACA utility values across category

However, the level of commitment of consumers to the brand they used also played a key role in this analysis, as one of the major variations which could be used to explain why cause related marketing could be more effectively used in one category than in another.

The chart below shows how commitment⁴ varied from one category to the next in this study, and how this was not always related to what people said about how important the brand choice was to them. Baked beans was a primary example, where just 15% of respondents **said** that brand choice was important, BUT 43% are actually committed to the brand which they buy (reflecting the strength of the relationship that they have with the Watties brand in this market).

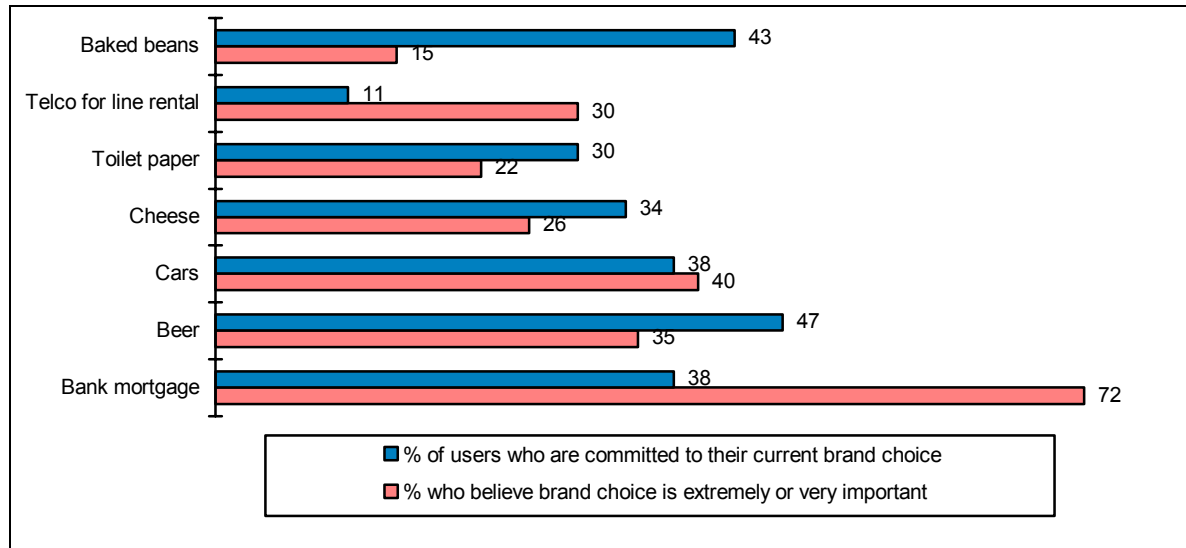


Figure 8: The difference between involvement and commitment

The level of commitment that people show to the brand has the effect of increasing the importance of brand in the decision, and **as a direct consequence** making them less open to other influences, as shown below....

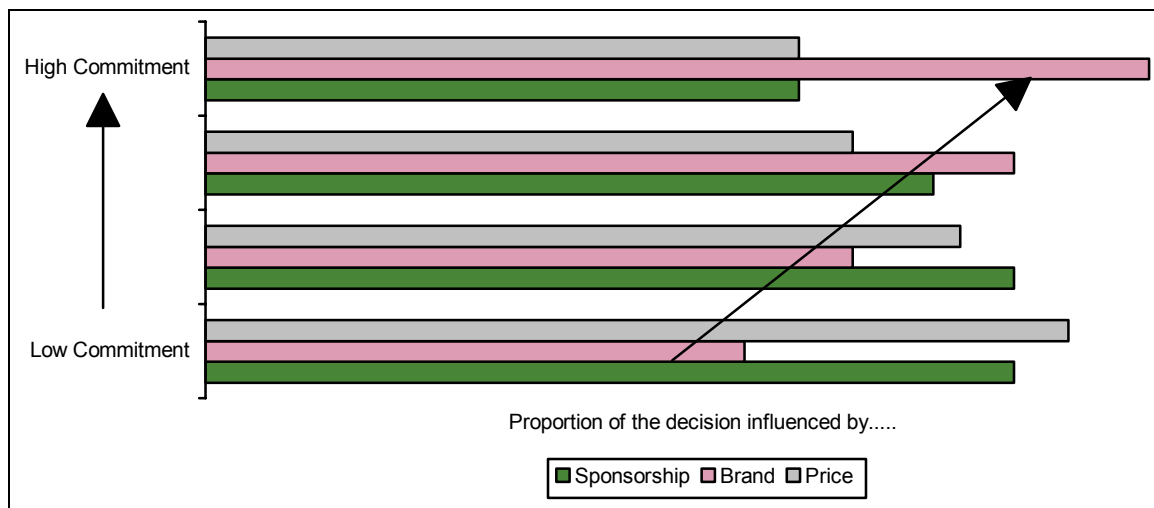


Figure 9: Influence of commitment on the importance of different attributes

⁴ Measured using the Conversion™ Model, developed by Dr Jan Hofmeyr and used under licence from Research Surveys (Pty) Ltd.



The Baked Beans Example

The data from a group of the baked beans buyers in this sample has been analysed to illustrate the type of information gained.

The baked beans market in New Zealand is strongly dominated by the Watties brand, though these results are not necessarily representative of the overall New Zealand market.

In our sample 37% were committed Watties buyers, 41% uncommitted Watties buyers. Only 6% were committed to other brands, leaving 16% uncommitted to other brands.

These four groups were examined to provide a picture of the relative influences of the attributes on each one.

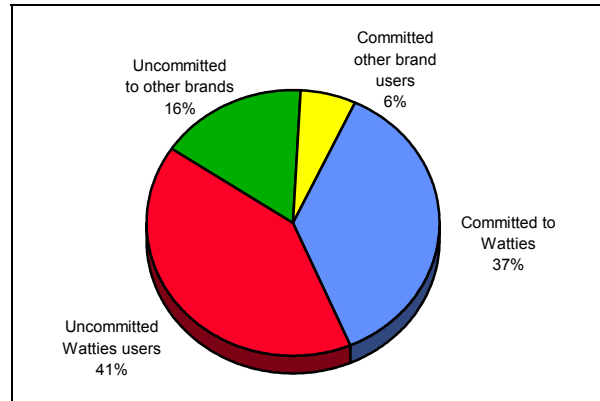


Figure 10: The baked beans buyers

As one would expect, the results showed the committed customers were more strongly influence by brand than were uncommitted customers. However, it was interesting to note that this "slack" was not taken up solely by price, but particularly by the "sponsorship" attribute, leading to the conclusion that, in this particular category, sponsorship is effective at the margin of change in switching uncommitted customers from one brand to another.

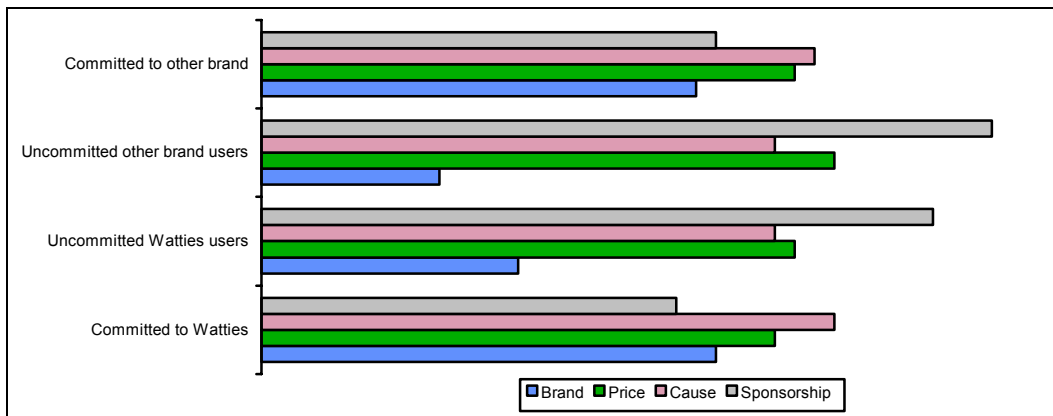


Figure 11: Relative importance of attributes for baked beans buyers in terms of commitment to brand used

The Sawtooth Software ACA programme allows the user to simulate market preference, using individual respondent values, for a range of specified products. Using this simulator, we are able to determine the relative shift in preference for a brand supporting a particular cause.

It should be noted that ACA assumes all other factors are equal, other than those considered. This has implications in the interpretation of the information, since the figures must be seen as relative to each other rather than absolute indicators of market share shifts.



In the following chart, brand preference is indexed at 100 when the brand has no known cause related marketing or sponsorship activities.

The chart below shows the relative increase in preference when the brand supports a children’s health-related charity, suggesting that the minor brands have more to gain in terms of preference than the major ones.

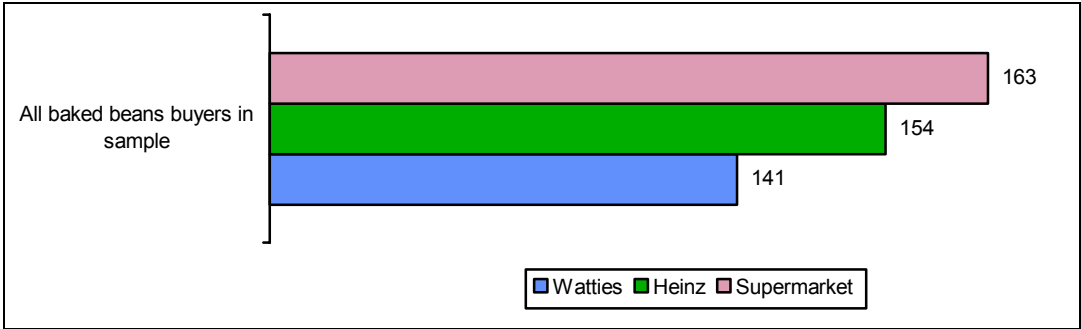


Figure 12: Relative increase in brand preference when supporting children’s health cause

These shifts in preference can again be shown to relate to the level of commitment that the buyer has to the brand which s/he uses, as shown below, with supermarket brands particularly likely to gain preference amongst uncommitted buyers of brands other than Watties.

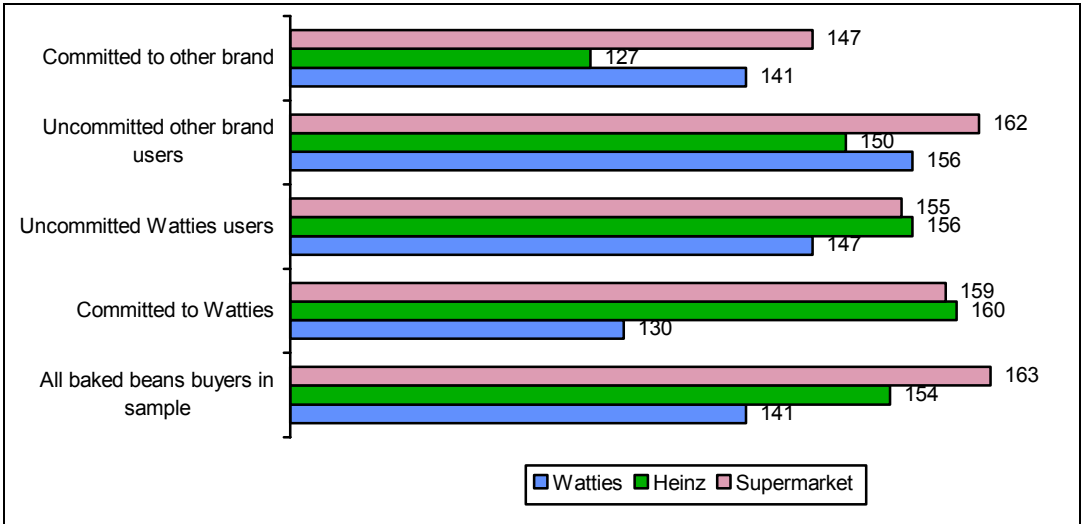


Figure 11: Shifts in relative brand preference as a function of brand, and commitment



In Conclusion

This study showed how market research can be used to effectively differentiate the various causes related marketing opportunities available to a brand.

It should be noted, however, that this study was of a **general** nature, and showed that different causes and sponsorships can be more or less effective for different brands in different markets. Therefore, any marketer considering a cause related marketing programme may wish to consider taking into account....

- the specific causes or sponsorships being considered;
- the specific target market for his or her brand;
- a more defined competitor set;
- and most importantly, the objectives of the cause related marketing programme for that particular brand.

Both Research Solutions, and our client Strategic Media believe that the study clearly demonstrated the efficacy of cause related marketing, as well as the importance for a brand to both define its objectives in undertaking a cause related marketing programme, and then carefully select the cause most likely to meet those objectives.

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- New Zealand's most experienced Conversion Model™ users since 1993.
- Winners of Market Research Society awards using the Conversion Model™.
- Providers of Conversion Model™ insights to some of NZ's largest companies.
- Recognised by the Conversion Model™ inventors as key contributors to the Model's development.

