

Cause-Related Marketing as Sales Promotion

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Abstract

This study presents the first field investigation of the sales impact of cause-related marketing promotions (CMPs) in retail settings. Whereas prior work primarily studies CMPs in simplified experimental settings, actual fast-moving consumer goods markets are considerably more complex; ergo, consumers are unlikely to consider and evaluate all brands and CMPs in detail. In this analysis based on 63 CMPs across 20 categories, the authors therefore investigate the short-term sales impact of CMPs as a function of the brand and category context in which they are executed. On average, CMPs run 11 weeks and donate 3.2% of product price, resulting in an average sales lift of 4.9% per week. The findings suggest that a necessary precondition for CMP success is that consumers notice it at the point of sale and hence have considered the CMP brand for reasons other than the CMP itself. Accordingly, the sales impact of CMP can more than double when the category assortment is smaller, the category has less price dispersion, the brand is a category leader, or the brand is priced below the category average. Brands operating in less favorable market conditions can still achieve above-average CMP impact by combining CMPs with price promotions to ensure consumer consideration.

Keywords

cause-related marketing, price promotion, sales promotion, consideration-set formation, Bayesian modeling, prosocial buying behavior, ethical buying behavior

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