THE ROLE OF CAUSE-RELATED MARKETING ON MULTINATIONAL CORPORATE REPUTATION, BRAND IMAGE, AND PURCHASE INTENTION IN INDONESIA AND THAILAND
(Study Case on The Body Shop Against Animal Testing Campaign)

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ABSTRAK

Saat ini, perusahaan multinasional bersaing untuk memenangkan hati para pelanggan di berbagai negara. Dalam era globalisasi ini, ada banyak cara untuk mendapatkan perhatian pelanggan dan pemasaran adalah suatu keharusan untuk dilakukan. Banyak perusahaan barat yang mempraktikan Cause-Related Marketing (CRM). Sebaliknya, di Asia khususnya di negara-negara Asia Tenggara CRM dapat dianggap sebagai sesuatu hal yang baru. Oleh karena itu, penelitian ini dilakukan untuk menguji peran Cause-Related Marketing pada reputasi perusahaan multinasional, citra merek dan intensitas pembelian di Indonesia dan Thailand. Data yang diperoleh kemudian diuji dengan data survei kuantitatif primer yang dikumpulkan dari 113 responden di Indonesia dan Thailand. Analisis jalur digunakan untuk menguji hiphotesis. Temuan menunjukkan bahwa Cause-Related Marketing memiliki efek positif pada variabel seperti: reputasi perusahaan multinasional, citra merek dan niat beli.

Kata Kunci *: Cause-Related Marketing,* **Reputasi Perusahaan, Citra Merek, Intensitas Pembelian**

ABSTRACT

Today, MNCs are competing hard to win customers' heart in many parts of the world. In this globalization era, there are many way to get customers' attentions and marketing is a must thing to do. Many western companies are practicing Cause-Related Marketing (CRM). On the contrary, in Asia specifically in Southeast Asian countries CRM can be considered as new. Therefore, this study aims to examine the role of Cause Related Marketing on multinational corporate reputation, brand image and purchase intentions in Indonesia and Thailand. The conceptualization was then tested with primary quantitative survey data collected from 113 respondents in Indonesia and Thailand. Path analysis was used to test the key hyphothesis. The findings showed that Cause-Related Marketing has a positive effect on multinational corporate reputation, brand image and purchase intention.

Keywords : Cause-Related Marketing, Corporate Reputation, Brand Image, Purchase Intention

1. INTRODUCTION

Globalization has accelerated remarkably in recent years, a phenomenon that has significant impacts on economy, education, society, environment and business. From the business perspective, one effect of globalization is that of cross border market. This means that a corporation that had previously only sold its product domestically can start selling product to other countries. All commercial transactions including sales, investments, and transportation that take place between two or more countries is called international business. Multinational Corporations (MNCs) as the vehicle of international business play an important role in global business environment. Starting in one home country,

MNCs operate in many host countries, translating the particular opportunities to enter foreign market. Companies must consider their host countries' cultures when entering foreign market. If they are not appropriate in the target country, they should adjust the product and marketing messages. Because the heart of MNCs' business success lies in its marketing, without the right marketing strategy companies will loose their potential customer in host countries. Nowadays, many companies are practicing Corporate Social Responsibility (CSR). According to the United Nations, Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR initiatives can be broken into six; corporate cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering and socially responsible business practices (Kotler *et al,* 2002).

The popular form of CSR is Cause-Related Marketing (CRM). CRM is a positive marketing approach which offers another means by which business and consumers can support charities or causes. In every CRM campaign, companies are linking their product to worthwhile causes and inviting consumer to get involved. The level of involvement a consumer has with the cause and how the message is communicated are the key factors in CRM.

2. LITERATURE REVIEW
Cause-Related Marketing

Cause-Related Marketing has emerged in recent years as a positive approach to consumers and non-profit organization. Although CRM is very familiar but there seems to be some misunderstanding about this concept. Adkins (1999:xvii) argued CRM is about using marketing money techniques and strategies to support worthwhile causes whilst at the same time building the business. Marconi (2002:3) concluded that CRM is the action through which a company a nonprofit organization or a similar entity markets an image, a product, a service, or a message for mutual benefit.

Figure 1 Cause-related Marketing: The Continuum

Multinational Corporate Reputation

The word Multinational Corporation (MNC) is very common in the international business world. There is no universally accepted definition of the term MNC. MNC is defined as firms that engage in some form of international business. It is a widespread and complex enterprise whose activities are located in more than two countries (Madura. 2008: Kefalas. 2008: Smelser and Baltes. 2001). Fombrun (1996:76) defined corporate reputation as a collective representation of a firm's past action and results that describe the firm's ability to deliver valuable outcomes to multiple stakeholders. Reputation is seen as a major element of an organisation's provenance alongside and included in financial performance and innovation.

In 1966, Fombrun measured four drivers which help companies build strong and favorable reputations. In a study titled Reputation: Realizing Value from the Corporate Image, Fombrun (1996).
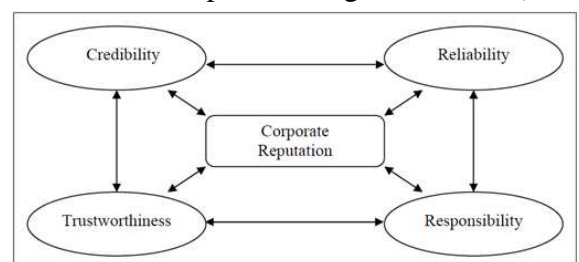

Figure 2 The Drivers of Corporate Reputation

1) Reliability
As businesses that rely on people skills, information, and know-how normally depend heavily on their reputations to attract customers, therefore the effects of reputation on customers are arguably strongest in the service sector, where judgments of quality are especially difficult to make (Fombrun 1996).

2) Credibility

Corporate credibility refers to the degree to which consumers, investors, and other stakeholders believe in the company's trustworthiness and expertise (Goldsmith et al, 2000). Corporate credibility is defined as one of the corporate image dimensions that can affect brand equity and relate to reputation (Keller, 1998). ¬¬Corporate credibility can also have a critical effect on purchase intention (Lafferty et al, 2002).

3) Trustworthiness

According to Fombrun (1996), trust is an indicator of increasing professionalism in the managerial ranks. According to Maathuis et al. (2004), customer's interest in companies has been increasing in the areas of the company's trustworthiness and how they companies treat their employees. Kowalczyk and Pawlish (2002) agreed and added that a customer's perception of company's trustworthiness and how they treat their employees could affect a customer's purchase decisions as well. Davies and Chun (2002) also observed that how customer-facing employees perceive the company they work for can influence how customers perceive the same company in a number of ways. As a result, it is recommended that companies should build and promote their corporate reputation by treating employees with respect and invest in them (Middleton & Hanson, 2003).

4) Social Responsibility

As healthy business requires a healthy community (Lewis, 2001), companies should at least put back as much as they take from their social and physical environments. Companies that ignore the well-being of their local communities demonstrate an obtrusive disregard for its residents. On the other hand, companies that employ a concept of good citizenship as a core value will enable closer integration of work and leisure, of individual and organization, of individual and community, and of company and community (Fombrun 1996). Like the community, customers also take an interest in how companies deal with environmental issues (Maathuis et al, 2004).

Brand Image

Brand image is a description of the associations, beliefs and feelings consumers have about the brand (Batey, 2008:xvi). Kotler (2001) defined image as the attitude, thought and feelings of person for a particular thing or object. The essential part of company's marketing program is to sustain brand image (Roth, 1995) and strategy of the brand (Keller, 1993; Aaker, 1991). Image can create importance and it helps consumer in gathering information,

distinguish the brand, creates reason to purchase, and also creates constructive feelings and provides basis for brand extension (Aaker, 1991).

Purchase Intention

Purchase intention is a kind of situation where consumer tends to buy a certain product or a particular brand in certain condition (Morinez et al. 2007 : Shah et al. 2012). Mirabi et al (2015) argue that purchase intention usually is related to the behavior, perceptions and attitudes of consumers. Hosein (2012) classified purchase intention as one of the components of consumer cognitive behavior on how an individual intends to buy a specific brand or product. Kotler and Keller (2011:170) argue in executing a purchase intention, the consumer may make up to five subdecisions: brand (brand A), dealer (dealer 2), quantity (one computer), timing (weekend), and payment method (credit card).

Correlation among variables
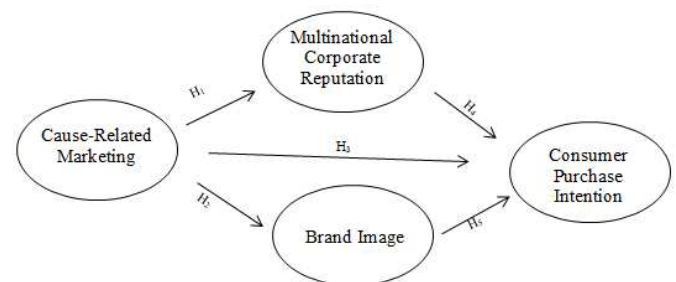
Figure 3   Conceptual model of the relationship between among variables

1) Cause-Related Marketing and Multinational Corporate Reputation

Corporate reputation is made up of a number of elements including corporate citizenship or corporate social responsibility, Cause-Related Marketing has a clear and vital role to play (Adkins, 1999). It can be seen from the result of In Business in the Community's 1998 quantitative corporate research survey, again conducted by Research International (UK) Ltd. as cited in Marconi (2002), seventy-five percent of 450 companies feel cause-related marketing can enhance corporate or brand reputations. Corporate reputation appears to be influenced by Cause-Related Marketing.

2) Cause-Related Marketing and Brand Image

The essential part of company's marketing program is to sustain brand image (Roth, 1995). Cause-Related Marketing as one of positive

marketing approaches, which enables good sales probably has to build a brand especially upon the firm's experience and knowledge. A company that supports a certain cause may be given additional perceived value by the consumer (Webb & Mohr, 1998).

3) Cause Related Marketing and Purchase Intention

Cause-Related Marketing also attracts people across the globe who strive to contribute to a common good. This kind of activities serve as a marketing communication tool, thus influencing global consumers' attitude and intention to buy a certain product or a brand.

4) Corporate Reputation and Brand Image

Essentially, corporate reputation and brand image are linked to each other. The marketing department of a company has a big responsibility in crafting an interesting Cause-Related Marketing campaign (Adkins, 1999). The more interesting a cause is affiliated with a brand, the more people respect to the brand. If a brand fails to be respected, reputation suffers.

5) Corporate Reputation and Purchase Intention

Nguyen and Leblanc (2001), they found that good corporate reputation could reinforce customers' trust in corporate and product and finally promote customer repurchase. Thus, purchase intention really depends on corporate reputation as perceived by customers. The stronger the corporate reputation of a firm the higher the purchase intentions.

6) Brand Image and Purchase Intention

Martin (1971) states that when consumers hold a strong image of the brand, they will likely engage in a psychological mechanism to reduce dissonance created by cues that are inconsistent with their strong brand image. Previous studies have proved that brand image has a positive effect on purchase intention. Cultivating brand image is important as it creates a strong image and useful when purchasing the product. Therefore, when consumers hold a strong brand image, they will be more likely to evaluate the apparel product positively, regardless of price.

HYPOTHESIS

The following hypothesis has been developed to understand the relationship between Cause-Related Marketing, Corporate Reputation, Brand Image, and Purchase Intention:

H1: Cause-Related Marketing will positively influence Corporate Reputation.
H2: Cause-Related Marketing will positively influence Brand Image.
H3: Cause-Related Marketing will positively influence Purchase Intention.
H4: Multinational Corporate Reputation will positively influence Purchase Intention.
H5: Brand Image will positively influence Purchase Intention.

3. RESEARCH METHODS

This study used explanatory research with quantitative method. this study aims to examine the role of Cause Related Marketing (CRM) on multinational corporate reputation, brand image and purchase intentions in Indonesia and Thailand. The conceptualization was then tested with primary quantitative survey data collected from 113 respondents who already know about The Body Shop Against Animal Testing Campaign in Indonesia and Thailand. Path analysis was used to test the key hyphothesis.

Validity and reliability test was done with help of SPSS ver. 13.0. The results indicated that all variables have Cronbach Alpha coefficient higher than 0,60 so that all variable measurements from questionnaire are reliable. Then all items from each variable are good to apply as measurement tools.

Path Analysis

Path analysis is a method employed to determine whether or not a multivariate set of non-experimental data fits well with a particular causal model. In this research path analysis is used to map out relationships between Cause-Related Marketing as an exogenous variable and the endogenous variable, Purchase Intention with two intervening variables Multinational Corporate Reputation and Brand Image.

The structural equation can be seen in **Table 1**.

Table 1 : Coefficient Line Test Result

Independent Variables	Intervening Variables	Dependent Variables	Standardized Coefficients	t	Sig.
X	Z1		0.538	6.732	0.000
X	Z2		0.672	9.573	0.000
X			0.194	2.139	0.035
Z1		Y	0.442	4.586	0.000
Z2			0.194	2.292	0.024
$R^2{}_1$: 0,452					
$R^2{}_2$: 0290					
$R^2{}_3$: 0,531					

4. RESULTS AND DISCUSSION

Respondent Information

There were 89 respondents from Indonesia and 24 respondents from Thailand. From 113 respondents, 73% (82) of them are female and 27% (31) of them are male. It can be concluded that most of the respondents who are interested to buy The Body Shop are mostly female.

Hypotheses Test

There are five hypotheses that have been developed to understand the relationship between Cause-Related Marketing, Multinational Corporate Reputation, Brand Image, and Purchase Intention. All the hypotheses were tested as follows:

H1 : Cause-Related Marketing will positively influence Multinational Corporate Reputation.

Cause-Related Marketing has a significant effect on Multinational Corporate Reputation.

Table 1 shows the beta coefficient of 0.538 indicates the influence of Cause-Related Marketing to Corporate Reputation, with t result equals to 6.732 and a probability of 0.000 (p <0.05), then the decision is H 0 is rejected. The hypothesis that stated 'Cause-Related Marketing has a significant effect on Multinational Corporate Reputation' accepted. The value of coefficient determination is 0.452 (45.2%). These results indicate that the contribution of Cause-Related Marketing to Multinational Corporate Reputation is 45.2%, while the contribution of other variables outside the model of this study is about 54.8%.

H2: Cause-Related Marketing will positively influence Brand Image.

Table 1 shows the beta coefficient of 0.672 indicates the influence of Cause-Related Marketing on the Brand Image, with t result equals to 9.573 and a probability of 0.000 (p <0.05), then the decision is H 0 is rejected. The hypothesis that stated 'Cause-Related Marketing has a significant effect on the Brand Image' is accepted. The value of coefficient determination is 0.290 (29.0%). These results indicate that the contribution of Cause-Related Marketing on the Brand Image is 29%, while the contribution of other variables outside the research models is 71%.

H3: Cause-Related Marketing will positively influence Purchase Intention.

Table 1 shows the beta coefficient of 0.194 indicates that the influence of Cause-Related Marketing on the Purchase Intention, with tresult is to 2.139 and the probability of 0.035 (p <0.05), then the decision is H 0 is rejected. The hypothesis that stated 'Cause-Related Marketing significantly influence Purchase Intention' is accepted.

H4: Corporate Reputation will positively influence Purchase Intention.

Table 1 shows the beta coefficient of 0.442 indicates that the effect of the Corporate Reputation on Purchase Intention, with tresult is 4.586 and the probability of 0.000 (p <0.05), then the decision is H 0 is rejected. The hypothesis that stated 'Corporate Reputation significantly influence Purchase Intention' is accepted.

H5: Brand Image will positively influence Purchase Intention.

Table 1 shows the beta coefficient of 0.194 indicates the effect of Brand Image on Purchase Intention, with tresult of 2,292 and a probability of 0.024 (p <0.05), then the decision is H 0 is rejected. The hypothesis that stated 'Brand Image has a significant effect on Purchase Intention' is accepted. Value of coefficient determination is 0.531 (53.1%). These results also indicate that the contribution of Cause-Related Marketing and Multinational Corporate Reputation toward Purchase Intention is 53.1%, while the contribution of other variables outside the model of this study by 46.9%.

Relationship between Line

The overall calculations have been done, this research resulted in the path coefficient between

variables. Figure 4 shows the results of the path analysis diagram as a whole. Path diagram can be described as follows:
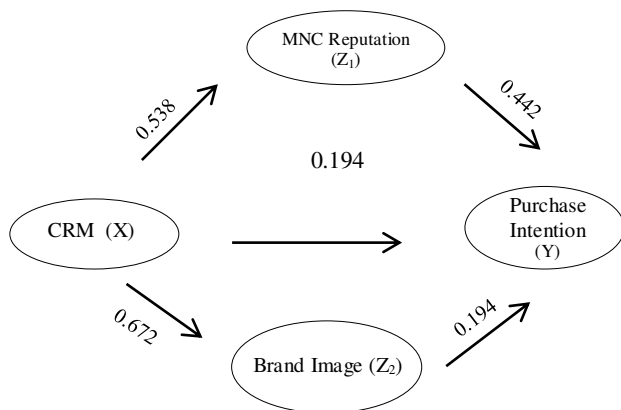
Figure 4   Path Diagram

From the research result known that CRM has a positive influence for corporate reputation, brand image, and purchase intention of The Body Shop Products. Then that statement supported with the result of R^2 test of Cause-Related Marketing on intervaning variable, Multinational Corporate Reputation is 45.2%, while the contribution of other variables outside the model of this study is about 54.8%. It happened too on Brand Image with R^2 test result 29%, while the contribution of other variables outside the research models is 71%.

These results also indicate that the contribution of Cause-Related Marketing and Multinational Corporate Reputation toward Purchase Intention is 53.1%, while the contribution of other variables outside the model of this study by 46.9%.

Unpaired t-Test

Since this research was conducted in two different countries, Indonesia and Thailand. It is really important to use unpaired t-test to compare the results between Indonesia and Thailand.

Table 2 : t-Test Result

Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	
Cause-Related Marketing	Equal variances assumed	9.411	.003	2.350	111	.021	2.28043	
	Equal variances not assumed			3.495	83.789	.001	2.28043	
Corporate Reputation	Equal variances assumed	9.479	.003	2.659	111	.009	3.72706	
	Equal variances not assumed			3.547	62.712	.001	3.72706	
Brand Image	Equal variances assumed	.106	.745	4.293	111	.000	3.06835	
	Equal variances not assumed			4.267	36.094	.000	3.06835	
Phurcase Intention	Equal variances assumed	.104	.747	7.436	111	.000	5.60393	
	Equal variances not assumed			7.053	34.049	.000	5.60393	

The unpaired t-Test showed that respondents from Indonesia contributed highest value in Cause-Related Marketing as many as 4.61345 and Corporate Reputation with standard deviation as many as 6.55327. On the other hand, respondents from Thailand have higher value than respondents from Indonesia in Brand Image and Purchase Intention. The value of brand image from Thailand respondents is 3.13350 and purchase intention is as many as 3.51704.

5. CONCLUSIONS AND SUGGESTIONS
Coclusions

As what Kotler and Armstrong (2011: 85) said if handled well, Cause-Related Marketing can greatly benefit both the company and the cause. The resuls showed that Cause-Related Marketing gives a great benefit on corporate reputation, brand image and purchase intention.

Suggestions

Suggestion to the next researcher, the research about Cause-Related Marketing is very limited. Most of the linear research talk about customer loyalty, brand image and purchase intention. Then, for the next researchers who are interested in Cause-Related Marketing analysis can take dependent variables such as Brand Equity, Consumer Attitude, Consumer Involvement and Cause fit on Consumer Choice.

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