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THE INFLUENCE OF INCREASING TRANSACTION PRICE TO FACILITATE DIRECT CHARITABLE CONTRIBUTION ON CONSUMER PRODUCT CHOICE

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Abstract

The study of embedding direct charitable contributions into a purchase transaction through increasing product price can enhance opportunities for charitable organizations to proactively approach companies with cause marketing proposals. Typically the case for cause marketing is built on goodwill and the potential for future revenue or profits for the partner company. If increasing product price to include a direct donation can be shown to possess consumer utility, business cases for cause marketing activities are enhanced for all parties involved. The basis for this research is the convergence between the concepts of cause marketing, individual giving, donation behavior, the shopping process and utility created by product characteristics. Eight different food products were presented to a national sample of consumers with choice options between current market price and current market price plus 5% price premium with premium going directly to charity. The same eight products were studied with identical choice sets but with the "organic" label attached as well as adjusted market prices reflecting organic products. While considerable interest was found for embedded donation with price increase the influence of "organic" labeling had no statistical effect on choice of donation embedded products and actually qualitatively decreased interest.

Keywords

Cause marketing; charitable donations; food products; organic; price changes; utility