# THE MODERATING ROLE OF CULTURAL TRAITS IN CONSUMER REACTION TO CRM CAMPAIGNS: A COMPARATIVE STUDY OF CHINESE AND CANADIANS OF EUROPEAN DESCENT

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**ABSTRACT**

Cause Related Marketing has grown tremendously as a marketing tool since the 1980s. Numerous studies have been conducted in North America, Europe and Australia with mostly consumers of European Descent, but no such study has been done with Chinese consumers. This study explicitly measures how Chinese consumers perceive CRM and how their reactions compare with their European-Canadian counterparts. In essence, this study evaluates the moderating role of cultural traits (individualism/collectivism and low-context/high-context) in shaping consumer reaction to CRM. A total of 302 people responded to a pre-designed questionnaire. Overall, the results suggest that Chinese consumers are aware of and favorable to CRM, though less than European-Canadians. Chinese females illustrate a more positive reaction to CRM than their male counterparts in terms of general CRM attitude and behavior intention. It is concluded that cultural traits have a significant effect on consumers' awareness of CRM and attitudes toward CRM firms, but not on their attitudes toward CRM brands, toward CRM in general or their behavior intention. Importantly, cultural traits moderate consumers' attitudes to CRM firms, toward CRM brands and their product purchase intention, but not in terms of awareness of CRM, attitude toward CRM in general or brand choice intention. This paper contributes to an understanding of the relationship between cultural traits and consumer reaction to CRM campaigns.

# ACKNOWLEDGEMENTS

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CRM      (Cause-related Marketing)

NPO     (Non-profit Organizations)

HC       (High-Context)

LC       (Low-Context)

**INTRODUCTION**

Defined by Varadarajan and Menon in 1988 (p. 60) 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 consumers engage in revenue-providing exchanges that satisfy organizational and individual objectives," Cause Related Marketing (CRM) is generally considered to have begun with American Express's association with the restoration of the Statue of Liberty in 1983 and has since grown tremendously as a marketing tool for improving corporate performance while helping worthy causes. Spending on CRM escalated to more than $1 billion in 2003 in the United States (Vranica, 2004).

Previous research has approached CRM from various perspectives: firms, non-profit organizations (NPOs), and consumers. CRM campaigns have now gone international. Numerous CRM studies have been conducted in North America, Europe and Australia mostly with consumers of European descent. To the author's best knowledge, however, no such study has been done involving Chinese consumers. Previous CRM research has studied the influence of variables such as the nature of the product (Strahilevitz and Myers, 1998; and Subrahmanyan, 2004), the amount of money donated to the cause (Dahl and Lavack, 1995), the sincerity of the corporations perceived by the consumers (Smith and Ron, 1994; and Webb and Mohr, 1998), and the "fit" between the brand and the cause (Hoeffler and Keller, 2002; Pracejus and Olsen, 2004; and Hamlin and Wilson,

2004). However, no CRM study has explored the relationship between cultural traits (individualism/collectivism and low-context/high-context) and consumer reaction.

Culture is an abstract construct which affects human behavior (McCort and Malhotra, 1993). Researchers such as Hofstede (1980) and Hall (1990) emphasized that cultural differences have a significant impact on the results of all aspects in business, such as marketing, management and decision making. Consumers are influenced by unique value systems, beliefs and perceptions (Zhang and Neelankavil, 1997) which, in turn affect their reactions to advertising. Debate concerning globalization versus localization has raised the question of how consumers in different countries are similar in their preferences and decision-making process. International marketing scholars have called for a cross-cultural understanding of consumer behaviors (e.g. Briley, Morris and Simonson, 2000).

Positive consumer reaction determines the effectiveness of a CRM campaign. A non-Western CRM study (Subrahmanyan, 2001) revealed findings among Singaporean consumers that differed from previous Western studies. A cross-cultural study (Lavack and Kropp, 2003) found consumers' attitudes to CRM were less positive in countries where CRM was not well-developed. Though CRM has proved to be successful in Western countries, the question remains whether it is an appropriate marketing tool for firms targeting Chinese consumers. To answer this question, the researcher examines Chinese consumer reaction toward CRM campaigns. More importantly, a comparative analysis between the reactions of Chinese consumers and their European-Canadian

counterparts to CRM is conducted in order to find out the moderating role of cultural

traits in shaping these reactions. Finally, managerial implications for those firms

intending to adopt CRM marketing strategy targeting Chinese consumers are discussed.

# 1. LITERATURE REVIEW

## 1.1 Overview of CRM

One of the earliest and probably the best known case of cause-related marketing is the 1983 campaign in which American Express sponsored the restoration of the Statue of Liberty. It attracted favorable public attention and increased credit card membership. The result was impressive for both parties: card usage increased 28% in one year, the number of new cards issued increased by 45%, and the Statue restoration received a $1.7 million fund from American Express (Wall, 1984). Since then, interest and adoption of CRM has steadily increased (Brown and Dacin, 1997).

CRM has developed from this one-time tactic used by American Express to long-term strategic alliances between companies and causes (Cone, 1996; and Mullen, 1997). For example, Avon Products has raised about 65 million dollars worldwide through its seven-year breast cancer awareness campaign (Meyer, 1999). Till and Nowak (2000) categorize cause-related marketing activities into two types: strategic and tactical. The former refers to an activity where a brand associates with a cause for a narrow purpose and for a limited period of time. In the latter case, the cause association becomes a fundamental element of the brand's representation. Till and Nowak (2000) further point out that a tactical cause marketing type of a single promotion campaign will help to increase sales, but a series of such promotions will create a long-term link between the brand and the cause in the minds of consumers.

Consumer reaction to CRM has been largely positive. According to the 2001 Cone/Roper Cause-Related Marketing Report, 92% of Americans had a more positive impression of those companies and products that support causes and 81% of Americans said they would like to switch brands to support a cause when price and quality were equal (Miller, 2002). The research results of 'Brand Benefits' (2003/04), a CRM study supported by Research International, Lightspeed Research and Dunnhumby, also show that 98% of consumers in the U.K. and the U.S.A. are now aware of at least one CRM program, as compared with 88% in 2000; consumer participation in CRM is high and growing: 83% of consumers have participated in at least one CRM program.

## 1.2 Conceptualization of CRM

Scholars have provided various definitions of CRM. The most commonly adopted definition is Varadarajan and Menon's (1988, p. 60): "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 consumers engage in revenue-providing exchanges that satisfy organizational and individual objectives." Gourville and Rangan (2004, p. 38) define CRM as "the linking of a for-profit firm to a nonprofit cause for the purpose of furthering the for-profit's business strategy." An industry definition of CRM offered by Roper Starch is "marketing that ties a company and its products to an issue or cause with the goal to improve sales and the image of the corporation while providing benefits to the cause" (Michaels, 1995).

All the above definitions treat CRM as a form of marketing activity, distinct from corporate philanthropy. But some scholars argue that CRM is a corporate philanthropy "organized around the marketing objectives of increasing product sales or enhancing corporate identity" (Dinitto, 1989, p. 42). This study conceptualizes CRM as defined by Varadarajan and Menon (1988): CRM is not corporate philanthropy, nor simply socially responsible corporate behavior. In essence, it is a marketing strategy and a commercial tool for firms (Hemphill, 1996). Its result, however, provides social benefits to a nonprofit cause. In general, the corporation's contributions to the cause in a CRM campaign do not originate from its philanthropic budgets (Ross, Stutts, and Patterson, 1990-1991). Instead, the expenses belong to the advertising or sales promotion budget of the company (Varadarajan and Menon, 1988). Unlike philanthropy which is pre-determined, the amount donated in the case of CRM is largely sales-linked (Polonsky and Speed, 2001).

## 1.3 Building brand equity through CRM

According to David Aaker (1991, p. 15), brand equity is "a set of brand assets and liabilities linked to a brand, its name and symbol, and which add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". The value of brand equity can be studied from two perspectives: for consumers, it provides information, helps to make decisions, and brings satisfaction upon usage; for companies, it enhances the sales volume, sets up and improves the social image, brings up brand

loyalty, and builds competitive advantage.

Aaker (1991) proposes five categories of brand equity: (1) brand loyalty, which is the degree of consumer commitment to a brand and reflects the possibility that a consumer will switch to an other brand; (2) name awareness, which involves consumer ability to recognize or recall the brand from its product category; (3) perceived quality, which forms the basis of a brand extension, directly influencing consumer purchase decisions and brand loyalty; (4) brand associations, which create certain attitudes and feelings towards a brand, and could set up a barrier to competitors; and (5) other proprietary brand assets such as patents, trademarks and channel relationships

Among the above five categories, this study focuses on brand associations. Existing CRM studies show that by purchasing from a more socially responsible firm, consumers perceive increased value in the CRM products (Polonsky and Wood, 2001) and they feel they are contributing to society (Strahilevitz and Myers, 1998). This provides additional customer value. Linking to an NPO can differentiate firms in consumers' minds (Barone, Miyazaki, and Tayler, 1998; and Webb and Mohr, 1998).

Aaker (1991) indicates that brands with numerous positive associations have a higher level of brand equity. When companies associate with causes that generate positive feelings among their target market, consumer attitudes towards the brand is enhanced via this partnership even though specific beliefs about the brand may remain unchanged (Till and Nowak, 2000). Therefore, a well-designed CRM program can provide many important brand associations (Hoeffler and Kevin, 2002). CRM provides consumers with

the reasons to buy certain brands and creates positive feelings or attitudes upon

consumption of that brand (Pringle and Thompson, 1999). Similarly, advertising

campaigns with a social dimension tend to bring more media attention than normal

advertising campaigns (Drumwright, 1996). Through publicity, CRM campaigns build

brand image which provides consumers with more "objective" information.

Cause-related marketing is often adopted to promote specific products and services of

the company in association with a nonprofit organization (File and Prince, 1998). Many

marketers have adopted CRM to position their brands on a socially responsible level.

CRM has proved to be a way to differentiate a company from its competitors and add

value to the brand (Davidson, 1997; and Murphy, 1997).

Hoeffler and Kevin (2002) suggest that causes which are relevant to the consumers

and are perceived to be similar to the brand build better brand equity. Scholars have

examined the "fit" between the cause and the brand and its relation to the successful

CRM campaign (e.g. Hoeffler and Keller, 2002; Pracejus and Olsen, 2004; and Hamlin,

2004). They have demonstrated that the "fit" has a positive effect on consumer reaction.

Drumwright (1996) indicates that consumers react more positively when there is a close

link between the firm's core business and the cause. The fit helps to transfer positive

association from a cause to an associated brand, and thus improve brand image, and it has

a tremendous impact on the success of CRM campaigns (Pracejus and Olsen, 2004).

Failure to demonstrate the "fit" between the firm and the cause can lead to negative

consequences. According to Till and Nowak (2000), it might not be effective for a brand

to associate with a specific cause simply on the basis of the cause's high emotional appeal; consumers should perceive an appropriate match between the cause and the brand.

## 1.4 CRM and its three parties: firms, non-profit organizations and consumers

Companies and non-profit organizations (NPOs) may view CRM as a tool to achieve economic and social objectives, and consumers may think of it as a combination of a purchase decision and a donation behavior (Ross, Stutts, and Patterson, 1990-1991). Numerous studies have pointed out CRM's effectiveness for both firms and NPOs (Barone et al., 2000; Ross et al., 1992). CRM seems to be a marketing strategy that benefits the firm, the cause and the consumers (Ross et al., 1992). Previous studies have examined the influence of a number of variables on the effectiveness of CRM campaigns. These include the perception of the company's sincerity (Smith and Ron, 1994; and Webb and Mohr, 1998), the type of the product (Barone et al., 2000), the type of the cause (Ross et al., 1990-1991), the "fit" between the firm and the cause (Hoeffler and Keller, 2002; Pracejus and Olsen, 2004; and Hamlin, 2004), the nature of the product (Strahilevitz and Myers, 1998; and Subrahmanyan, 2004), the amount of money given to the cause (Dahl and Lavack, 1995), and so on.

### *1.4.1 CRM and For-Profit Firms:*

The role of CRM from the for-profit firms' perspective is complicated. "One of the most basic objectives firms strive to realize by participating in cause marketing

campaigns is to increase the sales of their product/service offerings"(Varadarajan and

Menon, 1988). In other words, participating in CRM may bring about an increase in

company sales (Barone et al., 2000; and Davidson, 1997). Firms seek to differentiate

themselves from the competition by building an emotional or spiritual bond with their

customers (Meyer, 1999). Some American and European scholars have pointed out that

CRM can be an effective marketing tool for differentiating brands and obtaining

emotional positioning among consumers (Varadarajan and Menon, 1988; Pringle and

Thompson, 1999; and Welsh, 1999). (Positive consumer reaction to CRM will be

discussed in detail in section 1.4.3)

CRM also benefit the firms by improving their social image (Andreasen and

Drumwright, 2000; and Strahilevitz and Myers, 1998). In sum, CRM can provide a firm

with product related benefits such as exposure to the public at low cost (Pasley, 1990),

and the potential to influence target customers who want to support the cause (Henricks,

1991). It can also provide benefits at the company level: favorable attitudes from

consumers (Ross et al., 1991), differentiated image, positive publicity (Nichols, 1990),

and a strong sense of employee loyalty (Meyer, 1999).

### *1.4.2 CRM and Nonprofit Organizations*

However, CRM is controversial among nonprofit organizations. On the one hand, it

provides numerous benefits to the nonprofit organizations: a good source of fund raising,

an elevated public awareness of the cause (Ross et al., 1990-1991; and Garrison, 1990),

and a more positive public image (Ross et al., 1991). But on the other hand, because

CRM emphasizes self-interest, some scholars believe CRM programs are shifting the

motivation of altruistic giving to self-interest and commercialization of NPOs (Garrison,

1990). As a result, some nonprofits decide not to participate in CRM programs because

they worry that to do so would affect the causes' credibility.

Although CRM campaigns do help an NPO to raise funds, and to increase its

publicity, they can also destroy the NPO's image built up through public service

announcements. Deshpande and Hitchon (2002) demonstrated that when an NPO aligns

with a commercial brand in a CRM campaign, negative publicity about the brand reduces

consumers' perceptions as well as trust towards the NPO. After examining pre-existing

attitudes toward an aligning company, Basil and Herr (2003) similarly concluded that a

CRM campaign could actually harm consumer attitudes toward the NPO.


### 1.4.3 CRM and consumers

Corporate social responsibility can influence the public's overall evaluation of a

company and its products. In general, people think more positively towards a company if

they think it is socially responsible (Sen and Bhattacharya, 2001), and show more favor

to its products (Brown and Dacin, 1997). CRM campaigns can influence consumer

knowledge, attitudes and purchase behaviors towards a firm. Brown and Dacin's (1997)

study empirically demonstrated that what consumers know about a company's social

responsibility associations may influence their reactions to the products. Bagozzi and

Moore (1994) pointed out that any association of a company with a social cause tends to lead to affective responses in consumers, creating a potentially positive association between the use and the brand. Previous research found that the nature of the product has an influence on consumer perception of a CRM campaign. Strahilevitz and Myers (1998) concluded that CRM is more effective when it comes to "frivolous products", such as chocolate truffle and perfume, than "practical products", such as detergent and milk. They suggest that the positive feeling of donation may lessen negative feelings such as guilt associated with purchasing a luxurious product.

Ross et al. (1992) also reported that most respondents have a positive attitude towards the firm's intention in a CRM campaign, feeling that the firm is acting in a socially responsible way. Therefore, they are more willing to purchase the company's product. Consumers prefer CRM campaigns that support causes related to curing diseases or relieving disasters (Ross et al., 1990-1991), and when the amount of donation is of reasonable size (Dahl and Lavack, 1995). Furthermore, Smith and Alcorn (1991) reported that about half (46%) of the consumers who participated in their survey were likely to switch brands to support socially responsible companies, and almost a third (30%) claimed that they sometimes tended to buy products just because of a firm's link to charitable causes.

Consumer reaction in this study is conceptualized in the following three ways: consumer awareness, consumer attitude, and consumer behavior intentions. Awareness is often linked to measure brand performance and marketing effectiveness (Romaniuk,

Sharp, Paech and Driesener, 2004) and it is one of the key aspects of brand equity (Aaker, 1991). Rossiter, Percy and Donovan (1991) stated that the first important step in building a brand is to build brand awareness. As a result, measuring awareness of brand, firm, and CRM campaigns would be an important step in assessing success of CRM brands.

Similarly, attitudes to CRM brands need to be measured in order to understand consumer reactions. The most frequently adopted definition of attitude is provided by Allport (1935), which is "learned predispositions to respond to an object or class of objects in a consistently favorable or unfavorable way (as cited in Liu, 2002)". Academic and practitioner research suggest that many consumers appreciate and support CRM programs and that CRM can result in favorable consumer attitudes toward the firm, the products, and NPOs (Berger, Cunningham, and Kozinets, 1996; and Ross et al., 1992).

CRM campaigns do not only have a positive impact on consumer attitudes, but also influence consumer behaviors. The associations between a firm and a cause may have an immediate effect on consumer reaction to a product/brand. It provides the consumers with a reason to change their purchase behavior to support the CRM brand (Webb and Mohr, 1998). CRM may also affect long-term consumer behavior towards all the organizations involved (Hamlin and Wilson, 2004). There is considerable evidence that CRM can differentiate firms from their competitors in a meaningful way.

Studies have shown that CRM can influence consumer choice, only when other factors such as price and product performance are comparable (Barone et al., 2000). Barone et al. (2000) found that when it comes to homogeneous products, the degree that

CRM affects consumer choice depends on product performance and price trade-offs. When consumers do not have to make trade-offs in exchange for choosing a brand, CRM works the most effectively. But many people are still willing to accept a higher price or lower product performance in return for perceived corporate social responsibility if they trust the intentions behind the cause marketing efforts.

However, CRM may create unexpected associations in consumers' minds. Previous research suggests that CRM programs can have both rewards and potential dangers for the firms. Smith and Ron (1994) and Webb and Mohr (1998) discovered that CRM campaigns can create negative attitudes among consumers if the consumers mistrust the companies' motives. A case study of Pepsi in Spain shows that consumer attitudes towards the product worsened when they became aware of Pepsi's CRM campaigns (Garcia, Gibaja, and Mujika, 2003). This might have been due to Pepsi's failure to explain the quantity and destination of the funds in the campaign and due to poor slogans associated with the cause (Garcia et al., 2003). Although Barone et al. (2000) pointed out that consumer skepticism towards CRM seems to be declining, consumers are still critical of these efforts. They often question if a company's CRM attempt is meant to benefit the cause or the company.

Webb and Mohr (1998) examined consumer response to CRM through interviews by dividing participants into four consumer groups: skeptics, balancers, attribution-oriented, and socially concerned. A skeptic is defined as a person who tends to be less trustful and less optimistic toward the system and its operator (Wilson, 1973). Consumers

in the small skeptical group were mainly concerned with the fairness of CRM campaigns in terms of the firms' honesty, the financial benefit NPOs could gain, and the negative influences on consumers' purchase decisions. Webb and Mohr believed that the skepticism derived from their general distrust for advertising.

## 1.5 Cause Related Marketing in Canada

CRM programs have grown in Canada (Dwek, 1992) and they have become an important part of companies' marketing plans (Walker, 1996). Many Canadian firms such as the Bay, Molson Breweries, Air Canada, McDonald's, and Provigo Supermarket have been participating in CRM campaigns. Canadian consumers are positively inclined to socially responsible companies. "Companies selling from burgers to credit cards are turning to CRM to get closer to their customers" (Chamberlain, 1995, p.8). The only academic study on Canadian consumer reaction to CRM showed that Canadian consumers had a very positive attitude to this marketing activity (Lavack and Kropp, 2003).

## 1.6 Cause Related Marketing in China

China, the world's most populous market, is acknowledged by most cultural scholars (Hall, 1976; and Hofstede, 1980) to be culturally different from Canada: collectivistic, high power distance, high uncertainty avoidance, and high context. Though CRM has proved to be successful in Canada and other western countries, the differences in

economic development, social environment and cultural background demand special

consideration when studying CRM among Chinese consumers. Therefore, an empirical

CRM study with Chinese consumers is necessary and of great importance to help

marketers understand this important market.

Since the adoption of the open door policy in 1978, China has undergone

considerable economic and social change. According to the National Bureau of Statistics

of China, the gross domestic product (GDP) in 2004 was 13,651.5 billion yuan (CAD

$2019 billion). The GDP growth in 2004 was the strongest since 1996, which rose from

9.1% to 9.5% (China Country Report, 2005). China has received $40 billion to $50

billion direct investments each year since late 1990s (Gresser, 2004). The entry in the

World Trade Organization in 2001 has made China even more important in the global

economic system (Gong, 2003). With the advent of a market-oriented economy, Chinese

consumers now have more disposable income (Scarry, 1997), leading to stronger Chinese

consumer spending (China Country Report, 2005). Being the most populous market in

the world, such a distinctive culture and an emerging economy, China merits further

consumer behaviors studies.

Although a mainstream commercial marketing tool in the West, CRM is still a new

marketing phenomenon in China. To the researcher's best knowledge, there is no

information available on types of companies involved in CRM campaigns, or the size and

growth of CRM industry in China. Some recent examples of well publicized CRM

campaigns introduced in China include a McDonald's campaign. As part of the

worldwide "McDonald's World Children's Day" activity, McDonald's China ran a cause-marketing program from November to December of 2003. During that period of time, a certain percentage of sales of French fries from 560 stores around China were used to purchase dictionaries for children in impoverished areas. Nong fu Mineral Water, a local company and foreign companies such as Johnson & Johnson, P&G, and Janssen-Cilag have all been associated with Hope Project, Youth Development Foundation of China (a project helping needy children to receive schooling and to improve the school facilities in poor regions of China), and have made massive contributions.

There are only two academic studies regarding CRM found in Chinese literature (Zeng, 2004), and neither one is empirical. The two studies are: Li and Lu's (2002) *New strategy of sales: Cause Related Marketing* and Gao's (2004) *The highest level of sales concept: Cause Related Marketing*. These conceptual studies discuss the success of CRM in the U.S. and a few CRM case studies in China. These studies show that companies involved in CRM campaigns in China, either local Chinese companies or joint-ventures, by providing financial help to the causes through CRM campaigns, have gained massive publicity. But these studies failed to explore Chinese consumers' reactions towards CRM.

Literature review reveals that the majority of CRM studies to date have been conducted in the United States, Europe, Australia, and New Zealand, mostly with consumers of European decent. Only a few CRM studies have been conducted in countries outside the West. Subrahmanyan (2004) examined Singaporean students' views

of CRM in terms of product, price and donation amount. The study revealed that consumers were more likely to choose practical CRM products than luxury ones. These results contradict findings from an American study that reported frivolous products (e.g. perfume) to be more effective than practical products (e.g. detergent) (Strahilevitz and Myers, 1998). Subrahmanyan concludes that Confucian ethical values such as thrift might explain the difference.

A second study was a cross-cultural comparison of consumer attitude toward CRM, which was conducted in Canada, Australia, Norway, and Korea (Lavack and Kropp, 2003). Results showed that attitudes toward CRM varied across countries and personal values. Consumers' attitudes were more positive in countries like Canada where CRM was well established, while less favorable in countries like Korea where CRM was not as well established. The authors also suggest that consumers with positive attitudes toward CRM tend to rate internal and external values as more important than consumers with less positive attitude to CRM do.

Based on these two studies discussed above, one can conclude that the generalizability of results from Western studies to non-Western consumers may be limited due to cultural distinctiveness. Since the nature of the product in CRM was studied as a variable in Subrahmanyan (2001) study, this paper will attempt to explore some other factors which might affect consumer reaction to CRM. This study also differs from Lavack and Kropp (2003) in its attempt to assess how consumer reaction to CRM campaigns is related to different national cultural characteristics instead of measuring

personal values. In order to gain a more comprehensive understanding of this marketing

phenomenon, collectivism/individualism and high-context/low-context, the two

commonly applied criteria in cross-cultural study will be examined in the current study.

Subrahmanyan (2001) recommends conducting CRM research in different parts of the

world to better understand how cultural differences affect CRM brand choice. It is true

that Chinese people have been experiencing the process of Westernization, but a strongly

distinctive cultural background still influences Chinese consumers. Only upon

understanding the Chinese culture can we understand Chinese consumers' perceptions

and behaviors towards CRM campaigns. This paper will contribute to filling the gap of

investigating the cultural influences on consumer reaction to CRM campaigns.

## 2. HYPOTHESES DEVELOPMENT

The initial goal of the present study is to measure how Chinese consumers perceive CRM in general. More specifically, this study attempts to answer the following questions: Are Chinese consumers aware of CRM campaigns? What are Chinese consumers' attitudes towards CRM? Will CRM campaigns influence their brand choice intention and product purchase intention positively? Do Chinese females and males react to CRM campaigns equally favorably?

Previous research has revealed that consumers with different ethnic backgrounds tend to have different values and these culturally-based values influence their purchase decisions (e.g. Cox, Lobel, and Mcleod, 1991; Green, 1995; Dolinksy and Stinerock, 1998; and Gomez, 2003). However, this relationship between culture and purchase decisions has not been studied in the context of CRM campaigns. Therefore, the second objective of this study is to compare reactions to CRM between consumers of Chinese descent and Canadian consumers of European descent based on their cultural differences. The researcher will examine what moderating role cultural traits play in shaping consumer responses to CRM campaigns.

Cultural Traits

Main Effect

Moderator

IV
(gender,  attitude toward
fit between
the firm & the cause)

DV
(Consumer awareness,
attitude & behavior
intention towards
CRM campaigns)
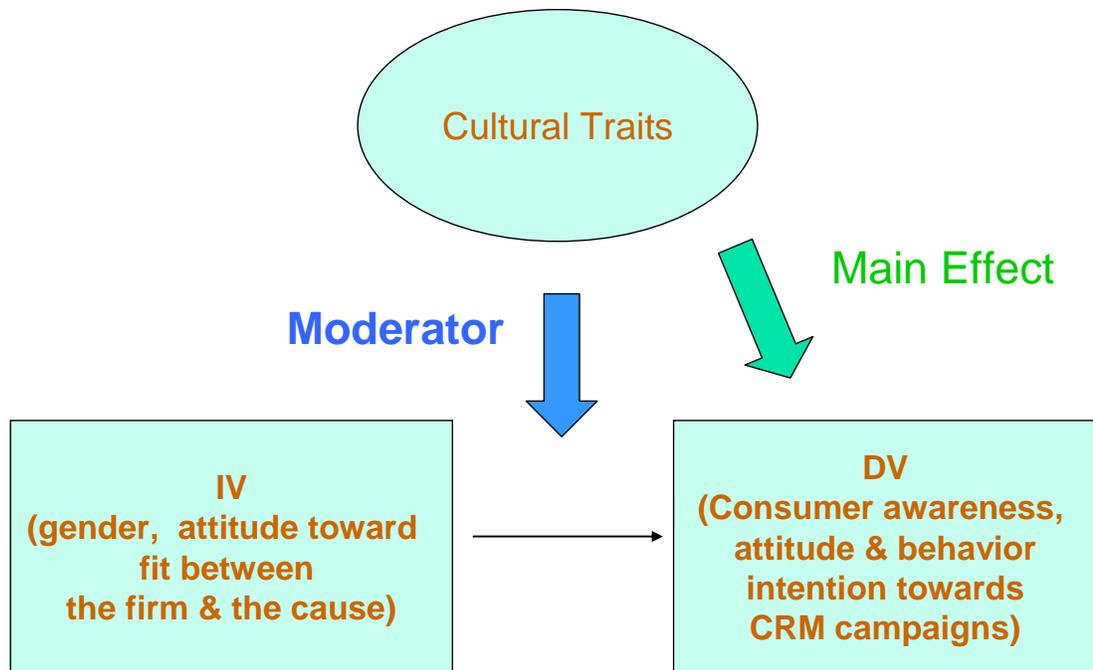
\* "country" variable stands for "cultural traits" in the results and analysis section

**Figure 1 Predicted relationship between IVs and DVs**

As depicted in figure 1, the dependent variable of this study is consumer reaction to

CRM campaigns, which includes awareness to CRM, attitude to CRM and behavior

intention. There are three independent variables in this study: cultural traits, gender, and

attitude toward the fit between the brand and the cause. In the first part of the study, when

Chinese consumer reaction to CRM is examined, cultural traits should have a main effect;

while in the second part when the differences of consumer reaction between Chinese and

Canadian consumers of European descent are explored, cultural traits are predicted to

have a moderating role.

## 2.1 Chinese cultural traits

### *2.1.1 Collectivism*

Culture is a very complicated construct and it is defined as a way of life shared by a group of people (Swidler, 1986). One common cultural dimension is individualism vs. collectivism developed by Hofstede in 1980. According to Hofstede, collectivistic characteristics involve interdependence, collectivity-orientation, belief in group-decisions, sharing emphasis, cooperation and group harmony (Hofstede, 1980, p.235-236; and Zhang and Neelankavil, 1997). Hui and Triandis (1986) pointed out that collectivistic individuals have more "concern" toward others. They strive to maintain social relationships by sharing material resources and by feeling more involved with other people's lives.

Based on Hofstede's (1994) study, Asians rate relatively highly on collectivism in their social values, and Chinese fall in this category. Individuals in Chinese culture are connected with each other through kinship networks and reciprocity (Joy, 2001). By nature, CRM is designed to help a cause. With their collectivistic characteristics, Chinese are expected to show their concern for others in order to maintain societal harmony. They are expected to be positive and supportive to causes and therefore likely to support CRM campaigns.

*2.1.2. High-context*

High-context (HC) and Low-context (LC) is another well studied dimension in cross-cultural studies, which is helpful in understanding different cultural orientations. Hall (1976) introduced this concept in order to illustrate how people relate to one another, in terms of social bonds, commitment, responsibility, social harmony, communication, and so on. In Hall's views, a HC culture is one in which people are highly involved in each other's lives; whereas a LC culture is one in which people are more individualized with little involvement with each other (Hall, 1976).

Although HC/LC cultural dimension seems to somewhat overlap with some features of the Hofstede's collectivism/individualism, there is one important difference. HC/LC measures the nature of communication and the level of commitment between individuals in the society, which are not explained by the collectivism/individualism scale. In a HC culture society, people are highly involved with one another, tend to have high commitment, feel more pressure to follow social norms, and are expected to do as they say. The information is usually communicated via simple messages. On the other hand, in LC culture, people are alienated from each other, less likely to have commitment and messages tend to be context-free (Hall, 1976). By using HC/LC dimension, we will thus gain a more complete understanding of people's cultural characteristics and therefore more comprehensively study cultural influences on reactions to CRM campaigns. Besides, in the current study, this dimension will also help us to understand the nuances in reactions of Chinese immigrants to CRM communication in Canada. Traditionally from a

HC culture, Chinese immigrants will have migrated to a LC Canadian culture society, and will have encountered marketing campaigns (CRM in our context) targeted to mainstream Canadians (European-descent - since they are the majority). Thus, the strategy and execution of such CRM campaigns will have a largely LC flavor. This results in a mismatch (home culture being different from CRM campaigns), which could be captured using HC/LC cultural dimensions.

Chinese are "on the HC end of the scale" (Hall, 1976, p.91). Their close bond with others starts with their family and spreads to friends, community and then to their society. Based on this discussion, we assume that Chinese consumers, due to their high involvement and commitment to each other, are expected to have a positive view of CRM campaigns.

### 2.1.3. Philanthropic tradition

China has a long history of charitable and philanthropic behaviors. The first Shanghai corporate philanthropy behavior survey was conducted in 1999 (Lu, 2001). According to this survey, 92.4% of the corporations had exhibited donation behaviors in the past.

During the flood in the summer of 1998, 4.8 billion RMB Yuan (about CAD $32 billion) was provided by the government; while 7.2 billion RMB Yuan (about CAD $48 billion) was donated by Chinese society (Ma and Yang, 2002). This reveals that the Chinese government's role in solving society's problems is changing. Individuals also

donate in larger numbers in Chinese society. During the SARS outbreak in 2003 in China,

7.7 billion RMB Yuan (about CAD $52 billion) was donated by corporations,

governments and individuals (Beijing Youth Daily, 2002). Lei Ding, the Chief

Technology Officer and founder of Netease, a leading Chinese Internet technology

company, personally donated about CAD$1.4 million towards tsunami in 2004

(http://www.sina.com.cn, Jan.10, 2005)

The philanthropic tradition among both corporations and the individuals in China

suggests that Chinese consumers would be willing to participate in CRM campaigns to

donate to causes in a non-traditional form.


**Hypothesis 1**

With economic growth and the availability of numerous brand choices, Chinese

consumers are becoming more mature and sophisticated. Based on their collectivistic

characteristics, their high-context orientated culture, and China's philanthropic tradition,

Chinese consumers are expected to show concern to others and to the society. And they

are willing to participate in helping those in need, which is what CRM campaigns are

about.

Many scholars have implied that trust is high in collectivist cultures and low in

individualist cultures (Huff and Kelly, 2003). Compared with individualists, collectivists

have a more interdependent worldview, and tend to place more importance on

relationships and nurture them with care (Triandis, 1989; Chen, Chen, and Meindal,

1998). Wee and Chan's (1989) study shows that Hong Kong consumers have more favorable sentiments towards marketing practices than U.S. consumers, probably because North American consumers are generally more skeptical towards marketing.

Based on the foregoing discussion, and the fact that there have been some large-scale CRM campaigns in China in recent years, the following hypotheses are proposed:

**H1a** A majority of Chinese consumers will be aware of CRM campaigns.

**H1b** Chinese consumers will have a positive attitude toward (i) firms and (ii) brands involved in CRM campaigns; and (iii) they will have a positive attitude toward CRM in general.

**H1c** Chinese consumers will have positive (i) brand choice intention and (ii) product purchase intention toward the brand involved in a CRM campaign.

## 2.2 Gender Differences in consumers reactions to CRM

Scholars point out that men and women differ in their consumer behaviors in the products they tend to buy and their responses to advertising (Fischer and Arnold, 1994). Previous American studies found significant differences between men's and women's perceptions of CRM (Ross et al., 1992). Women tend to have a more favorable attitude toward both the firm and the cause.

This is consistent with research on consumer behavior and sex roles. Eagly and Kite (1987) pointed out that women are typically socialized to show concern for others, be selfless, and to display a desire to be part of the community; whereas men typically focus

on self-mastery, individual competence, and self-assertion. Meyers-Levy (1988) study

also indicated that, compared to men, women are more favorable toward self and other-

oriented appeals. In an empirical research study, Gilligan (1982) found that men and

women apply different criteria when making decisions: women emphasize belonging to a

social network in which it is important to be responsible and show attention to others'

needs. The above explains why in CRM campaigns, female consumers have a more

favorable reaction to CRM than their male counterparts.

In Asia, female consumers do not just consume the traditional feminine products, but

are also a large market for a wide variety of products. Women's influence on the

consumer market is increasingly becoming important (Santa, 2001; and Sin, So, Yau, and

Kwong, 2001). Chinese wives are decision-makers in family purchase behaviors since

they control family finances (Geng, Lockhart, Blakemore, and Andrus, 1996).

Traditional Chinese society was built upon an essentially masculine value system for

thousands of years (Leung, 2003). Women were traditionally valued if they sacrificed for

men; but with more education opportunities, women are now experiencing a more equal

role (Sin et al., 2001). Since the 1990s, Chinese women have increasingly ventured

outside the home to join the workplace, and they are having a great influence on various

consumer decisions (Tai and Tam, 1997; and Tam and Tai, 1998). With their social status

improved, Chinese females have become wealthier, more sophisticated, and demanding

of high-quality products (Tai and Tam, 1997, Sin et al., 2001). Chinese females,

especially the younger generation, are quickly embracing western values and ideas. Tai

and Tam's (1997) study found that women in Greater China are becoming more self-confident and addicted to work, environmentally conscious, fashion conscious and interested in politics. These factors are enabling Chinese women to experience more similar lifestyles to their western counterparts.

**Hypothesis 2**

Based on the sex role theory, women are more other-oriented, attentive to others' needs, and generous. Because of this and because of the fact that CRM is designed to use emotional appeals to enhance the brand's competitiveness, it is hypothesized that:

**H2a** Chinese female consumers will be more aware of CRM campaigns than their male counterparts.

**H2b** Chinese female consumers will have a more positive attitude toward (i) firms and (ii) brands involved in CRM campaigns than their male counterparts; and (iii) they will have a more positive attitude toward CRM campaigns in general than their male counterparts.

**H2c** Chinese female consumers will have a more positive (i) brand choice intention and (ii) product purchase intention toward brands involved in CRM campaigns than their male counterparts.

## 2.3 Comparing cultural traits

CRM is still a new marketing phenomenon in China and not many campaigns exist,

whereas it has been widely adopted in North America since the 1980s and has captured

the public's attention. It is therefore predicted that:

**H3a** Chinese consumers will be less aware of CRM campaigns compared to their

European-Canadian counterparts.

### 2.3.1 Individualism vs. Collectivism

As discussed earlier, collectivistic cultures are interdependent, value sharing and

group harmony, and are more concerned towards others. According to Hofstede (1980)

and other scholars, typical individualistic cultures are independent, self-oriented, pursue

individual goals which might not be consistent with group goals, and emphasize

individual achievement. Chinese and Canadians represent collectivist and individualist

culture respectively.

### 2.3.2 Low-context (LC) vs. High- context (HC)

Contrary to the high-context Chinese society, Canada is considered a low-context

society. According to Hall's (1976) study, in a LC culture, people are highly

individualized, more or less alienated, and fragmented; and there is little involvement

with others (Hall, 1976, p.39). Given the favorability to CRM in North America (as

discussed earlier in the background of CRM section), and the analysis of individualism

and collectivism, it is predicted that Chinese consumers will be more favorable to CRM

than their low-context European-Canadian counterparts.

As an individualistic and LC society, European-Canadian individuals are supposed to take care of themselves and be self-oriented. Based on the existing literature, North American consumers have very positive reactions to CRM. If that is the case in an individualistic and LC society, where people tend to be self-oriented and relatively uninvolved with each other, it should be safe to predict that consumer reaction to CRM will be even more positive in a collectivistic country.

A survey conducted by Pollay, Tse and Wang in 1990 shows that, although sensitive to the potential negative social consequences, Chinese consumers are very positive about advertising in general compared to consumers in the West. Liu's (2002) research also revealed that better-educated Chinese consumers strongly believe that advertising is not misleading them to purchase unwanted products. Therefore, the following hypotheses are proposed:

**H3b** Chinese consumers will have a more positive attitude toward (i) firms and (ii) brands involved in CRM campaigns than their European-Canadian counterparts; and (iii) they will have a more positive attitude toward CRM campaigns in general than their European-Canadian counterparts.

**H3c** Chinese consumers will have more positive (i) brand choice intention and (ii) product purchase intention toward brands involved in CRM campaigns than European-Canadians.

As discussed earlier, China is considered a collectivistic, HC culture society. There is less variability existing in such culture while Canada is individualistic and LC culture,

and is believed to have more variance in identity. It is assumed that Chinese people as a whole are more other-oriented and concerned with causes, therefore:

**H3d** The gender difference between Chinese consumers' reactions to CRM will be

   smaller than that of European-Canadian consumers.


## 2.4 Fit between the firms and the causes

Developing a successful CRM campaign requires much more than randomly choosing a cause or charity and building a sales program based on it. In a CRM campaign, a firm might well choose a cause to which their products are related, a cause that represents an image they want to strive for, or simply a cause which appeals to their consumers (Mizerski, Mizerski, and Sadler, 2001). But after examining some press articles and the CRM firms' websites for a better understanding of the current CRM campaigns in China, it became evident that most companies have chosen the same cause: the "Hope Project" designed to help school age children in impoverished areas. Regardless of the industry, Chinese consumers seem to have reacted positively to all the participating companies.

Chinese NPOs are still in their early stages of development (Zeng, 2004). The NPOs emerged in China only after the opening-up policy in late 1970s (Li and Lu, 2002). It is expected that there will be more such organizations with a higher social influence.

Based on the results from the first corporate philanthropy survey (Lu, 2001), and from the current CRM cases in China, this study assumes that most corporations involved in CRM campaigns are foreign companies. Due to the Chinese government's historical

role of extensive social planner, Chinese consumers seem heartened that firms are taking

any role at all in terms of social responsibility. Therefore, they are less likely to care

about the fit between the brand and the cause.

It is suggested by some Chinese scholars that based on the current situation in China,

the causes most likely to be selected by Chinese corporations are: helping the

impoverished, environmental protection, social development, medical and health issues,

and cultural education (Li and Lu, 2002). Due to the historical role of government taking

responsibility for causes, fewer NPOs have existed China. One likely implication of this

phenomenon is existence of fewer CRM campaigns. Also, corporations have fewer

charity options to choose from, thus:

**H4** Attitude toward fit between brands and causes will have more influence on European-

Canadian consumers' attitudes to (i) CRM firms, (ii) CRM brands and (iii) CRM in

general, and their (iv) brand choice intention and (v) product purchase intention than

on Chinese consumers.

# 3. RESEARCH METHDOLOGY

## 3.1 Questionnaire Development

### 3.1.1 Dependent variables

The dependent variable of this study is consumer reaction to CRM, which includes three aspects: awareness of CRM campaigns, which was measured by one 7-point likert scale item and two open-ended questions; attitude toward CRM firms, attitude toward CRM brands, and attitude toward CRM in general, which were measured using twelve 7-point likert scale items; and brand choice intention and product purchase intention, which were measured by five items with 7-point likert scale. The attitude questions for the questionnaire were derived from Ross et al. (1992), Chaney and Dolli (2001), and Deshpande and Hitchon (2002). Behavior intention questions (brand choice intention and product purchase intention) were sourced from Ross et al. (1992) and the two industry studies conducted by Cone Roper and Porter Novelli.

### 3.1.2 Independent variables

This study has three independent variables: gender, attitude toward the fit between the firm and the cause, and two cultural traits: individualism/collectivism and high-context/low-context.

Lee (1988) pointed out that consumer acculturation is a process in which immigrant consumers learn another culture's behaviors, attitudes and values which are different

from that of their original culture. Since this study attempts to discover how cultural traits influence consumer reaction to CRM campaigns, and the data were collected outside of China, Chinese who have been living in North America for over five years were screened out of the study.

The 12-item scale developed by Jung (2002) was used to measure respondents' individualistic and collectivistic orientations. The scale developed by Kim, Pan and Park (1998) was used in this study to measure high-context versus low-context culture. To ensure conciseness and relevance to the current study, six items were used to measure respondents' social orientation, confrontation and communication/commitment tendencies.

Demographic questions were also included to learn whether gender, age, education, and income have any influence on consumer reaction to CRM campaigns. Age and education questions were asked in the "filter questions" section to ensure all respondents were over 18 and possessed at least a high school diploma. Respondents were asked to circle one from the six provided annual income categories.

### 3.1.3 Questionnaire Translation

The questionnaire was originally written in English and translated into Chinese by the author for the Chinese respondents. Another bilingual Chinese graduate student completed the back translation of the questionnaire to verify the Chinese version and assure equivalence. The English version questionnaires were used for Canadian

respondents; questionnaires in Simplified Chinese were used for respondents originally

from Mainland China; and questionnaires in Traditional Chinese were used for

respondents originally from Hong Kong, Taiwan and Macao.

## 3.2 Data Collection

### 3.2.1 Respondents and Recruitment

Pre-test

A pre-test with 13 European-Canadian respondents and 11 Chinese respondents

present in Canada was conducted to check the clarity of the questions, the accuracy of the

language, the structure of the questionnaire, and the time it took to complete the survey.

Convenience samples were used in the pre-test. Respondents were recruited in cafes, food

courts and restaurants in Lethbridge; and three pre-tests were completed via email by

Chinese residing in Beijing, China. Respondents chosen for the pretest did not participate

in the actual study. Pre-test results showed that it took about 12-15 minutes for the

respondents to complete the questionnaire. Most questions were clear to the respondents

and the language was accurate.

Main Study

A convenience sample of 302 individuals participated in the main study. Respondents

comprised of two ethnic groups: pure Chinese who have been living in North America for

less than five years and pure European-Canadians who have been living in North

America for more than five years. Pure Chinese refers to Chinese whose both the parents are of Chinese descent, and pure European-Canadians refers to Canadians whose both the parents are European descent. All the chosen respondents were above 18 with at least a high school diploma. Data were collected in two Western Canadian cities: Lethbridge and Calgary. Lethbridge was chosen due to easy access and Calgary was chosen based on its large Chinese community. Self-administered survey technique was employed to lessen social desirability bias. Most of the Chinese respondents were new immigrants to Canada, and it is appropriate to use five years as a cutting point to select them as a sample. A previous study had shown that immigrant consumers did not behave like majority consumers, even after seven years (Lee and Tse, 1994).

Intercept methodology was applied for data collection. To ensure diversity in gender, age, education and income of the respondents, surveys were conducted in different locations: public libraries, parks, squares, churches, Chinese organizations, Chinese supermarkets and Chinatown.

### 3.2.2 Procedure

All recruitment procedures were consistent with requirements of the university's Human Subjects Committee.

The process began by the researcher randomly approaching a person and requesting his/her participation in the study. The researcher then verbally explained the reason why ethnicity related questions were going to be asked. It was explained in such words:

"Previous research has revealed that consumers with different ethnic backgrounds tend to have different values and these culturally based values influence their purchase decisions. However, this relationship between culture and purchase decisions has not been studied in the context of CRM. In order to test this relationship in the CRM context, people from distinct cultures are being approached to participate in this study. That is the reason why this study will ask you a few ethnicity related questions."

The filter questions were then asked (Please refer to Appendix 1). If these filter questions revealed that the approached Canadian had lived in North America for less than five years, or he/she was of mixed ethnicity, they were told that they did not meet the requirement of this study and that they would not be asked to continue with the survey. They were thanked for their time and cooperation. A similar procedure was followed if the approached Chinese had been living in Canada for more than five years, or if his/her parents were of mixed ethnicity.

If the filter questions revealed that the approached person qualified for this study, he/she was asked to read the Informed Consent (Please refer to Appendix 2), sign it, and then continue with the self-administered questionnaire. All chosen respondents had at least a high school diploma to ensure that they were able to understand the questions. It took about 12-15 minutes to complete the questionnaire (Please refer to Appendix 3). The researcher was available to answer questions related to questionnaire wording. At the end of the survey, all respondents were given a blank copy of the informed consent form and a debriefing document (Please refer to Appendix 4).

### 3.2.3 Incentive

All respondents in both the pre-test and the actual study were given a University pen as compensation for their time and efforts, irrespective of whether they completed the questionnaire. In addition, a draw for 50 Canadian dollars was conducted after the data collection. Two lucky winners from the actual study were randomly selected.

# 4. RESULTS AND ANALYSIS

Below is a detailed description of the results. Descriptive statistics, factor analyses and a reliability check are followed by the hypotheses testing results.

## 4.1 Descriptive Statistics

In total, 302 respondents (143 Chinese and 159 Canadians) completed the survey. Among these respondents, there were 138 males (66 Chinese and 72 Canadian) and 164 females (77 Chinese and 87 Canadian). (See table 1) Of the total respondents, 134 were single (21 Chinese and 113 Canadian) and 168 were married (122 Chinese and 46 Canadian); 206 respondents had an education of university/college or technical school or graduate school (117 Chinese and 89 Canadian). The average age of all the respondents was 35 years old. Chinese respondents were more likely to be married, more highly educated and have lower income than their Canadian counterparts.

**Table 1: Demographic characteristics of the respondents**

Comparison between and within Chinese and Canadian consumers

| | Chinese (143) | Canadian (159) | Chinese (143) | Canadian (159) |
|---|---|---|---|---|
| Gender | % across | | % down | |
| Male (138) | 66(48%) | 72(52%) | 46.2% | 45.3% |
| Female (164) | 77(47%) | 87(53%) | 53.8% | 54.7% |
| Marital Status | | | | |
| Single (134) | 21(15.7%) | 113(84.3%) | 14.7% | 71.1% |
| Married (168) | 122(72.6%) | 46 (27.4%) | 85.3% | 28.9% |
| University/college or technical school education or graduate school (206) | 117 (56.8%) | 89 (43.2%) | 81.8% | 56% |
| Average age (years) | 35.37 | 35.58 | | |
| Average income | $20,001 - 30,000 | $30,001–40,000 | | |

## 4.2 Factor Analyses and Reliability Check

For each measure, individual items were summed into a scale and Cronbach's alpha for the scales was calculated. Most reliability scores met the basic requirement for research of .60 as suggested by Nunally (1978). Many of the items were checked using factor analysis employing varimax rotation and reliability. A criterion level of .50 was employed to determine inclusion of a variable in a factor. Except for the two open-ended questions and the demographic questions, a 7-point likert scale was used throughout the questionnaire, with 1 = strongly disagree and 7 = strongly agree.

### 4.2.1 Individualism/Collectivism

Factor analysis using varimax rotation was run on the individualism/collectivism

scale. Table 2 shows the results of factor analysis of the 12 individualism/collectivism

orientation items, which reveals three unique underlying factors with eigenvalues greater

than 1. Compared to the original scale developed by Jung (2002), five items loaded on

the original six-item collectivism scale, and five items loaded on the original six-item

individualism scale.

Five items loaded on factor one. They were questions regarding "sacrifice of

self-interest", "respect for group decision", "importance of group harmony", "importance

of group interests", and "observance of group norms". Factor one was labeled as

"collectivism". Two items ("importance of personal identity" and "important to maintain

harmony") loaded on factor two but this factor was dropped due to the very low alpha

(.09) and low item-total correlation. Later, the item "importance of personal identity" was

included in factor three because alpha for "individualism" rose from .78 to .82 once this

item was included in the scale. Five items loaded on factor three. They were questions

about "acting as an individual is more appealing", "be known as an individual", "often do

own thing", "being unique and different", and "depend on self". Combined with the item

"importance of personal identity," factor three was then labeled as "individualism". (See

table 2)

Alpha assessed for factor one (collectivism) and factor three (individualism) was .86

and .82 respectively.

**Table 2: Factor Analysis for Individualism/ Collectivism**

|  | Component | | |
|---|---|---|---|
|  | 1 | 2* | 3 |
| acting as an individual is more appealing | -.22 | -.21 | **.71** |
| be known as an individual | -.05 | .01 | **.70** |
| Often do own thing | .02 | .09 | **.77** |
| being unique and different | -.03 | .32 | **.62** |
| depend on self | .03 | .44 | **.54** |
| importance of personal identity ** | -.22 | **.60** | .54 |
| important to maintain harmony @ | .29 | **.79** | .00 |
| Sacrifice of self-interest | **.74** | .33 | -.06 |
| respect for group decision | **.72** | .35 | -.01 |
| importance of group harmony | **.79** | .10 | -.07 |
| importance of group interests | **.85** | -.08 | -.08 |
| observance of group norms | **.77** | -.19 | -.08 |

Factor 1 was labeled as "collectivism".

Factor 3 was labeled as "individualism".

**\*** This factor was dropped due to the very low alpha (.09) and low item-total correlation.

**\*\*** This item was then included into factor 3. Alpha for "individualism" rose from .78 to .82

once this item was included in the scale.

@ This item was dropped.

*4.2.2 High/Low Context*

Factor analysis using varimax rotation was run on the high/low context scale. Table 3 shows results of factor analysis of the six high/low context items, which reveals two underlying factors with eigenvalues greater than 1.

Three items loaded on factor one: "feel part of a group", "importance of social status," and "cannot think unless put into words". Although the item "cannot think unless put into words" loaded on factor one, it was dropped from factor one as it was a low-context culture question, whereas the other two were high-context culture questions. More importantly, the alpha of this factor rose from .64 to .79 when this item was dropped. Factor one was labeled as "high-context". Three items loaded on factor two: "understand inner self", "not always bothered by insults to ego", and "word is bond". Factor two was dropped due to low reliability (.54). (See table 3)

**Table 3: Factor Analysis for High/Low Context**

|  | Component | |
| --- | --- | --- |
|  | 1 | 2 * |
| feel part of a group | **.86** | -.00 |
| importance of social status | **.86** | -.16 |
| understand inner self | -.14 | **.73** |
| not always bothered by insults to ego | .01 | **.73** |
| word is bond | .06 | **.70** |
| cannot think unless put into words      ** | **.53** | .06 |

Factor 1 was labeled as "high-context".

**\*** This factor was dropped in the later analysis due to the low reliability (.54)

**\*\*** This item was dropped from factor one to increase the alpha value.

### 4.2.3 Attitude items

Factor analysis using varimax rotation was run on the CRM attitude related questions. The scales of a total of 6 items with negative statements were reversed before the data were analyzed. Table 4 shows the results of factor analysis of the 13 items. The factor analysis was asked to extract 4 factors from the data because four attitude scales were included in the questionnaire and it was expected that four factors would show from the analysis. However, the results revealed three underlying factors with eigenvalues greater than 1. The eigenvalue of the 4th factor was .89, close to 1. But this factor was related to "attitude to CRM causes". Since attitude to causes was not a focus of this study, this factor was dropped from further analysis.

Four items loaded on factor one. The questions were related to "credibility of CRM", "believability of CRM", "pleasantness of CRM" and "liking for CRM". Factor one was labeled as "general attitude to CRM campaigns" with the alpha of .91.

Four items loaded on factor two. They were regarding "firms' social responsibility", "brands' social responsibility", "brands' social desirability", and "how good the brands are for the community". Among these four, "firms' social responsibility" does not fit conceptually with the other three. The reliability of this factor also rose from .82 to .83 with this item deleted. So the item of "firms' social responsibility" was dropped from this factor. Factor two was named as "attitude to CRM brands" with an alpha of .83.

Three items loaded on factor three (See table 4). These items were: "firms supporting the cause", "firms exploiting the cause", and "doing charitable work to look good". The alpha of factor three rose from .55. to .59 after the item "firms supporting the cause" was dropped. The alpha of this factor was quite low, but given that attitude toward the firm is an important concept for this study, it was retained in the data analysis. Factor three was labeled as "attitude to CRM firms". The items measuring 'firms exploiting the cause' and 'doing charitable work to look good' were reversed before conducting the factor analysis. The original mean for the former item was 4.14 and the reversed one was 3.86; for the latter item, the original mean was 4.65 and the reversed one was 3.35.

**Table 4: Factor Analysis for CRM attitude related questions**

| | Component | | | |
| --- | --- | --- | --- | --- |
| | 1 | 2 | 3 | 4 ** |
| firms supporting the cause* | .37 | .36 | **.54** | -.25 |
| firms exploiting the cause | .02 | -.04 | **.75** | .22 |
| firms' social responsibility* | .34 | **.55** | .35 | -.10 |
| doing charitable work to look good | .01 | .03 | **.75** | .23 |
| charities selling out to the companies | .13 | .11 | .31 | **.74** |
| should fundraise by other ways | .17 | .130 | .10 | **.75** |
| credibility of CRM | **.85** | .19 | .11 | .18 |
| believability of CRM | **.88** | .25 | .12 | .09 |
| pleasantness of CRM | **.71** | .49 | -.04 | .11 |
| liking for CRM | **.69** | .48 | .00 | .25 |
| brands' social responsibility | .41 | **.75** | .13 | .06 |
| brands' social desirability | .15 | **.84** | -.03 | .13 |
| how good the brands are for the community | .28 | **.75** | -.02 | .19 |

Factor 1 was labeled as "General attitude to CRM campaigns".

Factor 2 was labeled as "Attitude to CRM brands".

Factor 3 was labeled as "Attitude to CRM firms".

**\*** This item was dropped.

**\*\*** This factor was dropped from further analysis.

### 4.2.4 Brand Choice Intention

This factor consisted of two items: "try a brand because of CRM", and "switch brands if similar price and quality". It was labeled as "brand choice intention" and the alpha

was .62.

### 4.2.5. Product Purchase Intention

The reliability of the three "product purchase intention" related items ("try products from company doing charitable work", "more willing to purchase CRM products", and "less willing to purchase CRM products") was moderately high. Alpha for this factor was .69, and the factor was labeled as "product purchase intention".

### 4.2.6. Attitude toward fit between brands and causes

Two items regarding attitude toward fit between brands and causes were included in the questionnaire: "important to see close fit", and "positive attitude to see close fit". This factor was labeled as "attitude toward fit between brands and causes" and the alpha value was .84.

## 4.3 Open Ended Questions

Two open-ended questions measuring respondents' awareness of CRM examples were included in the questionnaire. Respondents were asked to recall the name of the companies, the causes and details, such as length of the CRM campaign and size of donation. The first question "recall of other CRM examples" was coded as "0 = cannot think of other CRM examples, and 1 = yes and provided either correct or incorrect examples". The question regarding "details of other CRM examples" was coded as "0 =

cannot recall, and 1 = can recall and provided correct or incorrect details".

## 4.4. Hypotheses Testing

Descriptive analysis, one-sample t-test, MANCOVA and regression statistical techniques were used to test the hypotheses.

Before testing the hypotheses, independent t-tests were run for manipulation check. First, high-context scale was checked for Chinese and Canadians. The results indicated that Chinese and Canadians were significantly different in terms of high-context culture (t (300) = 11.74, p<.01) (See table 5). As expected, Chinese respondents represented high-context culture (M Chinese = 5.43, SD = 1.00; M Canadian = 3.73, SD = 1.45). Secondly, one low context item "understand inner self" was chosen to check with these two groups based on its face validity. The results revealed that Chinese and Canadians were significantly different regarding low-context culture characteristics (t (300) = -3.06, p<.01). Canadians represented low-context culture (M Canadian = 5.64, SD = 1.39, M Chinese = 5.13, SD = 1.46).

**Table 5: High/low Context representation among cultures**

|  | Country of respondent | N | Mean | SD | T | Df |
|---|---|---|---|---|---|---|
| High Context | Chinese | 143 | 5.43 | 1.00 | 11.74* | 300 |
|  | Canadian | 159 | 3.73 | 1.45 | 11.96** | 281.71 |
| Low Context | Chinese | 143 | 5.13 | 1.46 | -3.06** | 300 |
|  | Canadian | 159 | 5.64 | 1.39 | -3.05** | 292.61 |

** p<.01, *p<.05

Individualism and collectivism representation among Chinese and Canadians was also checked using independent t-tests. The results showed that Chinese and Canadians were significantly different in terms of individualism orientation (t (300) = 10.17, p<.01) (See table 6). Canadians were significantly more individualistic (M Canadian = 5.47, SD Canadian = .94; M Chinese = 4.29, SD Chinese = 1.07). These two groups were also significantly different on collectivism orientation (t (300) = 5.59, p<.01). Chinese were more collectivistic (M Chinese = 4. 94, SD Chinese = 1.01; M Canadian = 4.24, SD Canadian = 1.15).

**Table 6: Individualism/collectivism representation among cultures**

|  | Country of respondent | N | Mean | SD | t | df |
|---|---|---|---|---|---|---|
| Individualism | Chinese | 143 | 4.29 | 1.07 | -10.17** | 300 |
|  | Canadian | 159 | 5.47 | .94 | -10.11** | 285.31 |
| Collectivism | Chinese | 143 | 4.94 | 1.01 | 5.59** | 300 |
|  | Canadian | 159 | 4.24 | 1.15 | 5.62** | 299.88 |

** p<.01, *p<.05

## 4.4.1 Hypothesis One

The first group of hypotheses proposed that a majority of Chinese consumers will be aware of CRM campaigns and they will have a positive attitude toward CRM firms, brands and CRM campaigns in general. CRM will also have a significantly positive influence on their brand choice intention and product purchase intention.

Hypothesis 1a states that "a majority of Chinese consumers will be aware of CRM campaigns." One item with 7-point likert scale and two open-ended questions were used to measure consumers' awareness of CRM. The results of one sample t-test showed that Chinese respondents had moderately high awareness of CRM (t (142) = 3.51, p<.01, M = 4.54, SD = 1.83) (See table 7). Coding of open-ended question revealed that 55.5% of the Chinese respondents said they had heard of CRM campaigns prior to the study. However, only 15.4% could recall examples other than those provided in the questionnaire and only 3.5% could recall the details of those examples. About one fifth (19.6%) of Chinese respondents held a "neutral" attitude to the awareness of CRM question. Hypothesis 1a was supported.

Multiple one sample t-tests were run to test H1b and H1c. H1b stated that "Chinese consumers will have a positive attitude toward (i) firms and (ii) brands involved in CRM campaigns; and (iii) they will have a positive attitude toward CRM in general."

Chinese respondents' attitudes to CRM firms were significantly different from neutral (4 was used as a midpoint) (t (142) = -7.20, p<.01). On average, Chinese respondents reported a slightly negative attitude toward CRM firms (M = 3.24, SD = 1.27) (See table

7). About attitude toward CRM brands, Chinese respondents' attitudes were significantly different from neutral (t (142) = 4.79, p<.01). On average, Chinese respondents showed a slightly positive attitude toward CRM brands (M = 4.45, SD = 1.13). Chinese respondents showed a slightly positive attitude to CRM in general (t (142) = 2.97, p<.01). On average, Chinese respondents had a slightly positive attitude to CRM in general (M = 4.29, SD = 1.15). Above results showed that H1b was partially supported: Chinese consumers do have a positive attitude toward CRM brands and CRM in general, but they hold a negative attitude toward firms involved in CRM campaigns.

H1c hypothesized that "Chinese consumers will have positive (i) brand choice intention and (ii) product purchase intention toward the brand involved in a CRM campaign". T-test results showed that Chinese respondents reported significantly positive brand choice intention toward CRM brands (t (142) = 10.31, p<.01) and significantly positive product purchase intention toward CRM brand (t (142) = 8.66, p< .01) (See table 7). On average, Chinese respondents reported positive brand choice intention toward CRM brands (M = 4.87, SD = 1.01) and positive product purchase intention (M = 4.80, SD = 1.11). H1c was therefore substantiated.

**Table 7: One-Sample T-Tests for H1**

| | N | Mean | Std. Deviation | t | Df |
|---|---|---|---|---|---|
| aware of CRM before this study | 143 | 4.54 | 1.83 | 3.51** | 142 |
| attitude to CRM firms | 143 | 3.24 | 1.27 | -7.20** | 142 |
| attitude to CRM brands | 143 | 4.45 | 1.13 | 4.79** | 142 |
| attitude to CRM in general | 143 | 4.29 | 1.15 | 2.97* | 142 |
| brand choice intention | 143 | 4.87 | 1.01 | 10.31** | 142 |
| product purchase intention | 143 | 4.80 | 1.11 | 8.66** | 142 |

### *4.4.2 Hypothesis Two*

Hypothesis two stated that compared to their male counterparts, Chinese female

consumers will be more aware of CRM campaigns, will have a more positive attitude to

CRM firms, CRM brands, and CRM in general. In addition, female consumers were

expected to report more positive brand choice intention and product purchase intention

than their male counterparts. Dependent variables here were awareness of CRM, attitude

to CRM firms, attitude to CRM brands, attitude to CRM in general, brand choice

intention, and product purchase intention. Gender was the independent variable in this

test. Previous studies have shown that age and education have significant influence on an

individual's cognitive moral development level, and therefore how CRM information is

processed (Nowak and Clarke, 2003). Age, education, and income were treated as control

variables.

MANCOVA was conducted to test this group of hypotheses. The results of the

Omnibus test was not statistically significant for gender (Wilks' Lambda = .63, p = .71). But the univariate results indicated significance for a few variables. Chinese respondents' general attitudes to CRM campaigns varied significantly with gender (F = 4.06, p<.05). On average, Chinese female consumers reported a more positive attitude toward CRM in general (M = 4.45) than their male counterparts (M = 4.12). Chinese respondents' brand choice intention varied significantly with gender (F = 9.76, p<.01). Chinese female consumers reported more positive brand choice intention (M = 5.08) than their male counterparts (M = 4.63). Gender also mattered for product purchase intention among Chinese respondents (F = 6.18, p<.05). As hypothesized, Chinese female consumers reported a more positive product purchase intention (M = 5.02) than their male counterparts (M = 4.58). H2 was therefore partially supported: When compared to their male counterparts, Chinese female consumers had a more positive attitude to CRM in general, and their brand choice intention and product purchase intention was more positively influenced by the CRM campaigns. There was no significant gender difference among Chinese in terms of awareness of CRM, or attitude to CRM firms and brands.

### 4.4.3 Hypothesis Three

Hypothesis 3 predicted that Chinese consumers will be less aware of CRM campaigns than European-Canadians, but they will have a more positive attitude toward CRM firms, CRM brands, and CRM in general. Their brand choice intention and product purchase intention toward brands involved in CRM will be more positive than that of European-

Canadians. It was also predicted that the gender difference between Chinese consumers'

reactions to CRM will be smaller than that of European-Canadian consumers. Based on

the demographic characteristics discussed earlier, Chinese respondents had a higher

education and lower income compared to Canadian respondents. Furthermore, as

discussed in hypothesis two testing section, age and education have a great influence on

consumer reaction to CRM, so MANCOVA, with controlling age, education, and income,

was conducted to test hypotheses 3.

The results of the omnibus tests revealed a statistically significant main effect for

country (Wilks' Lambda = 7.68, p<.01), and for gender (Wilks' Lambda = 2.96, p<.01).

The interaction between country and gender was only significant in terms of attitude to

CRM firms (Wilks' Lambda = .95, p = .461).

Regarding H3a, the main effect of country for awareness of CRM before the study

was significant (F = 25.12, p<.01). Chinese respondents reported lower awareness toward

CRM (M = 4.53) than European-Canadian respondents (M = 5.67). Descriptive statistics

of open-ended questions showed that among 143 Chinese respondents, only 22 of them

(15.4% of total) could recall some other CRM examples, and 5 of them (3.5% of total)

provided details of these examples. Canadian respondents had a much higher percentage

for recalling other CRM examples and stating the details of these campaigns: 87 (54.7%

of total) out of the 159 Canadian respondents could think of other examples, and 49

respondents (30.8% of total) recalled details of the examples they introduced, and 37

(3.3%) provided correct details. In total, about five Chinese respondents and 49

European- Canadian respondents provided details of the CRM examples (irrespective of

correctness of the examples). Hypothesis 3a was thus supported.

Considering H3b, country had a significant main effect (F = 9.90, p<.01) on attitude

toward CRM firms. Chinese respondents had a less positive attitude to CRM firms (M =

3.23) than European-Canadian respondents (M = 3.94). Main effect of country was not

significant with respect to attitude to CRM brands (F = .62, p = .43), attitude to CRM in

general (F = 1.85, p = .18). H3b anticipated a more positive attitude to CRM firms,

brands, and CRM in general among Chinese consumers than among European-Canadians,

and it was not supported.

Turning to H3c, country did not have a significant main effect on brand choice

intention (F = .56, p = .45), or on product purchase intention (F = 1.68, p = .20).

Hypothesis 3c stated that Chinese consumers will have more positive brand choice

intention and product purchase intention toward CRM brands than European-Canadians.

Thus H3c was not supported.

Hypothesis 3d predicted a smaller gender difference of consumer reaction to CRM

among Chinese than among European-Canadians. The omnibus test showed that the main

effect for gender was significant (Wilks' Lambda = 2.96, p<.01). The main effect of

gender was significant for attitude to CRM brands (F = 7.44, p<.01), attitude to CRM in

general (F= 11.99, p<.01), brand choice intention (F = 8.77, p<.01), and product purchase

intention (F = 12.81, p<.01). Female respondents reported more positive attitudes to

CRM brands than males ((M female = 4.68, M male = 4.32) and more positive attitudes

to CRM in general than males (M female = 4.6, M male = 4.18). Females also displayed a more positive brand choice intention toward CRM brands than males (M female = 5.12, M male = 4.72) and a more positive product purchase intention than males (M female = 4.92, M male = 4.48). The difference between genders in terms of awareness of CRM (M female = 5.29, M male = 4.95) and attitude to CRM firms were not statistically significant (M female = 3.69, M male = 3.50).

The omnibus test for interaction between country and gender was not significant (Wilks' Lambda = .95, p = .461), however, the univariate test showed that the interaction of gender and country was significant in terms of attitude to CRM firms (F = 4.52, p<.05). The gender difference among Chinese consumers regarding attitude to CRM firms was smaller (M male = 3.32, M female = 3.16) than among European-Canadians (M male = 3.69, M female = 4.15). So H3d was partially supported.

### *4.4.4 Hypothesis Four*

Hypothesis four stated that "attitude toward fit between brands and causes (called "fit" henceforth) will have more influence on European-Canadian consumers' attitudes to (i) CRM firms, (ii) CRM brands and (iii) CRM in general, and their (iv) brand choice intention and (v) product purchase intention than on Chinese consumers". Multiple regression analyses using the enter method was employed. Dependent variables here were attitude to CRM firms, attitude to CRM brands, attitude to CRM in general, brand choice intention, and product purchase intention. Country of respondents and mean deviated

attitude toward fit were the independent variables in this test. An interaction variable was created by multiplying mean deviated fit variable by the country variable. Mean deviated age, mean deviated education, and mean deviated income were treated as control variables.

For attitude to CRM firms, the R Square was 10.5% (See table 8 for a summary of H4). Coefficients table showed that there was a positive relationship between country of respondent and attitude to CRM firms (Beta = .21, t = 3.34, p<.01). Canadians tended to have a more positive attitude to CRM firms than Chinese (M Canadian = 3.93, SD = 1.28; M Chinese = 3.24, SD = 1.27). The interaction of fit and country was significant (Beta = .23, t = 2.60, p<.05). As can be seen from figure 2, when the attitude toward fit was reported unimportant, Chinese and Canadian respondents had similar attitudes to CRM firms (t (47) = .00, p = 1.00, M Chinese = 3.77, M Canadian = 3.76). When they held neutral attitudes toward fit, Chinese had a significantly less positive attitude to CRM firms than Canadians (t (52) = -2.12, p<.05, M Chinese = 3.50, M Canadian = 4.19). When the attitude toward fit became important, Chinese respondents again reported a significantly less positive attitude to CRM firms compared to Canadians (t (197) = -4.67, p<.01, M Chinese = 3.10, M Canadian = 3.92). The results were consistent with the prediction that Canadian consumers' CRM firm attitudes will be influenced more by the attitude toward fit than Chinese consumers. H4 (i) was supported.
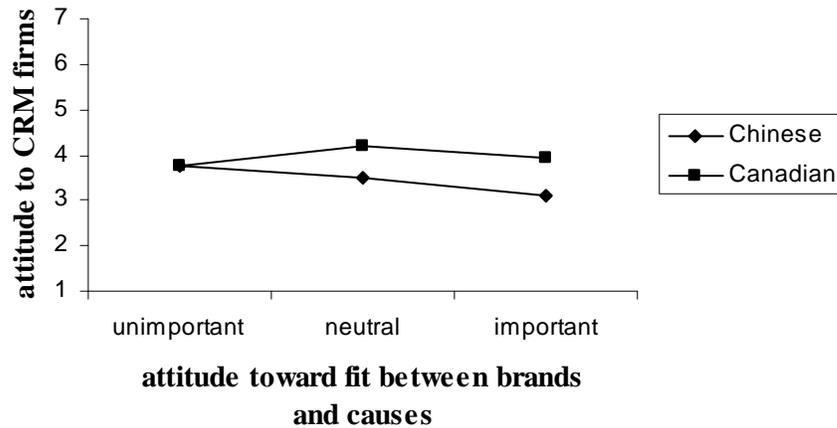
**Figure 2 Interaction of country and attitude toward fit on attitude to CRM firms**

For attitude to CRM brands, the R Square was 18.0%. Fit had a significantly positive

relationship with the attitude to CRM brands (Beta = .55, t = 6.48, p<.01). When their

attitudes toward fit changed from unimportant to important, respondents accordingly

reported more positive attitudes to CRM brands (M unimportant = 3.98, M neutral = 4.30, M

important = 4.71). The interaction between fit and country had a significantly negative

relationship with the attitude to CRM brands (Beta = -.24, t = -2.85, p<.01). As figure 3

reveals, when the attitude toward fit was reported unimportant, Chinese respondents had

significantly less positive attitudes to CRM brands than Canadians (t (47) = -2.28, p<.05,

M Chinese = 3.38, M Canadian = 4.24). When they held neutral attitudes toward fit, there

was no significant difference between Chinese and Canadians (t (52) = -1.11, p = .27, M

Chinese = 4.13, M Canadian = 4.44). When the attitude toward fit became important, the

t-test results showed that the difference in means was not statistically significant (t (197)

= -.33, p = .75, M Chinese = 4.69, M Canadian = 4.73). This was not consistent with the

hypothesized "attitude toward fit will have less of an influence on Chinese respondents'

attitudes to CRM brands than on European-Canadians". The fit actually had a more

influence on Chinese respondents than Canadians when attitude to CRM brands was

compared.
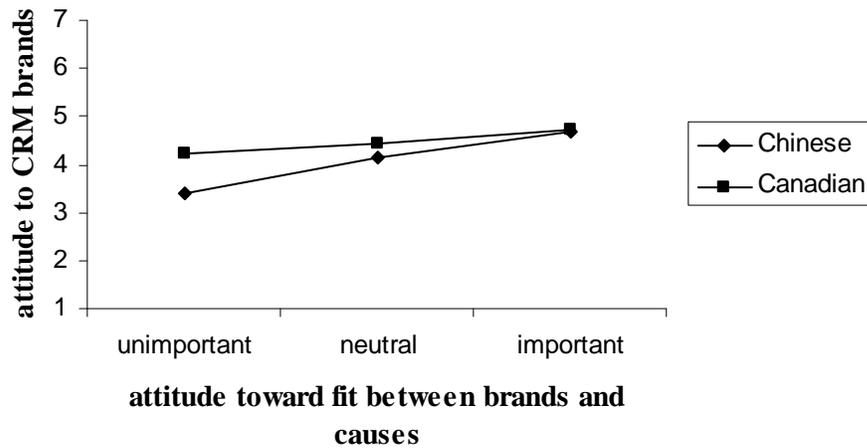


**Figure 3 Interaction of country and attitude toward fit
on attitude to CRM brands**

For attitude to CRM in general, the R square was 17.8%. There was a positive

relationship between fit and attitude to CRM in general (Beta = .41, t = 4.83, p<.01).

When respondents' attitudes toward fit changed from unimportant to important, they

reported more positive attitudes to CRM in general (M unimportant = 3.81, M neutral = 4.17,

M important = 4.62). The interaction between fit and country was not significant (Beta =

-.02, t = -.27, p = .79).

For brand choice intention, the R square was 12.5%. The relationship between fit and

brand choice intention was significantly positive (Beta = .38, t = 4.37, p<.01). When

respondents' attitudes toward fit changed from unimportant to important, they reported

moderately more positive attitudes to CRM in general (M unimportant = 4.34, M neutral =

4.69, M important = 5.15). The interaction between fit and country was not significant

(Beta = -.09, t = -1.03, p = .30).

For product purchase intention, the R square was 20.9%. A significantly positive

relationship could be found between fit and product purchase intention (Beta = .53, t =

6.39, p<.01). The interaction between fit and country was significant (Beta = -.17, t =

-2.01, p<.05). Figure 4 reveals that when the attitude toward fit was reported as

unimportant, the t-test results showed that the mean difference between Chinese and

Canadians was not statistically significant (t (47) = -.72, p = .48, M Chinese = 3.76, M

Canadian = 4.06). When they held neutral attitudes toward fit, Chinese and Canadians

showed similarity in their product purchase intention (t (52) = -.13, p = .90, M Chinese =

4.39, M Canadian = 4.43). When the attitude toward fit was important, Chinese

respondents again reported very similar product purchase intention to Canadians (t (197)

= .86, p = .39, M Chinese = 5.06, M Canadian = 4.93). This was not consistent with the

predicted "attitude toward fit will have a less influence on Chinese respondents' attitudes

to CRM brands than on European Canadians". The fit actually had more influence on

Chinese respondents than Canadians when product purchase intention means were

compared.
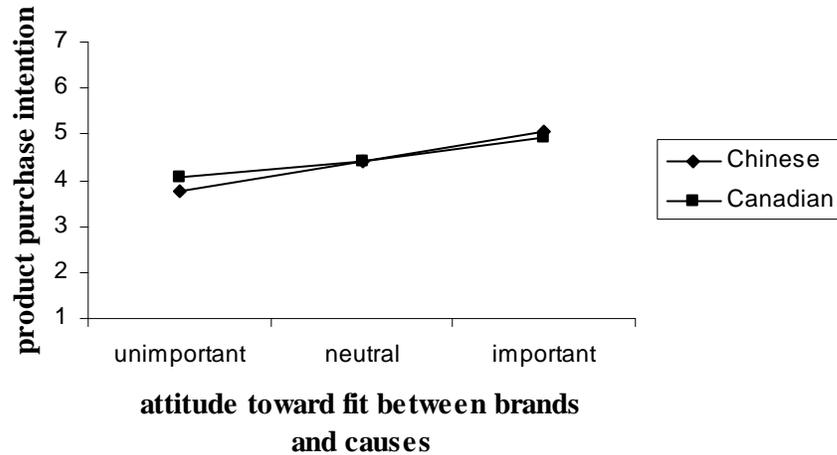
**Figure 4 Interaction of country and attitude toward fit
on product purchase intention**

In summary, hypothesis 4 was supported only in terms of attitude to CRM firms,

where the attitude toward fit had less influence on Chinese consumers than on European-

Canadians.

**Table 8: Regression results for H4**

|  | **Attitude to CRM firms** | **Attitude to CRM brands** | **Attitude to CRM in general** | **Brand choice intention** | **Product purchase intention** |
|---|---|---|---|---|---|
| N | 295 | 295 | 295 | 295 | 295 |
| **Control variables** | | | | | |
| Age | .05 | -.12* | -.07 | -.12* | -.12* |
| Education | -.04 | .01 | .00 | .00 | .00 |
| Income | .10 | .09 | .12* | .08 | .15* |
| **Independent variables** | | | | | |
| Country | .21** | .07 | .11+ | .06 | -.07 |
| Fit | -.21* | .55** | .41** | .38** | .53** |
| Country * Fit | .23* | -.24** | -.02 | -.09 | -.17* |
| **R² (%)** | **10.5%** | **18.0%** | **17.8%** | **12.5%** | **20.9%** |

+ = p< .10, * = p< .05, ** = p< .01

Values are betas from OLS regression.

## 5. DISCUSSION

The purposes of this study were to examine Chinese consumers' reactions to CRM and to compare these reactions with those of European-Canadians. A manipulation check revealed that these two ethnic groups predictably represented different cultural characteristics. Chinese reported being collectivistic and high context culture oriented; while European-Canadians reported that they were individualistic and low-context culture oriented. This result confirms earlier cultural studies (e.g. Hofstede, 1994).

The results of this study supported hypothesis 1 (See table 9 for a summary of hypotheses testing). The majority of Chinese consumers were aware of CRM campaigns. Although CRM as a marketing strategy has only been recently introduced in China, a few successful campaigns have increased CRM's profile. Chinese respondents were also favorable to CRM in general. Varadarajan and Menon (1988) summarized three levels of cause alliances: the organizational level, the product line level, and the brand level. It is interesting to note that Chinese consumers had a positive attitude toward brands involved in CRM, but displayed the attitude that firms are likely to exploit the causes. This discrepancy could be explained by the fact that most CRM campaigns usually promote partnership between a nonprofit cause and a brand. Firm identity may not play a central role in this promotion strategy, so consumers have tended to show a positive attitude to the brands, while remaining suspicious of the intention of the firms. Being consistent with previous CRM studies conducted in the Western countries (Miller, 2002, Brand

Benefits, 2003/04), Chinese consumers exhibited positive brand choice intention and

product purchase intention toward CRM brands. According to the results, 74.8%

respondents said to have purchased, in the past, a product or a service involved in a CRM

campaign, and 82.5% of them said that if price and quality were kept similar, they were

willing to switch brands to one associated with a good cause. Based on H1 results, one

can conclude that individuals with collectivistic tendencies such as being interdependent,

showing more concerns to others, and high-context tendencies, such as being highly

involved with each other's lives, tend to have positive reactions to CRM campaigns.

**Table 9: A summary of hypotheses testing**

| | Hypotheses | Results |
|---|---|---|
| H1a | A majority of Chinese consumers will be aware of CRM campaigns. | **supported** |
| H1b | Chinese consumers will have a positive attitude toward (i) firms and (ii) brands involved in CRM campaigns; and (iii) they will have a positive attitude toward CRM in general. | **(i) not supported** <br> **(ii) supported** <br> **(iii) supported** |
| H1c | Chinese consumers will have positive (i) brand choice intention and (ii) product purchase intention toward the brand involved in a CRM campaign. | **(i) supported** <br> **(ii) supported** |
| H2a | Chinese female consumers will be more aware of CRM campaigns than their male counterparts. | **not supported** |
| H2b | Chinese female consumers will have a more positive attitude toward (i) firms and (ii) brands involved in CRM campaigns than their male counterparts; and (iii) they will have a more positive attitude toward CRM campaigns in general than their male counterparts. | **(i) not supported** <br> **(ii) not supported** <br> **(iii) supported** |
| H2c | Chinese female consumers will have a more positive (i) brand choice intention and (ii) product purchase intention toward brands involved in CRM campaigns than their male counterparts. | **(i) supported** <br> **(ii) supported** |
| H3a | Chinese consumers will be less aware of CRM campaigns compared to their European-Canadian counterparts. | **Supported** |
| H3b | Chinese consumers will have a more positive attitude toward (i) firms and (ii) brands involved in CRM campaigns than their European-Canadian counterparts; and (iii) they will have a more positive attitude toward CRM campaigns in general than their European-Canadian counterparts. | **not supported** |
| H3c | Chinese consumers will have more positive (i) brand choice intention and (ii) product purchase intention toward brands involved in CRM campaigns than European-Canadians. | **not supported** |
| H3d | The gender difference between Chinese consumers' reactions to CRM will be smaller than that of European-Canadian consumers. | **partially supported** |
| H4 | Attitude toward fit between brands and causes will have more influence on European-Canadian consumers' attitudes to (i) CRM firms, (ii) CRM brands and (iii) CRM in general, and their (iv) brand choice intention and (v) product purchase intention than on Chinese consumers. | **(i) supported** <br> **(ii) not supported** <br> **(iii) not supported** <br> **(iv) not supported** <br> **(v) not supported** |

The results showed that there were significant gender differences among Chinese respondents in terms of general attitude toward CRM and the behavior intention. Chinese females were more favorable to CRM in general and reported more positive brand choice and product purchase intention toward CRM brands than their male counterparts. This finding is consistent with previous studies conducted in the West (Ross et al., 1992). Chinese females, similar to women in the earlier Western studies, are more concerned for others, and are more attentive to others' needs (Gilligan, 1982) when compared to Chinese males. This may explain why Chinese women tended to be more supportive of CRM and were more willing to buy CRM brands.

However, there was no statistical difference between Chinese female and male consumers when awareness of CRM, and attitudes toward CRM firms and brands were compared. This finding is consistent with the CRM consumer research conducted in New Zealand, where there was no gender difference in consumers' attitudes to CRM (Chaney and Dolli, 2000). It might be explained that women are more suspicious about the intentions of firms involved in CRM campaigns, but their brand choice and product purchase intentions are still positively influenced by CRM campaigns. In other words, the firm's motivations were not the sole issue for female consumers; if their purchase behavior would help the cause, female consumers showed more positive behavior intention.

Country of respondents showed significant main effects in predicting consumers' awareness of CRM and attitude to CRM firms. As anticipated, compared to the

European-Canadians, Chinese consumers were less aware of CRM. CRM started in North

America more than two decades ago (Brown and Dacin, 1997), while it is still a new

marketing phenomenon in China (Zeng, 2004). These historical developments could

explain the above results. Chinese were less positive to CRM firms when compared to

European-Canadians. These findings are contradictory to our hypothesis. However, this is

consistent with the explanation provided by Lavack and Kropp (2003). According to the

authors, consumers from different countries differ in their understanding and favorability

to CRM because CRM has been introduced at different historical periods. Although the

motivations behind the attitudes were not explored, it might be that people from countries

where CRM is less common are unlikely to understand the benefits of being involved in

CRM campaigns (A. Lavack, personal communication, August, 2005).

There was a significant difference between Chinese and Canadians with respect to

their attitudes to CRM brands and their behavior intention. Chinese were expected to

show more positive attitudes and higher behavior intentions to CRM based on their

collectivistic and high-context oriented cultural traits, but opposite results were observed.

Because of the important values of kinship and personal networks, Chinese do not easily

extend trust outside their familiar social circles (Child and Mollering, 2003); they tend to

be skeptical about the CRM firms' intention and which leads to a less positive attitude

and behavior intention.

Data failed to support all hypotheses, barring one, that were related to gender

differences in the two cultural groups. Gender differences among Chinese consumers

were statistically similar to those among European-Canadians. The only supported

hypothesis was with regards to attitude to CRM firms. As hypothesized, there was a

significantly smaller gender difference among Chinese than among the

European-Canadians.

The study results partially supported Hypothesis 4. Attitude toward fit between brands

and causes had more influence on European-Canadian consumers' attitudes to CRM firms.

However, contrary to the hypothesis, there was more influence on Chinese consumers'

attitudes to CRM brands and intention to purchase the product. As other scholars have

pointed out, fit has a positive effect on consumer reaction to CRM (Hoeffler and Kevin,

2002; and Pracejus and Olsen, 2004). Research results show that Chinese consumers

exhibit more concerns about the fit between the brands and the causes, and their brand

attitude and purchase intention are thus more positively influenced by this. Based on the

results discussed earlier, this could be explained by the fact that Chinese consumers are

skeptical toward firms, so they are more demanding of a close fit between the firm and

the cause than European-Canadians.

Some results regarding firm attitude are worth mentioning here: In H1, Chinese

consumers reported negative attitudes toward firms involved in CRM campaigns, but

displayed a positive attitude to brands involved in CRM campaigns; and positive

behavior intentions. In H3d, firm attitude was the only variable, where a smaller gender

difference was found among Chinese consumers when compared to European-Canadian

consumers. Additionally, in H4, attitude toward fit between brands and causes had more

influence on European-Canadian consumers' than on Chinese consumers' only for

attitudes to CRM firms. Finally, for two of the firm attitude items in the questionnaire

(measuring contrary attitude), Chinese respondents surprisingly gave similar responses.

One likely possibility is that the respondents may have misunderstood the meaning of

these statements. Please refer to the limitation section for further explanation. These

findings might seem odd but a statistically correct procedure was followed to test this

variable.

# 6. CONCLUSION, CONTRIBUTION AND IMPLICATIONS

CRM has shown its success as an effective marketing tool for last two decades, but it has been implemented mostly in the Western countries of North America, Europe and Australia with mostly consumers of European descent. Reaction toward CRM among consumers of non-European backgrounds deserves further study. This study attempted to expand the horizons of CRM research into Chinese consumers. The results showed that a majority of Chinese consumers are favorable to this marketing activity, although not as favorable as consumers with European descent, Chinese consumers' attitudes to CRM brands and to CRM in general are positive. CRM also has a positive influence on Chinese consumers' brand choice and product purchase intention. However, cultural traits such as collectivism and high-context orientation only conditionally moderate consumer reaction to CRM. It can be concluded from this study that cultural traits have a main effect on consumers' awareness of CRM and attitudes toward CRM firms, but not on their attitude to CRM brands, to CRM in general or their behavior intention (See table 10 for a summary of the main effect of IVs on DVs). Moreover, those cultural traits moderate consumers' attitudes to CRM firms, to CRM brands and their product purchase intention, but not in terms of awareness of CRM, attitude to CRM in general or brand choice intention (See table 11 for a summary of the moderating role of cultural traits on DVs).

**Table 10: A summary of the main effect of IVs on DVs**

| DVs \ IVs | awareness of CRM | attitude to CRM firms | attitude to CRM brands | attitude to CRM in general | brand choice intention | product purchase intention |
|---|---|---|---|---|---|---|
| cultural traits (country) | * | * | | | | |
| gender | | | * | * | * | * |
| attitude toward fit between the firm and the cause | | | | * | * | |

* when the main effect existed

**Table 11: A summary of the moderating role of cultural traits on DVs**

| DVs \ moderator | awareness of CRM | attitude to CRM firms | attitude to CRM brands | attitude to CRM in general | brand choice intention | product purchase intention |
|---|---|---|---|---|---|---|
| gender * cultural traits (country) | | ** | | | | |
| attitude toward fit (unimportant) * cultural traits (country) | | | ** | | | |
| attitude toward fit (neutral) * cultural traits (country) | | ** | | | | |
| attitude toward fit (important) * cultural traits (country) | | ** | | | | |

** when the interaction existed

*** The interaction between country and attitude toward fit was significant on product purchase intention. However; the results from T-test were not significant.

Despite its importance, no attention has been given to the Chinese market's reactions to CRM. This study is the first empirical study measuring Chinese consumers' reactions to CRM. Besides this, it contributes to the examination of the moderating role of cultural traits in consumer reaction to CRM campaigns. Previous studies have shown that different cultural values influence consumers from different cultures on their purchase decisions and behaviors, but this influence has not been examined in the context of CRM. This study adds cross-cultural understanding of consumer behaviors in the context of CRM.

Chinese in Canada have now surpassed one million and comprise Canada's largest visible minority group (Statistics Canada, 2005). Thus, this research provides useful managerial insights to firms who want to target the Chinese market in Canada. First, the results suggest that Chinese consumers are not as favorable toward CRM campaigns as those with European descent. They are suspicious about the real intention of the firms involved in CRM. Secondly, Chinese consumers' attitudes to CRM firms and brands and their behavior intention are influenced by the fit between the brands and the causes. Thus, when marketers target a CRM campaign among Chinese consumers, choosing the "right" cause is crucial. Thirdly, the results reveal that Chinese consumers hold a positive attitude toward brands involved in CRM campaigns, but not in particular to CRM firms. This suggests that practitioners may want to ally with a cause on the brand level instead of the corporate level to gain more consumer appreciation..

# 7. RESEARCH LIMITATION AND FUTURE DIRECTIONS

This study suffers from several limitations. First, although widely used in social sciences and business research to describe cultural characteristics, Hofstede's measure of culture dimensions has been criticized in the past. Hofstede examined the role of national culture at work place and too restricted to one company, i.e. IBM (Hofstede, 1980). This may have a limited generalizability to other areas of society. Also, his data was collected from 1967 to 1973. With the advent of globalization starting in late 1970s in China, it might not be appropriate to use this dimension to measure cultural traits in recent times. Finally, categorizing countries into one specific culture type might be problematic as there typically exists culture diversity within a country (Yoo and Donthu, 1998). Although the manipulation check revealed that Chinese respondents were collectivistic and European-Canadians were individualistic, individual differences may still exist within each cultural group. These individual differences may have increased the variability in reaction to CRM within each cultural group and may have reduced the differences between the two groups. Second, the Chinese sample recruited for this study had been living in Canada for less than five years. During this period, the Chinese individuals may have been exposed to the North American media and a few CRM campaigns, resulting in views similar to their European-Canadian counterparts. Third, the group of skilled Chinese immigrants might not represent traditional Chinese cultural traits because their socialization into another society could lead to the diminishing of

Chinese values and to the absorption of local Canadian values. In fact, this could possibly explain why cultural traits failed to moderate consumer reaction to CRM except for consumers' attitudes to CRM firms, to CRM brands and their product purchase intention. The Chinese sample recruited in the survey was thus a convenience sample and may not represent the mainstream population of China.

Fourth, the answers to the two CRM firm attitude questions ("In my opinion, the firms involved in CRM campaigns are generally more interested in supporting the cause." and "In my opinion, the firms involved in CRM campaigns are generally more interested in exploiting the cause.") in the Chinese questionnaire tended to have very similar response patterns. It could be that respondents have believed that the firms support and exploit the causes at the same time, or it could be a problem of respondents' misunderstanding of the questions. This problem could have been avoided if the key words in these two questions had been printed in bold font.

Fifth, the text introducing the concept "fit" at the beginning of part IV of the questionnaire may been inadequate. The introduction section noted a few examples of close fit, without stating how these partnerships exemplified close fit. For example, the partnership between AVON and breast cancer could have been clarified by saying "this is an example of close fit because both the organizations target the same individuals – middle class Caucasian women. Lack of such explanation may have resulted in respondents not understanding questions in part IV. This may have hampered the reliability of their responses.

A replication of this study with Chinese consumers from Mainland China where the Chinese cultural traits are well reflected could be conducted in the future. In that way, we could further explore the moderating role of cultural traits in consumer reaction to CRM and different findings could be expected. Future research could also examine the relationship between cultural traits and consumer reaction to CRM in other culturally distinctive countries in order to increase the generalizibility of the findings. Third, it will be useful to explore consumers' perceptions of CRM firms versus CRM brands, in particular the relationship with their behavior intention.  In this way, we will be able to find out how these two concepts differently influence success of a CRM campaign. Fourth, since the results of the current study show that Chinese consumers tend to have positive attitudes to CRM and behavior intention, but not their firm attitude, it might be interesting to explore whether a negative attitude toward CRM firms will necessarily lead to negative behavior intention. Fifth, there has been no study regarding consumer perceptions of three different levels of cause alliances: the organizational level, the product line level, and the brand level. It will help us to gain some understanding on how the success of CRM campaigns is related to these different types of alliances. Additionally, since women tend to be more positive than men in their responses to CRM, a pre-survey measure of female's reactions to some similar items can be used as a benchmark to evaluate their average responses in the future studies. Finally, Chinese consumers' views of CRM causes could be examined. Some CRM cause attitude related items were measured in this study, but they were not analyzed. That will help to fully

understand Chinese consumers' reactions to the two parties in a CRM campaign.

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# Appendix 1

## FILTER QUESTIONS

1. What country do you live in? _____

2. How long have you been living in that country? _____

3. What is the ethnic background of your father?

4. What is the ethnic background of your mother?

5. Are you above 18?

   Yes ____      No ____

6. Highest Level of Education Obtained:

   Less than High School _____

   High school _____

   Some college/university or technical school _____

   College/university or technical school _____

   Graduate School _____

# Appendix 2

# Informed Consent

You are being asked to participate in a study regarding consumer reactions to Cause Related Marketing (CRM) campaigns. (Refer to the definition of CRM on the next page.) This study will take approximately 12 to 15 minutes to complete. You will not be required to provide any identifying information on the questionnaire. Your responses will be kept confidential. We may publish the findings of this study in academic journals or conferences. Any publication we develop will only report group data. Once you have completed the questionnaire, I will give you more information about the exact nature of the study upon inquiry. If you wish to obtain a copy of these results, you may send an e-mail request to sheena.chen@uleth.ca.

I hope you will participate in this study, but if, for any reason, you decide to withdraw, you are free to do so at any time without penalty. If you have any questions about the study, please contact Dr. Sameer Deshpande at the University of Lethbridge by phone: 403-329-5196 or by email: sameer.deshpande@uleth.ca. Questions of a more general nature may be addressed to the Office of Research Services, University of Lethbridge: (Phone: 403-329-2747).

You could choose to leave your name and contact information on this sheet if you wish to participate in a lucky draw. The identifying information collected below is only for purposes of conducting the draw. The draw for 50 Canadian dollars will be conducted after the data collection. Two people will be randomly selected. All the respondents will receive a University of Lethbridge pen as a compensation for their time and effort.

Please write "I understand" below to acknowledge that you have read and understood this information. **Please write down your name and contact information if you would like to participate in the lucky draw for 50 dollars.**


_____    _____    _____
(Please write "I understand".)            Signature                          Date


_____
        Printed name and contact information


**Now please complete the questions on the following page.**

# Appendix 3

# Questionnaire

**What is Cause Related Marketing (CRM)?**

Put in simple words, CRM is a marketing activity where a company is associated with a cause or non-profit organization, and a certain percentage of the sales revenue is donated to a pre-determined cause or non-profit organization. For example, Avon has an alliance with an organization related to the breast cancer cause, and a certain percentage of the sales revenue from Avon products is donated to the organization.

In this study you will be asked about your attitudes regarding CRM, as well as more general questions about yourself. Please provide your opinion by circling the number that best reflects your level of agreement. The choice of numbers range from 1 to 7 where: **1=Strongly disagree, 2=Disagree, 3=Slightly disagree, 4=Neutral, 5=Slightly agree, 6=Agree, and 7= Strongly agree**.

**Part I**

1. Acting as an individual is more appealing to me than acting as a member of a group.
   Strongly disagree 1    2    3    4    5    6    7 Strongly agree

2. I would rather be known for who I am than as a member of an organization to which I belong.
   Strongly disagree 1    2    3    4    5    6    7 Strongly agree

3. I often do "my own thing".
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

4. I enjoy being unique and different from others in many ways.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

5. I'd rather depend on myself than others.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

6. My personal identity, independent of others, is very important to me.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

7. It is important to maintain harmony within my group.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

8. I will sacrifice my self-interest for the benefit of the group I am in.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

9. It is important to me to respect decisions made by the group.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

10. I believe that group harmony is more important than personal satisfaction.
    Strongly disagree 1     2     3     4     5     6     7 Strongly agree

11. To me, the interests of the group are generally more important than my personal interests.
    Strongly disagree 1     2     3     4     5     6     7 Strongly agree

12. I believe that it is my duty and obligation to observe the norms set by the group to which I belong, even if personal costs outweigh personal benefits.
    Strongly disagree 1     2     3     4     5     6     7 Strongly agree

**Part II**

13. It is very important to me to feel I am a part of a group.
    Strongly disagree 1     2     3     4     5     6     7 Strongly agree

14. My social status is an important part of my life.
    Strongly disagree 1     2     3     4     5     6     7 Strongly agree

15. In general, it is more important to understand my inner self than to be famous, powerful,

or wealthy.
Strongly disagree 1      2      3      4      5      6      7 Strongly agree

16. Insults to my ego are not always important enough to bother about.
Strongly disagree 1      2      3      4      5      6      7 Strongly agree

17. A person's word is his bond and you need not spell out the details to make him behave as he or she promised.
Strongly disagree 1      2      3      4      5      6      7 Strongly agree

18. A person cannot think unless he/she can put it into words.
Strongly disagree 1      2      3      4      5      6      7 Strongly agree

**Part III**

19. Prior to this study, I had heard of marketing campaigns where companies promise to donate a certain percentage of the sale price to a cause or a nonprofit organization.
Strongly disagree 1      2      3      4      5      6      7 Strongly agree

20. Can you think of any CRM examples other than the Avon campaign mentioned at the beginning of the questionnaire? Please indicate the name(s) of the company and/or the organization.

21. Can you recall the details of the CRM campaign(s) you just mentioned? Details could include brand name, name of the cause, the length of the campaign, size of donation, and so on.

22. In my opinion, the firms involved in CRM campaigns are generally more interested in supporting the cause.
Strongly disagree 1      2      3      4      5      6      7 Strongly agree

23. In my opinion, the firms involved in CRM campaigns are generally more interested in exploiting the cause.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

24. In my opinion, the firms involved in CRM campaigns are generally acting in a socially responsible manner.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

25. In general, most companies only make charitable contributions to make themselves look good.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

26. When people buy charity linked products, they will reduce the amount they usually donate to charity.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

27. Charities that link up with a company are "selling out" to the company.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

28. Charities should fundraise by other methods rather than be linked to the sale of a company's product.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

29. I find most CRM campaigns credible.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

30. I find most CRM campaigns believable.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

31. I find most CRM campaigns pleasant.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

32. I like most CRM campaigns.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

33. I think brands involved in CRM campaigns are socially responsible.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

34. I think brands involved in CRM campaigns are socially desirable.
   Strongly disagree 1     2     3     4     5     6     7 Strongly agree

35. I think brands involved in CRM campaigns are good for the community.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

36. In the past, I have purchased a product or service primarily because of a CRM ad.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

37. When I see a company doing charitable work, it makes me more likely to try their products.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

38. A CRM ad makes me more willing to purchase its products.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

39. A CRM ad makes me less willing to purchase its products.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

40. I would be tempted to try a brand as a result of a CRM promotion if I regularly use the product category.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

41. I would be likely to switch brands to one associated with a good cause, if price and quality are similar.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree


**Part IV**

In CRM campaigns, sometimes the companies and the causes are related in some way to satisfy particular needs. When this occurs, we call it a "fit". For example, 'Avon' raises funds and awareness in 50 countries to support breast cancer; 'Mountain Equipment Co-op' aligns with 'Kids Help Phone' to provide sport equipment to schools in poor areas; and 'Lenscrafters', an optician company aligns with 'Help the Aged Canada' to help seniors in developing countries with glasses.

42. Based on the above information, it is important for me to see close fit between brands and causes in CRM campaigns.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

43. I have a positive attitude toward close fit between brands and causes in CRM campaigns.
    Strongly disagree 1      2      3      4      5      6      7 Strongly agree

44. I would be more likely to purchase a product that is part of a cause-related marketing campaign when the brand and cause fit than when they do not fit.
Strongly disagree 1     2     3     4     5     6     7 Strongly agree

45. I am religious.
Strongly disagree 1     2     3     4     5     6     7 Strongly agree

46. My religious beliefs would influence my attitude to CRM campaigns.
Strongly disagree 1     2     3     4     5     6     7 Strongly agree

47. My religious beliefs would influence my purchase decisions on CRM products
Strongly disagree 1     2     3     4     5     6     7 Strongly agree

48. I often donate money/products to local charities.
Strongly disagree 1     2     3     4     5     6     7 Strongly agree

49. I often engage in volunteer work.
Strongly disagree 1     2     3     4     5     6     7 Strongly agree


**Part V**
The following demographic questions will simply be used for group analysis. Your personal information will be protected.

50. Gender: M_____     F_____

51. Marital Status: Single_____     Married_____

52. Annual Income Level:
$0-10,000 _____     $10,001-20,000 _____     $20,001-30,000 _____
$30,001-40,000 _____     $40,001-50,000 _____     $50,001 or above _____

53. What year were you born in?
_____

# Appendix 4

## Purpose of the Study

Cause Related Marketing (CRM) has grown tremendously as a marketing tool since the 1980s. Numerous studies have been conducted in North America, Europe and Australia with mostly consumers of European descent, but no such study has been conducted with Chinese consumers. This study attempts to determine the role that cultural traits play in shaping consumer responses to CRM. The primary goal of this study is to measure how Chinese consumers perceive CRM in general. The second objective of this study is to explore the differences and similarities in reactions to CRM between Chinese and Canadian consumers of European descent based on their cultural differences.

Previous research has revealed that consumers of different ethnic backgrounds tend to have different values and these culturally based values influence their purchase decisions. However, this relationship between culture and purchase decisions has not been studied in the context of CRM campaigns. In order to test this relationship in the CRM context, people from distinct cultures are being approached to participate in this study. Specifically, this research examines whether collectivism and individualism affect responses to CRM. People with a collectivistic orientation place a high priority on communal needs, whereas people with an individualistic orientation place a high priority on individual needs. Western cultures such as Canada tend to be more individualistic, whereas Eastern cultures such as China tend to be more collectivistic.