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# The impact of the TOMS shoes cause-related marketing campaign on GenY consumers in the United States

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# University of the Witwatersrand




# The Impact of the TOMS Shoes Cause-Related Marketing Campaign on GenY Consumers in the United States

## School of Economics and Business Sciences

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**A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Commerce**

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# ABSTRACT

This study evaluates the impact of the TOMS Shoes one-for-one campaign on the perceptions, attitudes and purchase intentions of Generation Y (GenY) consumers in the United States. The theoretical framework of the study is based on the CRM Response Model, which integrates several psychological and behavioural measures in describing GenYs' response to campaign messages (Waters 2006, Hyllegard 2009). The model was operationalised by a hypothetico-deductive research design and data was analysed through Confirmatory Factor Analysis. The strongest determinant of the model's outcome variable (*i.e.* 'purchase intentions') is brand motivation or 'attitude towards the brand'. Consequently the causes chosen must have affinity with the company's products for GenY to respond favourably to the campaign messages.

Combining emotionally evocative stimuli/imagery with a cause that GenY consumers care about or are 'involved' is bound to make them like or believe (accept) the campaign. The 'emotional' reactions of GenY determine whether they will pay 'attention' and/or 'like the campaign message' or not. The cohort's 'involvement' in the shoe cause is partially mediated by 'attention' and has a weak but significant influence on 'attitude towards the brand'. Likeable and/or memorable ads tend to be more effective in persuading consumers than neutral advertisements. 'Attention' has a direct influence on 'attitude towards the advertisement' or liking the campaign message, with communications effects in essence minimal without 'attention'.

# DECLARATION

I, Nkosinathi Trevor Nkwanyana, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Masters in Management and Marketing Information Technology (MMIT) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at this or any other university.

Nkosinathi Trevor Nkwanyana, *BBA (Brenau)*

Signed at Johannesburg

On The 23rd Day of April 2014

# DEDICATION

TO MY DAUGHTER ELLA, MY SON OLIVER AND MY WHOLE FAMILY IN SOUTH AFRICA, ENGLAND AND THE UNITED STATES OF AMERICA

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My deepest gratitude goes to Prof. Robert Vivian for motivating me to finish writing the research report and for agreeing to oversee my work when I could not find a supervisor due to my frequent travels to the United States and the shortage of staff in my department.

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# 1. CHAPTER 1: INTRODUCTION

The first chapter of this research report begins with background information, leading to discussion on Cause-Related Marketing (CRM), GenY and the TOMS Shoes one-for-one campaign. It then presents the purpose of the study, the research questions and, delimitations, ending with definition of terms.

## 1.1 Background

CRM in the United States originates from a campaign run by American Express in 1983 that promised to donate one cent for each use/swipe of the company's cards and one dollar for each new card issued to contribute $1.7 million to the Ellis Island Foundation for the restoration of the Statue of Liberty in New York City. This campaign increased card usage by 28 percent and substantially increased the number of new accounts opened, when compared to the same period (4$^{th}$ quarter) the previous year (Westberg 2004, Belch and Belch 1998). The strategy represents the third largest area of corporate sponsorship in the United States with spending of $1.68 billion in 2011: a 3.2 percent increase from 2010 and a five-fold increase over the decade (Causemarketingforum.com, 2012, Yan *et al* 2010).

CRM has played an important role in expanding the total flow of funds from the corporate to the non-profit sector and/or causes, although fees amount to only a small fraction of the collaboration value between both partners. For causes and/or non-profits, CRM publicity provides enormous name exposure and/or awareness, far beyond what the non-profits or causes could afford on their own. For the sponsor, CRM builds the organisation's brand image - critical to increasing memberships, sales and loyalty. CRM campaigns can also create good relationships with important stakeholders such as employees, government agencies and investors (Yan *et al* 2010, Bronn and Vrioni 2001, Schiffman and Kanuk 1997). The wide appeal of CRM to consumers across the world lies in the fact that it enables them to contribute to societal issues while they satisfy their own needs and wants (Polonsky and Wood 2001).

A survey of 25 000 consumers in 23 countries revealed that they expect companies to contribute to society beyond being profitable and law abiding (Austin 2000, Hyllegard *et al* 2011). A Cone/Roper national survey in the United States revealed that 65% of consumers and 89% of teenagers would switch brands to a company associated with a good cause (Cone, Inc. 2000). For teenagers, a company's commitment to a good cause ranks second in importance after quality and before advertising, price and celebrity endorsements (Cone, *Inc.* 2011). GenY consumers have a concern for social causes and activism but are hard to reach because they sometimes resist reading and do not watch much television (Cui *et al* 2003; Kilmer and Kilmer 2000). The best way to reach them is through online social media platforms such as Twitter, Facebook, blogs and so forth since they are believed to be on their computers, tablets and smart phones constantly.

GenY is the first generation to grow up with computers at home and in school, full employment opportunities for women, dual income households, a wide array of family types seen as normal and with significant respect for ethnic and cultural diversity (O'donnel 2006; Yan *et al* 2010; Hyllegard; Ogle, Yan, & Attmann 2011). Macro-environmental and consumer behavioural factors that contributed to the rapid increase in CRM activity over the past two decades include: media fragmentation and the increase in communications clutter; intense competition; technological advances and dis-intermediation (cutting out the middleman via the internet *e.g*. amazon.com); the power of multiple retailers such as Walmart, the plethora of loyalty schemes (*i.e*. store cards, coupons, groupon.com *etc.*); the ascendance of consumers towards the pinnacle of the Maslow's Hierarchy of needs; and the decrease in public funding for non-profits or welfare programs (Pringle and Thompson 1999, Hylegard *et al* 2011, Yan *et al* 2010). CRM has most recently entered the internet fundraising space of e-Philanthropy with click-and-donate campaigns targeting social media users and mobile phone gamers (Austin, 2001). For example, Zynga, the gaming company behind popular computer games such as Mafia Wars and Farmville, has created several CRM campaigns of this nature.

Associated with CRM 'direct to the cause' and indirect partnership arrangements are several potential risks that non-profits or causes and their sponsors or brands need to be cognisant of. For non-profits or causes, an

inappropriate choice of corporate partner can damage the brand equity of the organisation and cherry picking—support of risk-free causes by companies can result in some causes not being supported because they do not 'fit' the company's products/services profile (Varadarajan and Menon 1988, Drumright and Murphy 2001). A study by Bednall, Walker and Leroy (2001) suggests that traditional philanthropic activity is declining as businesses increasingly engage CRM partnerships.

Philanthropy differs from CRM since there are little expectations of returns to the company from philanthropic donations, with funding coming from the philanthropic fund, while funding for CRM comes from the marketing budget (Murphy 2001, Varadarajan and Menon 1988). For companies, a good CRM campaign can be unsuccessful if the public believes the company is using the cause or non-profit's positive image to disguise an inferior product or that the non-profit or cause is being manipulated by the sponsor (Andreason 1996). Careful management of these risks increases brand credibility and the persuasiveness of the campaign reduces negative suspicion about the brand's CRM intentions (Yan *et al* 2010, Hyllegard *et al* 2011).

## 1.2 Purpose of the Study

The purpose of this study is to assess the impact and/or effectiveness of the TOMS Shoes one-for-one CRM campaign on the response of GenY consumers' in the United States. The Advertising Response Model (ARM) was used to develop a conceptual model (*i.e.* CRM Response Model) that provides a clearer understanding of GenY attitudinal behaviour towards CRM stimuli used in the campaign (see Figure 1, Pg. 31 and Figure 2, Pg 32). The TOMS Shoes one-for-one campaign uses CRM as a strategic positioning tool that links the company's brand to the shoe cause for mutual benefit (*i.e.* For each pair of shoes purchased on the TOMS website or at upscale retail outlets such as Whole Foods and Nordstrom, the brand gives/donates a pair of new shoes to a child in need).

When the campaign was founded in 2006 it adopted a 'direct to the cause' approach and has given more than 10 million pairs of shoes to children in more than

60 countries as of June 2013 (Toms.com). The 'direct to the cause' approach refers to CRM campaigns that are run by the brand or commercial entity, not run in partnership with a non-profit or charity organisation, which is the popular arrangement. The company's objectives of using shoe donations as purchase incentives include: enhancing the brands image, increasing sales and, loyalty. The GenY cohort is the primary target market for the TOMS brand in the United States and is made up of 71 million teens and young adults born between 1977 and 1994 (Cui, Trent, Sullivan and Matitu 2003, Paul 2001).

CRM marketers' interest in this cohort is based on its buying power and the magnitude of its population (O'donell 2006, Ledesma 2012). These consumers spend approximately $200 billion annually on purchases of consumer goods and services; and spends more than all other age categories on apparel and footwear ($4.9 billion—exclusive of college name or logo merchandise) (Waters 2006; Yan, Ogle and Hyllegard 2010, Cui *et al* 2003). There is a need for deeper understanding of these consumers in terms of their opinions and desires regarding this particular campaign and possible future 'direct to the cause' partnerships.

The CRM Response Model integrates several psychological and behavioural measures and delineates how the campaign messages are processed in the consumer's mind (see Figure 2, Pg. 32) (Yan *et al* 2010; Mehta and Purvis 1994; Diamond and Gooding-Williams 2002). The causal relationships among the endogenous/dependent (i.e. purchase intentions, attitudes) and exogenous/independent (i.e. attention, involvement and emotions) constructs are specified in the model (Diamond and Gooding-Williams 2002; Hair, Black, Babin, Anderson 2010). These constructs are latent (unobserved) variables that cannot be measured directly without error and that are measured indirectly through multiple manifest indicators (observed variables) embedded in semantic differential scales that were used in the questionnaire (Haubl 1996; Hair *et al* 2010). Pre-existent theories that are comprised in the CRM Response Model include the Elaboration Likelihood Model (ELM) and the Dual Mediation Hypothesis (DMH). Insights generated from this model will help in evaluating whether the TOMS CRM strategy meets the marketing communications objectives set out for it. It will also help identify key factors that affect message credibility in 'direct to the cause' CRM campaigns

targeting GenY consumers, and/or how to create congruency between the brand and the GenY consumer that influences positive behavioural intentions.

## 1.3 Research Question

### *1.3.1 Main Problem*

How does the TOMS Shoes one-for-one 'direct to the cause' CRM strategy shape the perceptions, attitude and behaviour of GenY consumers in the United States?

### *1.3.2 Sub-Problems*

- To determine the effect of 'involvement' on 'attention' and 'attitude towards the advertisement'
- To determine the effect of 'attention' on 'attitude towards the advertisement'
- To determine the effect of 'emotional reactions' of GenY on 'attention' and 'attitude towards the advertisement'
- To determine the effect of 'attitude towards the advertisement' on 'attitude towards the brand'
- To determine the effect of 'attitude towards the brand' on 'purchase intentions'

## 1.4 Significance of the Study

Research relating to the more general notion of CRM has been increasing over the past two decades, however quantitative studies that examine the effects of 'direct to the cause' on GenY consumer response is less plentiful (Drumright and Murphy 2001, Strahilevitz 1999, Pringle and Thompson 1999). According to Hyllegard *et al* (2011) the high adoption rate of the CRM strategy by apparel companies has significantly increased the need for research based insight on how to effectively communicate with GenY and other target cohorts. A Cone, *Inc.* citizenship study confirms these findings, since 71 percent of the consumers surveyed in the

United States in 2011 admitted to being confused by the campaign messages used by companies to communicate their CRM initiatives. This study aims to fill these gaps by ascertaining what drives the behaviour of GenY consumers when exposed to the TOMS Shoes one-for-one CRM campaign.

Strahilevitz (1999) also emphasises the importance of measuring campaign effectiveness since not all CRM campaigns are effective and some may be completely ineffective. In addition, the apparel industry's increased concern for social issues such as human rights, ethical outsourcing and consumer safety, environmental protection during factory processing, disposal of apparel and so forth has pressured marketers to focus on ensuring that their key supporters do not perceive their CRM campaigns as a compromise of integrity or in bad taste (Pringle and Thompson, 1999, Myers, Kwon and Forsythe 2012).

*For example,* A Kentucky Fried Chicken (KFC) CRM campaign called "Buckets for cure" raised over $4 million in 2010 for the Susan G. Komen Breast Cancer Foundation, but many activists felt that KFC and Komen put money and fried chicken before breast cancer awareness since the promotion encouraged people to eat unhealthy food (Waters and McDonald, 2012). Insights from the study will help practitioners understand the determinants of campaign success and help them design improved, attention grabbing and persuasive campaigns that give them an advantage in the marketplace (Yan *et al* 2010; Hylegard *et al* 2011; Pringle and Thompson 1999).

## 1.5 Delimitations of the Study

This study is cross-sectional as opposed to longitudinal and primary data was collected through an internet survey designed through Qualtrics software—(qualtrics.com) and distributed through the Craigslist website—(craigslist.com) in more than 10 cities in the United States. The costs of this data collection approach are lower compared to telephone, personal interviews and traditional mail techniques. The study examines the impact of a CRM campaign involving TOMS Shoes, a tangible product, as opposed to a service using the CRM response model (see figure 2). A pair of TOMS Shoes costs $50 on average, and so conclusions of

this study cannot be extended to a low cost product or a service (Cui *et al* 2003, Yan *et al* 2012). The TOMS Shoes one-for-one campaign has secondary target audiences and other recently added causes that will not be discussed in this study (*e.g.* For each pair of shades/sunglasses sold on the TOMS website, the brand gives/donates a pair of glasses to a child in need of sight in 15 countries across the world) (toms.com 2013).

## 1.6 Definition of Terms

- *Cause-related marketing (CRM)* is defined as a strategy whereby the firm makes a contribution, financial or otherwise to a relevant cause or non-profit organisation contingent upon the customer engaging in a revenue providing exchange that improves the short-term sales revenue, brand awareness or corporate image of the firm (Westberg 2004, Hawkins and Mothersbaugh 2001).

- *Joint issue promotions (JIP)* are when a firm collaborates with a non-profit to create awareness for a social issue by distributing promotional materials and advertising (Pringle and Thompson 1999).

- *Direct to the cause promotions (DCP*) refers to arrangements where all efforts of the brand/cause partnership are owned and run by the brand or commercial entity e.g. TOMS Shoes one-for-one CRM offer (Pringle and Thompson 1999).

- *Purchase intentions (PI)* are defined as the buyers' self-instruction to purchase a branded product or take other relevant purchase-related action (Hair, Anderson, Tatham and Black 1998, Kotler and Armstrong 1996).

- *Cause involvement (CI)* refers to the respondents' attachment to a particular cause or the motivational state caused by consumer perceptions that a product, brand, or advertisement is interesting (Pride and Ferrell 2010, Kotler and Armstrong 1996).

- *Attention (A)* refers to the momentary focusing of a consumer's cognitive capacity to a specific stimulus (Diamond and Gooding-Williams 2002, Kotler and Armstrong 1996).

- *Emotions (E)* are strong, relatively uncontrolled feelings linked to individual needs, motivation and personality and are characterised by a heightened state of physiological arousal (Hawkins and Motherbaugh 2001; Kotler and Armstrong 2002).

- *Attitude (A)* is defined as an individual's enduring favourable or unfavourable evaluation and action tendencies towards the ad and/or brand (Shimp 2007; Kotler and Armstrong 1996).

- *An hypothesis(H)* is a logical supposition, a reasonable guess, and an educated conjecture that is accepted or rejected after analysing data (Leedy 1989).

# CHAPTER 2: LITERATURE REVIEW

This chapter presents relevant theories that are used as a framework for this research report. The review of previous literature brings clarity to the research problem and reveals investigations that are similar to this one. The research problem and its sub-problems are then stated in hypotheses form and are used in Chapter 5 and 6 to analyse the empirical data. The chapter ends with a conclusion of the literature review.

## 2.1 Marketing Communication

Marketing Communications (MC) refers to the communication between the company and its customers highlighting the benefits and unique differences of a particular brand/company (Westberg 2004, Kotler and Armstrong 2002). The primary role of MC is to create a certain brand image and stimulate purchase intention (Shimp 2003, Rossiter and Percy 1998). MC strategies include: traditional mass media advertising, online advertising, sales promotions, public relations (PR), sponsorship and CRM, and personal selling (Westberg 2004). Most academic papers position sponsorship and CRM under the PR domain (Martin 2006, Belch and Belch 1998). In practice, advertising agencies and PR firms are generally involved in developing and coordinating CRM strategies. PR campaigns generate goodwill for the company through media publicity and often focus on broader organsational issues (*i.e.* corporate citizenship). PR is also used to support marketing activities since it has the advantage of higher credibility and lower cost than strategies such as advertising (Shimp 2003). Sponsorship influences consumer preference and purchase intentions by creating a link between the brand and a sponsored event/organisation/personality that is valued by the consumer (Waters and McDonald 2012).

Duncan (2002) refers to CRM as the amalgamation of PR, sales promotion and corporate philanthropy that generates a positive brand image, influences purchasing behaviour and increases sales. CRM objectives include three primary areas: revenue generation (*i.e*. attracting new customers, retaining existing customers, generating incremental revenue), corporate image (*i.e.* enhancing the

corporate image, favourably influencing external stakeholders) and brand equity (*i.e.* increasing brand awareness, attracting media attention). While philanthropy is one of CRM's objectives, giving is not its primary focus. Its first goal is marketing for both the company and the cause. If the goal were strictly philanthropic, it would just donate money to causes and be done with it (Waters and Mcdonald 2012, Pringle and Thompson 1999, Hyllegard *et al* 2011).

The first major academic paper on CRM was written by Veradarajan and Menon (1988), highlighting the major issues that marketers should consider when managing CRM partnerships, such as dealing with negative publicity. Since then, research relating to CRM has increased as researchers used different theoretical frameworks to examine the effects of CRM on consumer attitudes (Drumright, 1996; Webb and Mohr, 1996, Diamond and Gooding-Williams 2002).

## 2.2 Effective Management of a CRM Campaign

The overall ethical behaviour of the firm and the cause and/or non-profit being sponsored may influence the outcome of the CRM strategy (Cunningham 1997). Polonsky and Wood (2001) suggest that the conditions relating to the company's contribution need to be transparent and clear: consumers should be informed of the contributions throughout the campaign's duration, or at least at the end to prevent perceptions of exaggerated claims or unethical exploitation of the cause. This research will focus on understanding the GenY cohort in the United States, the target market for whom TOMS Shoes one-for-one campaign communications are tailored.

Top ranking causes that GenY consumers are mostly concerned about include: poverty eradication, promotion of education, disease elimination, health and environment (Cone, Inc. 2012). GenY consumers are known to be assertive, emotionally and intellectually expressive, innovative, and curious; they value honesty, humour, uniqueness, and informativeness in marketing communications (Hawkins and Motherbaugh 2001). GenY consumers are expected to be the "highest educated generation to date. Over 90 percent of the group members are internet savvy, they use e-mail, smart phones, Twitter and text messaging daily" (Hawkins and Mothersbaugh 2001). GenY consumers also want to see businesses apply

sincere long-term, commitment strategies to CRM campaigns (Cunningham 1997; Murphy 1997; Andreason 1996, Cui *et al* 2003). By initiating CRM campaigns that are in tune with GenYs' concerns, firms may be able to capture the loyalty of these socially conscious consumers (Cui *et al* 2003).

It should be noted that even though the use of cohort or age segmentation by marketers may explain and predict certain behaviours, research also shows support for lifestyle segmentation, which is independent of age and focuses on the shared values of consumers (Andreason 1996; Cunninghan 1997; Alcheva, Cai, and Zhao, 2008). A study by Pringle and Thompson (1999) reveals three CRM consumer lifestyle segments: the advocates, the cynics and the majority. The advocates are customers that really care about the cause and will buy the featured brand to support that company helping the cause. Cynics are unlikely to support the CRM campaign with their purchases. The majority of the consumers only buy the brand they perceive to offer the best value and are unlikely to let the brands connection to the cause influence their purchase intentions. Lifestyle segmentation is worth mentioning but is outside the scope of this study.

### 2.2.1 Consumer Response Process

The process of consumer response includes three stages: perception/cognition, attitude/affection and behaviour/conation (Ace 2001). These stages make up the hierarchy of effects that consumers move along as a result of MC strategies. The perceptions/cognitions and attitudes/affections of consumers are psychological while the behaviour/conation is physical in nature. The cognitive/perception stage precedes affect/attitude and refers to mental activity as reflected in knowledge, beliefs or thoughts that someone has about some aspects of a CRM campaign or what the receiver knows or perceives about the particular product, service, brand, or advertising (Hanekom 2007, Myers *et al* 2012, Yan *et al* 2010). The affective/attitude stage precedes conation/behaviour and refers to emotions towards the campaign stimuli (like or dislike). The affective/attitude stage is also the linking stage (*i.e.* attitude links thoughts and behaviour). The behaviour/conation stage refers to the intentions to purchase or to behave as a result of the stimuli (*i.e.* knowledge and feelings influence behaviour) (Hanekom 2007, Belch & Belch 2001, Foxall, Goldsmith and Brown 1998).

## 2.3 Campaign Evaluation Mechanisms

Campaign effectiveness is important to firms considering CRM since these campaigns are evaluated in-terms of reaching their target audience (Hylegard *et al* 2011, Myers *et al* 2012). Varadarajan and Mennon (1988) suggest that evaluation measures should include financial measures such as sales volume, market share, purchase quantity, frequency and average purchase size; consumer measures such as brand switching and repeat purchase; and image measures such as corporate image, brand image and media coverage. The costs and benefits of CRM should also be evaluated in relation to alternative marketing strategies. Model development has helped integrate these measures in meaningful ways since they are all important to the attainment of the marketing communications objectives (Mehta 1994, Myers *et al* 2012; Hyllegard *et al* 2011, Yan *et al* 2010).

Models that were initially considered for this study include: the AIDA Model, the Hierarchy of Effects Model, Theory of Planned Behavior, Theory of Reasoned Action and The Information Processing Model (see Table 1, Pg. 30). Collecting data in a format compatible with these models would have required a comprehensive and lengthy questionnaire, and numerous variables; this is incompatible with the budget and the internet survey methods used in this research. These models cover aspects of consumer behaviour that are outside the scope of this study e.g. trial and adoption.

**Table 1: Conceptual models for the consumer response process (Hanekom 2007).**

| Conceptual Models | | | | |
|---|---|---|---|---|
| **Consumer Response Stages** | ***AIDA model*** | ***Hierarchy of Effects model*** | ***Innovation adoption Model*** | ***Information Processing model*** |
| ***Cognitive Stage*** | **Attention** | **Awareness**<br>**Knowledge** | **Awareness** | **Presentation**<br>**Attention**<br>**Comprehension** |
| ***Affective stage*** | **Interest**<br>**Desire** | **Liking**<br>**Preference**<br>**Conviction** | **Interest**<br>**Evaluation** | **Yielding**<br>**Retention** |
| ***Conative stage*** | **Action** | **Purchase** | **Trial**<br>**Adoption** | **Behavior** |

The CRM Response Model developed for this study explains and describes the process by which TOMS Shoes CRM campaign persuades GenY consumers to take action. Figure 2 (P.g. 32), shows the path diagram of the CRM Response Model, which outlines the causal hypothesised relationships among the model constructs. The measurement indicators (observed variables—In squares) are caused by the latent constructs (unobserved variables—in ovals, 'intention to purchase', 'attitude towards the advertisement' and 'attitude towards the brand') that are endogenous; 'attention', 'cause involvement', 'emotions' are exogenous. The

single-headed arrows show the dependence relationship between constructs and this represents the structural part of the model (Hair *et al* 2010).

- The CRM Response Model is based on the widely researched Advertising Response Model (ARM) (Figure 1, Pg. 31) created by Gallup and Robinson, Inc. (Mehta 1994, Rositter and Percy 1985). In previous studies the ARM lead to a better understanding of how marketing communications are processed and evaluated in view of the objectives set for it (Mehta 1994, Diamond and Gooding-Williams 2002). The main theories behind the CRM Response Model include: the Elaboration Likelihood Model (ELM) and the Dual Mediation Hypothesis (DMH) (Diamond and Gooding-Williams 2002).

  The ELM claims that there are two paths to persuading consumers, namely the central route and peripheral route. Central route persuasion requires consumers to pay attention to the speaker's arguments or campaign message to change their attitudes, while in peripheral route persuasion consumers are swayed by surface characteristics such as whether they like the speaker or campaign message. The DMH explains indirect and direct one-way causation between 'attitude towards the ad' or liking the campaign message and 'attitude towards the brand'. Direct one-way causation assumes the influence of 'attitude towards the ad' on 'attitude towards the brand'. Indirect one-way causation assumes that the connection between the 'attitude towards the ad' and 'attitude towards the brand' is influenced by the consumers' perceptions. Thus the more favourable the feelings consumers have towards the campaign message, the more campaign message claims they remember (Mehta 1994-2000; Mckenzie, Lutz and Belch 1986).

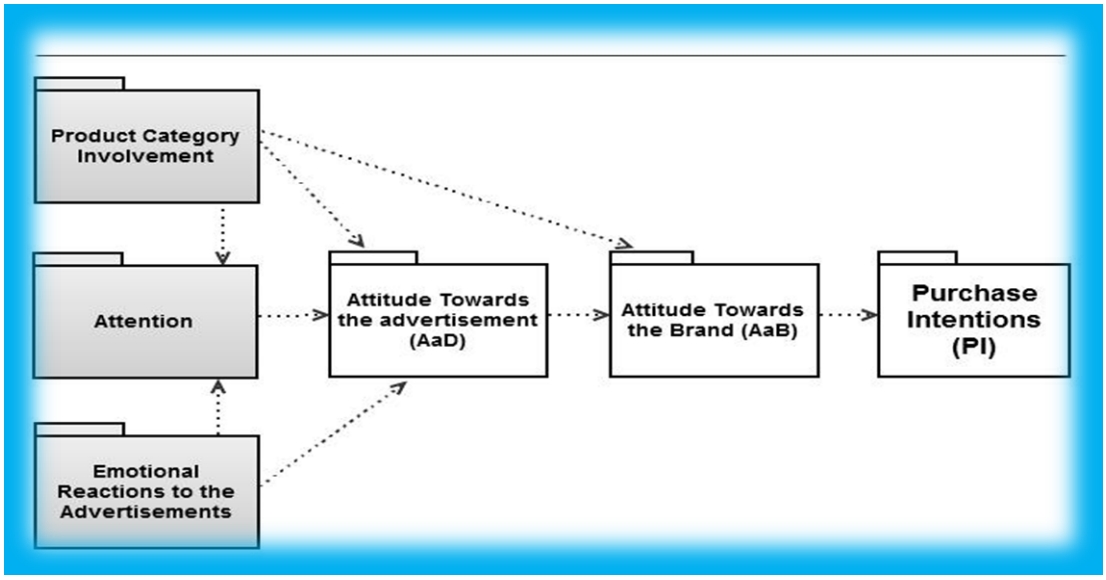
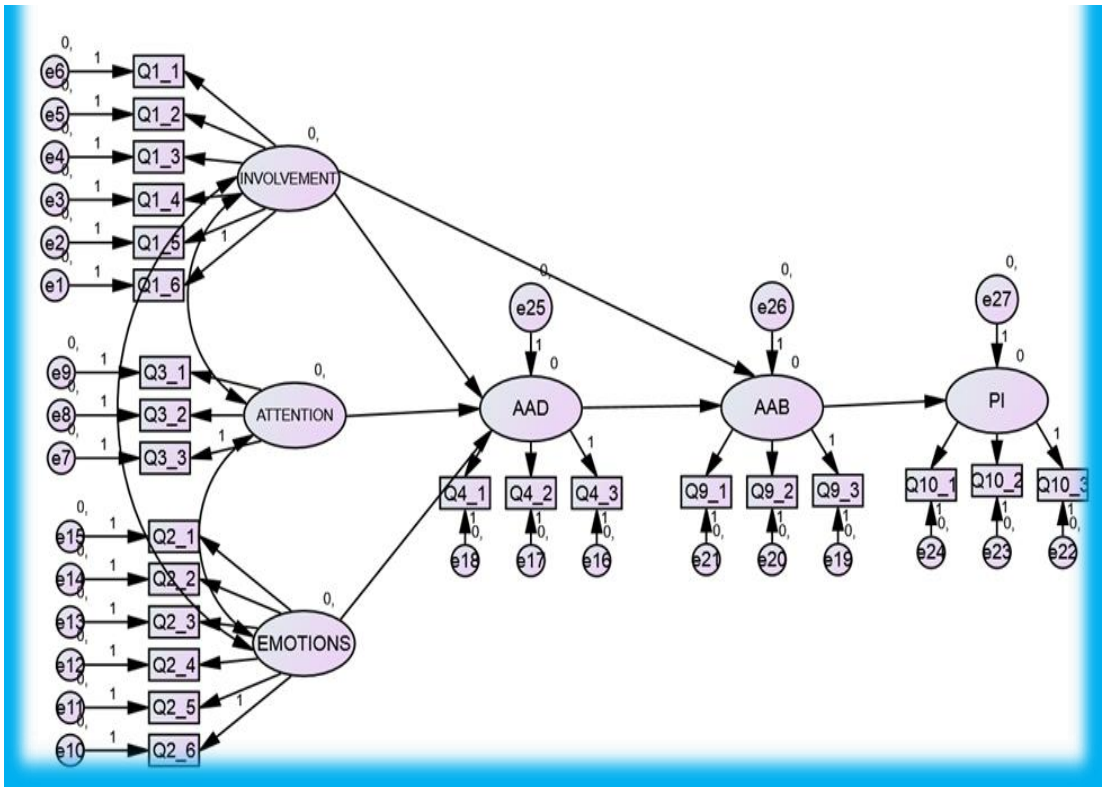



**Figure 1: Path diagram for the Advertising Response Model (ARM) (Diamond and Gooding-Williams 2002, Mehta 1994)**




***AAD – Attitude towards an advertisement (campaign message), **AAB – Attitude towards the CRM brand, **PI – Purchase Intentions*

**Figure 2: Path diagram of the CRM response model specified on AMOS (Diamond and Gooding-Williams 2002, Mehta 1994)**

## 2.4 The role of Involvement

The involvement construct influences attention, analytical processing of information/stimuli and the type of message that will effectively persuade a potential buyer (Rossiter and Percy 1984). For example, people concerned about poverty may consider purchasing various products and services that are working to address this problem. Personal support for a cause has been found to help in improving consumer response to CRM partnerships (Rossiter and Percy 1984, Chayy, 2001). Batra and Ray (1985) state involvement as a motivational construct; the amount of motivation depends on the relevance of the product to the consumer. According to the Elaboration Likelihood Theory (ELH), highly involved consumers tend to be product experts and are persuaded by messages that include detailed product information or the central arguments of the message, while uninvolved consumers lack product expertise and are more persuaded by images, emotions, and the message source (Diamond and Gooding-Williams 2002, Mehta 1994, Petty and Caicciopo and Schumann 1983).

Previous research also shows conflicting results on the role of 'involvement' on the 'attitude towards the advertisement' – 'attitude towards the brand' relationship. According to Diamond and Gooding-Williams (2002), involvement has a direct affect on 'attitude toward the advertisement' and 'attitude towards the brand' though it's not a direct determinant of purchase intention. Rossiter and Percy (1998) found that when low involvement products are used, 'attitude towards an advertisement' contributes significantly on 'attitude towards the brand', and/or the 'attitude towards an advertisement' – 'attitude towards the brand' relationship is stronger for low involvement products than for high involvement products. However, according to Thorson and Page (1989), the level of product involvement has no impact on the 'attitude towards an advertisement' –'attitude towards the brand' relationship. A person may have high involvement with a cause yet have a variety of attitudes about the organisations related to that cause.

The nature of the product can influence consumers CRM purchases with consumers preferring CRM partnerships that are associated with hedonic rather than utilitarian products (Strahilevitz and Meyer 1998). Other researchers have suggested

that a distinction be made between product involvement and message response involvement (Rossiter and Percy 1998, Zaichowsky, 1985).

*Hypothesis 1: The involvement of GenY consumers with the shoe cause has a positive influence on their attention and attitude towards the advertisement and/or liking the campaign message.*

## 2.5 The Role of Attention

Attention is important to campaign effectiveness since consumers have to become aware of and reflect on the stimulus for further information processing to occur, otherwise the message is lost (Burnett and Moriarty 1998). Limited time and mental resources make it difficult for the audience to dedicate sufficient attention to most stimuli and chances of careful processing are lowered by the high number of advertisement and promotions competing for the individual's attention on a daily basis (Volkov *et al* 2002; Hawkins and Motherbaugh 2001; Yan *et al* 2010). Previous research has shown that a consumer's attitude towards advertising has declined as consumers tend to dislike and actively avoid stimulus they perceive to be boring, uninformative and intrusive (Burnett and Moriarty 1998).

Consumers are much more likely to have a favourable attitude towards the advertised product or campaign if it attracts their attention (Diamond and Gooding-Williams 2002). Credible and informative CRM campaign messages have the greatest impact on 'attitude towards the advertisement' since consumers are sometimes skeptical about the campaign motives (Singh 2003). Individuals have been found to be better at memorising facts related to their job or future or interests, suggesting that their attention will be drawn and intensified if the message information represents the user's interests (Alcheva *et al* 2008, Yan *et al* 2010).

*Hypothesis 2: The attention of GenY consumers towards the TOMS one-for-one CRM offers positively influences their attitude towards the advertisement.*

## 2.6 The Role of Emotions

The role of emotions on the response of a consumer to an advertisement or campaign message lies in the consumer's ability to establish a positive or negative 'attitude towards the advertisement' or campaign message (Burton and Litchenstein, 1988, Holbrock and Batra 1987). Messages that trigger positively evaluated emotional reactions are more likely to elicit a favourable consumer response, while those that irritate consumers can trigger negative reactions or disliking the advertisement (Diamond and Gooding-Williams 2002). According to Holbrook and Batra (1985), emotions are best viewed as predictor of consumer response to advertising or promotional campaigns since they directly influence both the 'attitude towards an advertisement' and 'attention'. Repeated exposure to emotion-arousing stimuli can increase brand preference through classical conditioning and repeated pairing of positive emotion (unconditioned response) with the brand name (conditioned stimulus) may result in positive affect occurring when the brand name is presented (Hawkins and Motherbaugh 2001).

*Hypothesis 3: The emotional appeal used in TOMS Shoes CRM offers will positively influence attention and attitude towards the advertisement or liking of GenY consumers.*

## 2.7 The role of Attitude

Attitude is defined as a learned predisposition of human beings towards an object or an idea (Mehta 2000, Myers *et al* 2012, Homer 1990). Attitudes influence the way consumers respond to CRM campaigns. The 'attitude towards the ad' construct has been shown to have an influence on 'attitude towards the brand' (*i.e.* a positive 'attitude towards an advertisement' often translates into a positive 'attitude towards the brand') (Belch and Belch 1998, Hawkins and Motherbaugh 2001; Hyllegard *et al* 2011). However, this finding does not extend to familiar brands where there is already an established attitude towards the brand (Mitchel and Olson 1981, Smith, Feinberg and Burns 1998). According to Yan *et al* (2010) individuals' 'attitude towards advertising' is affected by their individual experiences and belief constructs about product information.

Exogenous factors that influence 'attitude towards an advertisement' include: attention, involvement and, emotional aspects of the advertisement (Lafferty, Goldsmith and Newell 2002; Miniard, Bhatla and Rose, 1990). Both brand beliefs and 'attitude towards the advertisement' are mediators of 'attitude towards the brand'. The 'attitude towards the advertisement' – 'attitude towards the brand' relationship may be overestimated when brand beliefs (both utilitarian and image beliefs) are not included (Mitchell and Olson, 1981; Bamoriya 2000). A favourable view of the CRM campaign enhances consumer 'attitude toward the brand' (2005), and influences their purchase intentions (Yan *et al* 2010, 2009, Rossiter and Percy 1998, Mehta 2000). The consumer must believe that the brand has the attributes and/or benefits that match her needs and wants for a positive attitude towards the brand to be generated. Barone, Miyazaki, & Taylor, (2000) investigated CRM campaign news source and cause-brand fit as the two potential predictors of perceived brand motivations. They found that the consumers' perceived brand motivations and brand-cause-fit influences the credibility and purchase intentions of the brand. When consumers perceive the company's motive for forming the CRM partnership as self-serving, they are likely to respond negatively to the campaign (Barone *et al* 2001; Myers *et al* 2012). Charities/non-profits or causes that have some synergy with the firm's products tend to be viewed empathically by the target market (Yan *et al* 2010, Andreason 1996). Consumers should be able to perceive an affinity between the selected cause/charity and the product to respond favourably to the CRM strategy and both partners should create greater value for each other than they would on their own (Andreason 1996). A logical association between the cause and the business can also reduce the chance of the alliance being regarded with skepticism (Webb and Mohr 1998; Hajjatt 2003).

*Hypothesis 4: The attitude towards the advertisement of GenY consumers has a positive influence on their attitude towards the brand when exposed to TOMS Shoes CRM offers.*

## 2.8 The role of Purchase Intentions

Purchase intentions are defined as the buyers' self-instruction to purchase the brand or take other relevant purchase-related action. The role of marketing

communications is to change and/or stimulate purchase intentions. The purchase intentions of consumers towards a given brand are shaped by their attitudes towards that brand and/or their evaluations of brand advertisements or campaigns (Mitchel and Olson 1981, Hyllegard *et al* 2011). This direct causal link has been confirmed by several studies. According to the Theory of Reasoned Action (TRA) by Fishbein and Azjen (1975), 'purchase intentions' are a better indicator of the ultimate purchase decision than 'attitude towards that brand'. The present study will examine this relationship in the context of CRM campaigns (i.e. how Gen Y consumers' purchase intentions are impacted by their attitude towards the TOMS one-for-one campaign).

The majority of research studies reviewed for this study demonstrate that the 'purchase intentions' of consumers are positively influenced and improved by their attitude towards the CRM brand/non-profit/cause. (Barone, Miyazaki, & Taylor, 2000; Cui *et al* 2003). However a few studies suggest that elements of the CRM offer (type of cause, type of support, length and frequency of support) have an indirect effect on purchase intent (Myers *et al* 2012, Hyllegard, Ogle, and Yan 2009). As highlighted above, the consumers' 'intention to purchase construct' is directly influenced by the 'attitude towards the brand' construct.

Behaviour may lead directly to affect and to cognitions or to both simultaneously. For example, consumers frequently try new brands or types of low cost items in the absence of prior knowledge or affect. Changing behaviour prior to changing affect or cognition is based in operant conditioning. This is done by inducing people to try or consume the product using, for example, free samples, coupons and, point of purchase displays, which may result liking or repeated purchase of the brand (Diamond and Gooding-Williams 2002).

*Hypothesis 5: The purchase intentions of GenY consumers towards TOMS one-for-one CRM offers are positively influenced by their attitude towards the brand.*

## 2.9 Conclusion

This chapter reviewed the existing literature to develop an understanding of marketing communications (MC), Cause-related Marketing (CRM) and related areas such as philantrophy. The issues pertaining to the CRM strategy and research

conducted to date were discussed in detail. CRM has grown significantly over the past 30 years in the United States and has become a more commonly used marketing strategy (Cui *et al* 2003). The critical role of any MC strategy is to change or enhance brand attitude and/or stimulate purchase. However, in a media saturated environment characterised by cynicism and distrust, the effectiveness of CRM marketing efforts may be limited. Literature supports the need for further research regarding the response of GenY consumers towards CRM campaigns (Hyllegard *et al* 2011). The findings from this literature review forms the basis of the development research questions in Chapter 1 and the hypotheses listed below. How the TOMS Shoes one-for-one CRM campaign message influences the perceptions, attitudes and purchase intentions of GenY consumers will be further investigated and evaluated through the CRM Response Model in Chapters 4, 5 and 6. Chapter 3 outlines the research methodology and design used to test these hypotheses.

### 2.9.1 *Hypothesis*

| |
|---|
| H1: The involvement of GenY consumers with the shoe cause has a positive influence on their attention and attitude towards the advertisement and/or liking |
| H2: The attention of GenY consumers towards the TOMS one-for-one CRM offer will positively influence their attitude towards the advertisement and/or liking |
| H3: The emotional appeal used in TOMS Shoes CRM offers will positively influence attention and attitude towards the advertisement or liking ads by GenY consumers |
| H4: GenY consumers attitude towards the advertisement has a positive influence on their attitude towards the brand when exposed to TOMS Shoes CRM offers<br>H5: The purchase intentions of GenY consumers towards TOMS one-for-one CRM offers are positively influenced by their attitude towards the brand |

# CHAPTER 3: RESEARCH METHODOLOGY

The third chapter of this research outlines methods for testing the conceptual model and hypotheses developed in Chapter 2. It also discusses the population, the sample and the research instrument used. The chapter ends with a rationale for the chosen design and method of data analysis.

## 3.1 Introduction

This study investigates the perceptions, attitudes and the behaviour of GenY consumers towards the TOMS Shoes one-for-one CRM campaign in the United States. The goal of this study is to find the variables that play a role in the response of GenY consumers exposed to CRM stimuli. The findings of this study build on existing research and provide knowledge to aid practitioners in the development of effective CRM campaigns.

## 3.2 Research Paradigm

To meet the objectives of this research, it is important to have a clear idea of its research philosophy. This research report follows the positivist approach of theory development in verifying the CRM Response Model's constructs. This paradigm relies on objective fact, empirical data and the detachment of the researcher. The main drawback to the positivist approach is that it excludes the element of discovery and may prevent the development of genuine new theory. However, theory verification is an important part of the overall growth of a body of knowledge (Mazzocchi 2008).

## 3.3 Research Design

Deductive logic and a quantitative analysis approach were used to evaluate the response of GenY consumers to the TOMS Shoes one-for-one CRM campaign (Mazzocchi 2008). This research design enabled the researcher to collect survey data from a large group over the internet. Data collection via the internet allowed for a diverse population to be reached at a relatively low cost and respondents could complete the survey at their convenience and with a degree of anonymity. Deductive

research begins from already existing theories and models, from which propositions are developed and tested through empirical techniques. On the contrary, the inductive approach means that the research begins from empirical studies and these studies are subsequently related to existing theories. The quantitative data collection technique summarised the survey data in a quantifiable form. Quantitative research is based on questionnaires from large group of respondents. Conversely, qualitative research provides a holistic view of the research problem by integrating a larger number of variables by asking only a few respondents. (Hair *et al* 2010). Qualitative research collects non-numerical data such as pictures and words while Quantitative data collects numerical data. Qualitative data collection techniques include field research and historical comparative research, deemed inappropriate for this study.

The survey also revealed otherwise unnoticed patterns and information. Structured questions used in the survey were easy to analyse when compared to open-ended questions, though the former's main disadvantage is that they can deny the respondent the opportunity to adequately report their own particular situation, attitudes and opinions (Baines and Chansarkar 2002). Other disadvantages of structured surveys relate to poor response rates and the difficulty experienced in actually determining the response rate and the representativeness of the sample. The proportion of missing data in this survey is less than 5% which means that there was no loss of information (Mazzocchi 2008; Stevens, Wrenn, Sherwood and Ruddick 2006).

## 3.4 Population and sample

### 3.4.1 *Population*

Population refers to the entire group of people about whom the researcher needs to obtain information. For the purpose of this study the population for the TOMS Shoes one-for-one CRM campaign is the GenY cohort (consumers born between 1977 and 1994) in the United States (McDaniel & Gates 2008). These consumers include 71 million people from different ethnicities (*i.e.* Caucasian, African-American, Native Americans, Indian-American, Asian-American, mixed race and so forth) (Hyllegard *et al* 2011, Myers *et al* 2012).

### 3.4.2 *Sample and Sampling Method*

The sampling method of this study is based on non-probability sampling as specific individuals from the GenY population were selected in a non-random manner (Hair *et al* 2010). Due to time and resource restraints, a convenience sample was obtained through an internet survey created and hosted on the Qualtrics website and advertised through the Craiglist Classifieds website (over a period of two months—April to May 2013). In order to be able to generalise the results of this study, we decided that the sample size should contain over 200 responses (Hair *et al* 2010). A total of 225 consumers from more than 10 cities across the United States responded and completed the questionnaire through Qualtrics software. The probability sampling method was not considered appropriate for the current study as probability samples cost more than non-probability samples. They also take more time to gather.

### 3.4.3 Operationalisation OF SEM

The hypotheses of this study are tested through Confirmatory Factor Analysis (CFA) which is based on Structural Equation Modelling (SEM). CFA relates manifest indicators to latent constructs and emphasises the role of causal relationships—in which the change in one variable is assumed to result in a change in another variable. Latent constructs are concepts that cannot be measured directly but can be represented or measured by one or more manifest indicators. Manifest variables are observed values for specific items or questions, obtained from respondents through a questionnaire.

In the SEM for this study the latent constructs are specified as the influencers of the manifest indicators in the path diagram (see figure 2, Pg.). The objective of this methodology is to link the operational definitions of the constructs to theory for the appropriate empirical and practical testing of the relationships (Hair *et al* 2010). Theory can be defined as a systematic set of relationships that provide a consistent and comprehensive explanation of a phenomenon.

The specific relationship among the exogenous and endogenous variables in the CRM Response Model is based on pre-existing theory (*i.e.* the Elaboration Likelihood Model (ELH) and the Dual Mediation Hypothesis (DMH) and were

specified through hypothesis prior to the analysis (Mazzocchi, 2008). Exogenous variables are independent variables that are not “caused” by or predicted by any other variable in the model and there are no arrows pointing towards these constructs in the path diagram. Endogenous constructs are predicted by one or more constructs and they can predict other endogenous variables (Hair *et al* 2010). For each hypothesised effect we estimate a structural coefficient. The error terms in the model represent the sum of effects due to specification error and random measurement error.

## 3.5 Validity and Reliability

The validity and reliability scores of research studies are important since their insights may be used to aid managerial decision making and company resources may be deployed on the basis of such decisions. To ensure validity and reliability in this study, constructs were defined and operationalised based on the findings of previous studies. The scale used in this study’s questionnaire had high validity and reliability scores in a direct-mail study conducted by Diamond and Gooding-Williams (2002) (see Appendix B).

Validity refers to whether a variable really measures what it is supposed to measure, not something else (Hardy & Bryman 2004). Hair *et al* (2010) define validity as the degree to which a measure or set of measures are free from systematic of non-random error. Construct validity refers to the extent to which the measure variables actually represent the theoretical latent construct they are designed to measure. Absolute fit indices are used to assess the validity of the structural and measurement models and how well the researcher’s theory fits the sample data in this study. Absolute fit indices are a direct measure of the accuracy in which the model specified by the researcher reproduces the observed data (Hair *et al* 2010).

The Good-ness-of-fit index (GFI) ranges from 0 to 1 with higher values indicating a good fit. The approximate value of a ‘good’ Root Mean Square Error (RMESA) is debatable, previous research pointed to a cut-off value of .5 or .8. Recent research suggests that drawing a cut-off is inadvisable. With the Root Mean

Square Residual (RMR) or Standardized Root Mean Square Residual (SRMR) the rule is to carefully scrutinise any residual values above or below 4. The Normed Fit Index (NFI) ranges between 0 and 1 and a model with perfect fit will produces an NFI of 1. The comparative fit index (CFI) is normed so that values range between 0 and 1, with high values indicating a better fit (Hair *et al* 2010). With the normed Chi-square the ratio of 3:1 or less are associated with better fitting models.

It should be noted that "a simple rule of index values that distinguishes good models from poor models across all situations cannot be offered" (Hair *et al* 2010). Smaller samples and simpler model should be subject to more strict evaluation than are larger samples and complex models. Less strict evaluation criteria should also be applied to complex models with smaller samples (Hair *et al* 2010).

Reliability "is a measure of the degree to which a set of indicators or latent constructs is internally consistent based on how highly interrelated the indicators are with each other" (Hair *et al* 2010 p. 619). In this study it refers to the consistency of the observed measures (semantic differential scales) that are used to measure the unobserved variables or latent constructs. Reliable research techniques produce almost identical results repeated trials (Pride and Ferell 2010). To empirically estimate reliability the construct has to have two or more indicators. For a construct with one indicator, the researcher has to specify the reliability. The most commonly used statistic to measure reliability is the Cronbach's coefficient alpha. This statistic provides an indication of the average correlation among all of the items that make up the scale. Values range from 0 to 1, with higher values indicating greater reliability (Mazzochhi 2008). The research instrument used in this study was found to be reliable in several preceding peer reviewed consumer behavioural studies (Diamond and Gooding-Williams 2009).

## 3.6 The Research Instrument

The questionnaire for this study is a self-administered survey that includes a total of 16 questions: 5 indicators which are designed to obtain the demographics profile (age, gender, race and education level) of the respondents and, 11 of which are designed to gain a deeper understanding of the consumer's response (*i.e*.

perceptions, attitudes and purchase intentions) (see Appendix A). Self-administered questionnaire surveys refer to data collection technique in which the survey participant reads the questions and records his or her own responses without the presence of trained interviewers. This questionnaire is based on metric (interval) semantic differential questions on a 7 point scale with multi-item bipolar anchors such as “interesting/uninteresting”; that ask respondents to evaluate cognitive, affective and conative aspects of the CRM campaign.

Out of the 11 behavioural questions completed only 6 were used in the CRM response model and dataset (*i.e.* Involvement has 6 items, Attention has 3 items, Emotions has 6 items, ‘attitude towards the advertisement’ has 3 items, ‘attitude towards the brand’ has 3 items, ‘purchase intentions’ has 3 items). The questionnaire was adapted from an existing scale that has been used on several studies to measure that consumer response through that advertising response model (see Appendix B) (Diamond and Gooding-Williams 2001; Mehta and Purvis 1994).

## 3.7 Procedure for Data Collection

Data was collected through a self-administered questionnaire survey that was developed through Qualtrics survey software (Qualtrics.com 2012) and distributed through the Craigslist website (Craigslist.com). The questionnaire was piloted and pre-tested on a small sample of Cincinnati residents prior to being rolled to the 225 respondents that completed it. All the respondents were made aware that participation is voluntary in the instructions section of the questionnaire. To ensure that only GenY respondents complete the survey, the instrument was programmed as follows: the age question (1$^{st}$ question) had five categories but the only people that the software allowed to complete the survey are those that chose the 18 and 25 (52 percent) and the 26 and 34 (47 percent) categories (see Table 4.3). Respondents that chose other age categories were redirected to the end of the survey and additional attempts were blocked through a Qualtrics software feature that PC IP addresses.

The GenY respondents that completed the questionnaire are based in more than 10 cities within the United States where the survey invitations were posted

through local sites within the Craigslist website (*i.e.* Cincinnati, OH, St Paul, MN, Atlanta, GA, Charlotte, NC, Indianapolis, IN, Columbus, OH, Columbia, S.C., Charlotte, N.C., Athens, O.H., Athens, G.A., Louisville, K.Y, Chattannoga, T.N., Detroit, M.N., New Orleans, L.A., Jacksonville, F.L. and Jersey City, N.J.). The structure and flow of the questions in the research instrument was predetermined by the researcher, with the respondent simply needing to click the relevant response which best reflects their answer. The participants were allowed to take the survey only one time, additional attempts were blocked by a Qualtrics software feature that keeps track of PC IP addresses. Data obtained was further subjected to reliability tests and was found to be reliable based on Crobach's alpha scores. This research instrument was deemed appropriate for the data and the multivariate analysis approach chosen since, all the behavioural questions are metric—interval semantic differential scales that have a minimum of 1 and a maximum of 7. The SPSS AMOS program was used to visualize the respondents' answers and to analyse the data.

## 3.8 Data Analysis and Interpretation

In this section the initial screening of the data (examination of missing variables and outliers) and the selection of the model estimation techniques will be discussed in detail.

### 3.8.1 *Justification of Analysis Techniques*

The intention of data analysis using Confirmatory Factor Analysis (CFA) in this study is to provide insight on the perceptions, attitudes and purchase intentions of GenY consumers' that are exposed to the Toms Shoes CRM offer. The complex web of causal interrelationships between the CRM response model's constructs makes it difficult to model it with standard regression techniques such as ANOVA (see Figure 2) (*i.e.* latent variables that are both exogenous and endogenous) (Baines and Chansarkar 2002; Hair *et al* 2010). CFA is a multivariate analysis technique that requires larger data sets, and more complex assumptions than encountered with univariate analysis (Hair *et al* 2010). The CFA method provides a statistically efficient method for investigating complex relationships in which a

dependent variable in one relationship subsequently becomes an independent variable in another postulated causal relationship (Jöreskog and Sörbom 1993).

This estimation procedure requires a sample size that has >100 cases and if the data is normally distributed Maximum Likelihood (ML) estimation is appropriate. If not non-normal data estimation procedures such as the Asymptotically Distribution Free (ADF), Generalized Least Squares (GLS), Unweighted Least Squares (WLS), Scale-Free Least Squares (SLS) yield better results (Hair *et al* 2010). The endogenous variables in this model are purchase intentions, attitude towards the advertisement and attitude towards the brand while exogenous variables include: attention, involvement and emotions (*i.e*. variables with arrows solely going away from them are exogenous while those with arrows pointed towards it are endogenous). SPSS AMOS data analysis software was used to carry out this statistical procedure. Data collected through Qualtrics software was tabulated—semi-differential scales from the questionnaire were aggregated, recorded in SPSS and ESV formats and then tested for reliability through Cronbach's Alpha' (See Appendix B).

The Cronbach's Alphas' scores are as follows: Involvement with CRM causes – 0.89, Attention – 0.93, Emotions – 0.91, Attitude Towards the Advertisement – 0.97, Purchase Intentions – 0.93. These high values indicate great reliability and that these scales produce almost identical results with repeated trials (Hair *et al* 2010). Model identification and hypothesis testing will be conducted next since this research seeks to confirm whether the model's underlying construct relationships are reflected in the observed data. In the CRM response model, path coefficients ranging from 0 to 1 in value will be used to reflect the relative influence of one construct upon another within the overall context of explaining the respondent's intention to purchase (Mazzochhi 2008).

### 3.8.2 *Data Screening*

The phases of data screening include: graphical examination of the variables in the analysis to determine their distribution and identify outliers; an identification of missing data and data imputation (Hair *et al* 2010). Examining the data prior to conducting the analysis is important since it allows the researcher to gain critical

insight on the shape of the variables. The researcher performed all the diagnostic tests (normality test, missing variable test, reliability and validity tests) on the data before it was used in the model estimation procedure. Seven responses were deleted due to having more than 10 percent values that are missing. After the data cleaning process 209 responses remain in the sample out of the 225 that were collected.

### 3.8.3 *Correlations and Estimation Procedure*

To see how CRM shapes the GenY consumer's perception, attitude and behavior, correlations or co-variances between manifest variables were measured through the Pearson-product moment correlation.

## 3.9 Limitations of the study

- As with all studies, aspects of the design may limit the generalisability of results obtained from this study. A first concern is this study's reliance on intention measures rather than actual behavioural measures is viewed by some researchers as a limitation. However, some academics argue that intention is a better measure since a single occasion measures of behaviour can be unreliable (Diamond and Gooding-Williams 2002). Intention measures also make it easy to develop models that provide deeper understanding of the consumer response process (Yan *et al* 20101; Hyllegard *et al* 2011).

- Some racial and gender groups are over-represented in the sample *e.g.* Caucasians and Females respectively, even though we feel that this reflects the population proportions in the United States.

- There is a chance that some of the online survey participants did not pay enough attention to provide accurate responses (Hair *et al* 2010). What consumers say when asked for a reaction to a hypothetical situation may not always be an accurate reflection of their actions, since they often speak positively on ethical issues but do not necessarily follow through with purchases (Mazzocchi 2008). To

address this situation, the survey questions were simplified and structured, participants only had to click the radio buttons in the survey that indicate their opinions and preferences.

## 3.10. CONCLUSION

The research questions presented Chapter 1 of this study were investigated using the CFA and deductive methodology. A GenY sample made of 225 respondents from 10 cities across the United States was used and data was collected through self-administered surveys. Survey respondents were exposed to a stimulus relating to the TOMS Shoes one-for-one CRM campaign. The survey instrument was developed by adapting the existing semantic-differential scales to measure the constructs of interest and was pre-tested in the Cincinnati area prior to national distribution. The data was then analysed using a multivariate technique called Confirmatory Factor Analysis (CFA).

# CHAPTER 4: PRESENTATION OF RESULTS

Chapter 3 outlined the research methodology used in the collection of data as well as the initial screening of the data. This chapter will present the descriptive statistics of the sample and the results of the hypothesis testing. The biggest part of the analysis is supported by the statistical SPSS AMOS program and conclusions are drawn relying on the results generated by it.

## 4.1 Introduction

This study assesses the impact and/or effectiveness of the TOMS one-for-one CRM offer on GenY consumers' response by addressing these research questions:

What is the effect of 'involvement' on 'attention' and 'attitude towards the advertisement'? What is the effect of 'attention' on 'attitude towards the advertisement'? What is the effect of 'emotional reactions' of GenY on 'attention' and 'attitude towards the advertisement'? What is the effect of 'attitude towards the advertisement' on 'attitude towards the brand'? and, What is the effect of 'attitude towards the brand' on 'purchase intentions'?

The following hypotheses were developed to examine these research questions for deeper understanding of CRM perception, attitude and buying decision:

| |
|---|
| H1: The involvement of GenY consumers with the shoe cause has a positive influence on their attention and attitude towards the advertisement and/or liking |
| H2: The attention of GenY consumers towards the TOMS one-for-one CRM offer will positively influence their attitude towards the advertisement and/or liking |
| H3: The emotional appeal used in TOMS Shoes CRM offers will positively influence attention and attitude towards the advertisement or liking ads by GenY consumers |
| H4: GenY consumers attitude towards the advertisement has a positive influence on their attitude towards the brand when exposed to TOMS CRM offers<br>H5: The purchase intentions of GenY consumers towards TOMS one-for-one CRM offers are positively influenced by their attitude towards the brand |

## 4.2 Demographic profile of respondents

### 4.2.1 *Composition of Sample*

The original sample of this study is made up of 225 GenY cohort respondents that are based in the United States and responses with missing values had to be omitted since Confirmatory Factor Analysis (CFA) does not perform well in the presence of missing data (Hair *et al* 2010). After deleting the cases with missing values, 209 respondents remained in the dataset. Table 2 indicates the sample size as a result of deleting cases with missing values.

**Table 2: Shows that there no missing values in the dataset (both categorical and metric)**

**Univariate Statistics**

| | N | Mean | Std. Deviation | Missing | | No. of Extremes[a] | |
|---|---|---|---|---|---|---|---|
| | | | | Count | Percent | Low | High |
| Q1_1 | 209 | 5.96 | 1.080 | 0 | .0 | 2 | 0 |
| Q1_2 | 209 | 5.48 | 1.301 | 0 | .0 | 7 | 0 |
| Q1_3 | 209 | 6.07 | 1.265 | 0 | .0 | 6 | 0 |
| Q1_4 | 209 | 5.62 | 1.361 | 0 | .0 | 7 | 0 |
| Q1_5 | 209 | 5.66 | 1.277 | 0 | .0 | 3 | 0 |
| Q1_6 | 209 | 6.28 | 1.177 | 0 | .0 | 19 | 0 |
| Q2_1 | 209 | 5.55 | 1.355 | 0 | .0 | 6 | 0 |
| Q2_2 | 209 | 5.50 | 1.478 | 0 | .0 | 8 | 0 |
| Q2_3 | 209 | 5.86 | 1.375 | 0 | .0 | 4 | 0 |
| Q2_4 | 209 | 5.26 | 1.488 | 0 | .0 | 0 | 0 |
| Q2_5 | 209 | 5.47 | 1.380 | 0 | .0 | 0 | 0 |
| Q2_6 | 209 | 5.48 | 1.366 | 0 | .0 | 5 | 0 |
| Q3_1 | 209 | 5.79 | 1.397 | 0 | .0 | 9 | 0 |
| Q3_2 | 209 | 5.58 | 1.442 | 0 | .0 | 10 | 0 |
| Q3_3 | 209 | 5.58 | 1.416 | 0 | .0 | 7 | 0 |
| Q4_1 | 209 | 5.74 | 1.544 | 0 | .0 | 12 | 0 |
| Q4_2 | 209 | 5.72 | 1.538 | 0 | .0 | 11 | 0 |
| Q4_3 | 209 | 5.79 | 1.469 | 0 | .0 | 9 | 0 |
| Q9_1 | 209 | 6.38 | 1.224 | 0 | .0 | 16 | 0 |
| Q9_2 | 209 | 6.28 | 1.245 | 0 | .0 | 16 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Q9_3 | 209 | 6.32 | 1.223 | 0 | .0 | 16 | 0 |
| Q10_1 | 209 | 5.56 | 1.544 | 0 | .0 | 12 | 0 |
| Q10_2 | 209 | 5.67 | 1.488 | 0 | .0 | 10 | 0 |
| Q10_3 | 209 | 5.72 | 1.550 | 0 | .0 | 12 | 0 |
| Q20.0 | 209 | | | 0 | .0 | | |
| Q15 | 209 | | | 0 | .0 | | |
| Q17 | 208 | | | 1 | .5 | | |
| Q19.0 | 209 | | | 0 | .0 | | |

a. Number of cases outside the range (Q1 - 1.5*IQR, Q3 + 1.5*IQR).

The sample mean age is 25 which is in line with the GenY consumer age range of 18 and 34 in 2013 (see Figure 4.3).

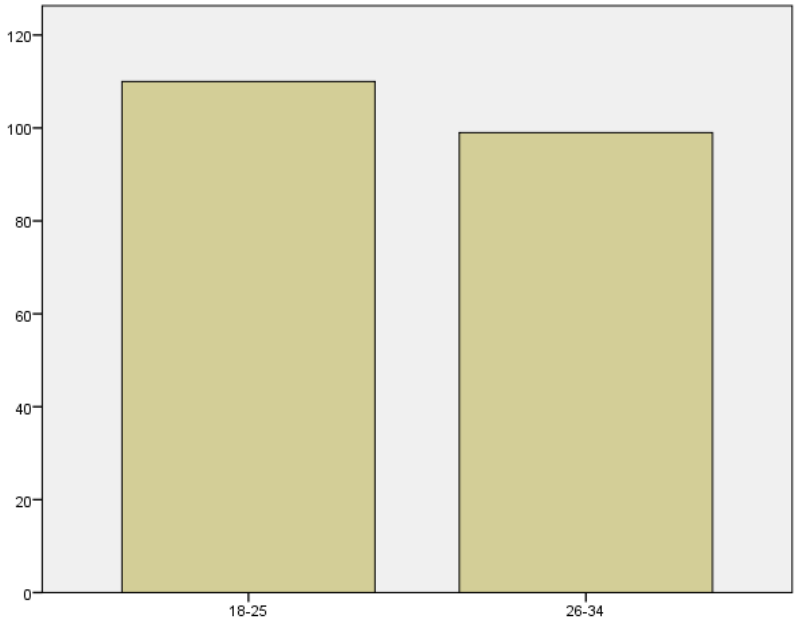



**Figure 4.2: GenY sample respondent age range**

Figure 4.2. indicates the group's gender distribution of approximately 31.98 percent male and 68.02 percent female.

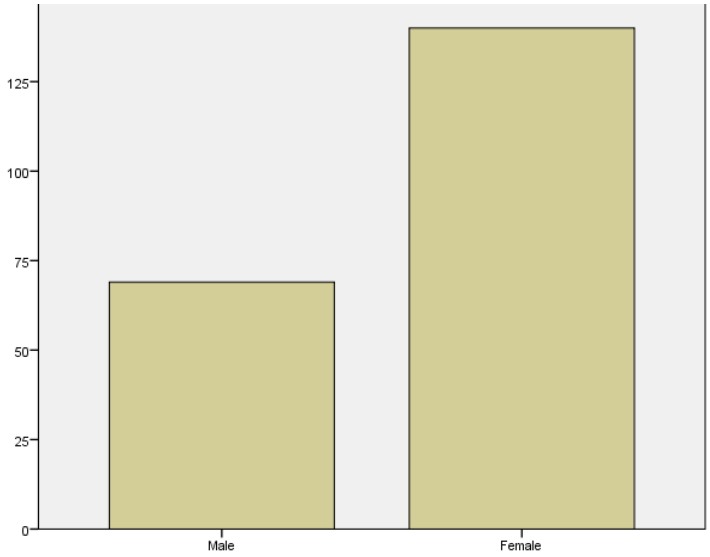



**Figure 4.3: GenY sample gender profile**

The racial profile of the respondents includes Caucasians (66.37 percent), Africans Americans (22.42 percent), Asian (5.83 percent), Hispanic (2.69 percent), Native American (0.45 percent) and Mixed-race (2.24 percent) (See Figure 4.1). A bigger proportion of Caucasian respondents was expected since they are the largest racial group in the United States.

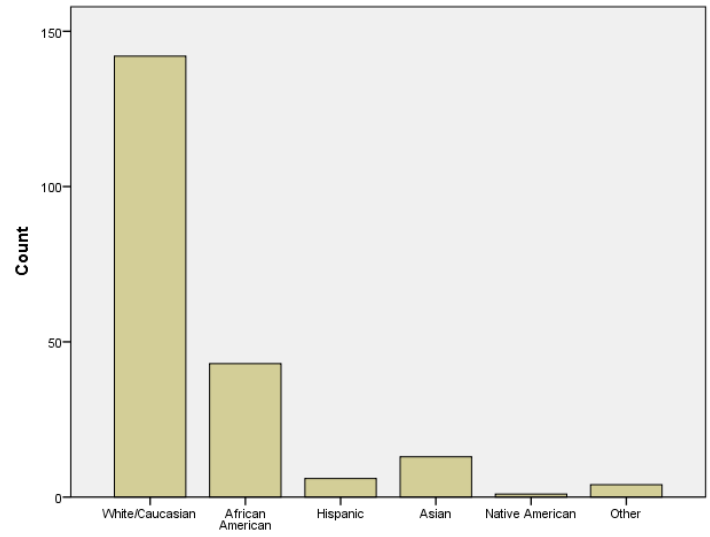



**Figure 4.4: GenY sample racial profile**

The occupational profile of the respondents: 82 percent are unemployed, 15 percent works in the services sector (except public services), 6 percent in accommodation and food services and 5.41 percent in arts, entertainment and recreation (see Table 4.4). A large number of unemployed respondents were expected since Craigslist has a popular jobs classifieds section in the United States. The educational make-up of the respondents includes: 42 percent that went to some college, 24 percent that has a 4-year college degree, 12 percent that has a master's degree, 12 percent that has a 2-year college degree, 9 percent that has high school education, 0.45 percent that has a doctoral degree and 0.9 percent that are lawyers or medical doctors (see Figure 4.5).

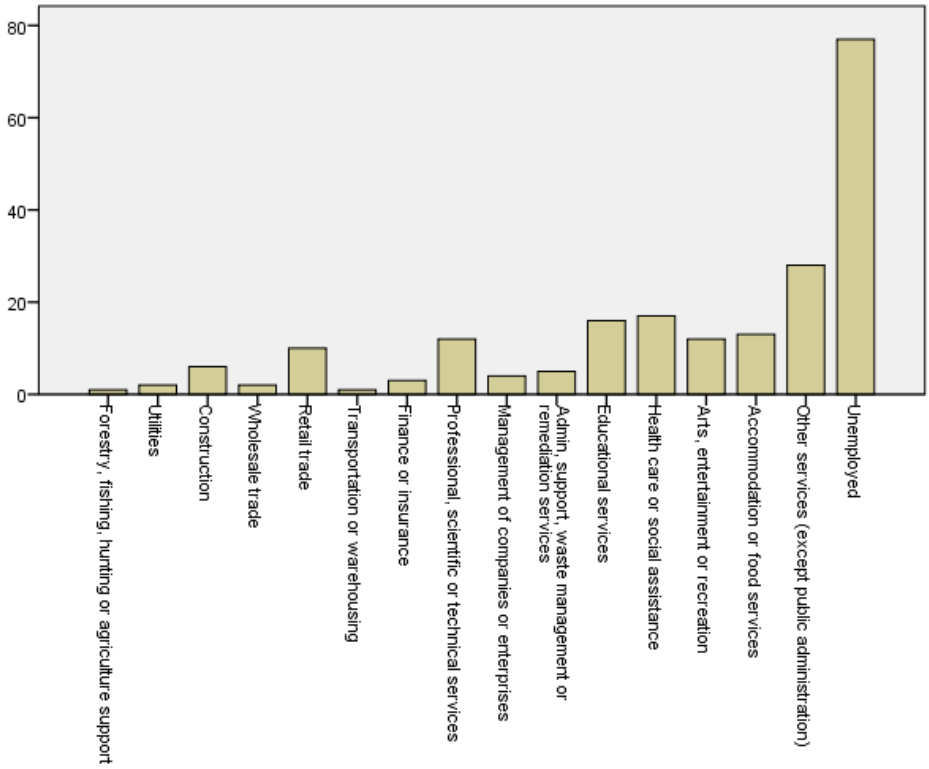



**Figure 4.5: GenY sample occupational profile**

This educational profile is in line with what we expected since the survey is internet-based and accessing the internet requires some level of literacy. The author is confident that the sample is reasonably representative of the GenY population in the United States and that it is adequate for this study.

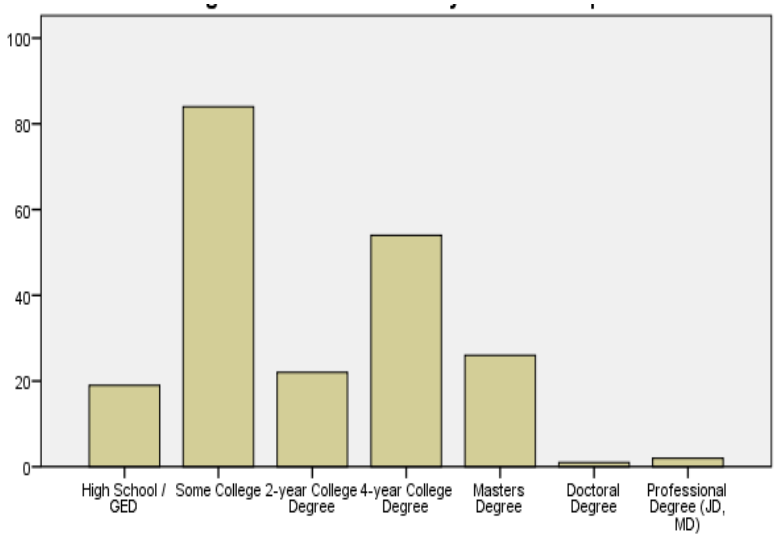



**Figure 4.6: GenY sample educational profile**

## 4.3 Sample Distribution

The critical ratio (CR) of 52.355 obtained from this sample data, is highly suggestive of non-normal distribution (see Table 5). Critical Ratio (CR) values that are >5 are indicative of data that are non-normally distributed (Bentler 2005). Skewness and kurtosis for each parameter should be within +/- 2. Estimation approaches for analysing non-normal data through SPSS AMOS include: Generalized Least Squares (GLS), Unweighted Least Squares (ULS), and Asymptotic Distribution-Free (ADF) (Byrne 2010). However, to use ADF, the sample size needs to be extremely large (>1000 or <5000 cases). That leaves us with the option of the ULS and GLS multivariate estimation. Another method for non-normal data analysis that is not available on SPSS AMOS is the Satora-Bentler Robust method which is designed for use with smaller samples (available on EQS) (Byrne 2010).

**Table 5: Assessment of Normality Statistics**

| Variable | Min | Max | Skew | C.R. | Kurtosis | C.R. |
|---|---|---|---|---|---|---|
| Q10_1 | 1.000 | 7.000 | -1.094 | -6.457 | .738 | 2.179 |
| Q10_2 | 1.000 | 7.000 | -1.239 | -7.315 | 1.276 | 3.767 |
| Q10_3 | 1.000 | 7.000 | -1.316 | -7.766 | 1.291 | 3.809 |
| Q9_1 | 1.000 | 7.000 | -2.545 | -15.021 | 6.823 | 20.134 |
| Q9_2 | 1.000 | 7.000 | -2.270 | -13.397 | 5.347 | 15.778 |
| Q9_3 | 1.000 | 7.000 | -2.453 | -14.478 | 6.585 | 19.432 |
| Q4_1 | 1.000 | 7.000 | -1.361 | -8.031 | 1.294 | 3.819 |
| Q4_2 | 1.000 | 7.000 | -1.277 | -7.539 | .981 | 2.896 |
| Q4_3 | 1.000 | 7.000 | -1.294 | -7.635 | 1.191 | 3.515 |
| Q2_1 | 1.000 | 7.000 | -.707 | -4.171 | -.059 | -.173 |
| Q2_2 | 1.000 | 7.000 | -.851 | -5.022 | .238 | .702 |
| Q2_3 | 1.000 | 7.000 | -1.052 | -6.209 | .347 | 1.023 |
| Q2_4 | 1.000 | 7.000 | -.378 | -2.231 | -.644 | -1.901 |
| Q2_5 | 1.000 | 7.000 | -.528 | -3.118 | -.505 | -1.490 |
| Q2_6 | 1.000 | 7.000 | -.613 | -3.616 | -.059 | -.174 |
| Q3_1 | 1.000 | 7.000 | -1.336 | -7.886 | 1.547 | 4.565 |
| Q3_2 | 1.000 | 7.000 | -1.040 | -6.136 | .659 | 1.943 |
| Q3_3 | 1.000 | 7.000 | -.981 | -5.790 | .509 | 1.503 |
| Q1_1 | 2.000 | 7.000 | -.833 | -4.914 | .362 | 1.068 |
| Q1_2 | 1.000 | 7.000 | -.675 | -3.982 | .302 | .892 |
| Q1_3 | 1.000 | 7.000 | -1.539 | -9.082 | 2.167 | 6.394 |
| Q1_4 | 1.000 | 7.000 | -.856 | -5.050 | .444 | 1.310 |
| Q1_5 | 1.000 | 7.000 | -.710 | -4.192 | -.042 | -.123 |
| Multivariate | | | | | 245.622 | 52.355 |

## 4.4 Assessment of Multivariate Outliers

Computing of the Mahalonobis distance (D-squared), for each case is a common approach to detecting outliers in SEM. A review of D-squared values reported in (see Appendix F) shows no evidence of serious multivariate outliers and no cases were deleted as a result of outliers. This is a measure of the distance in

standard deviation units between a set of scores for one case and the sample means for all variables. Outliers usually have D-squared values that stand distinctively apart from other D-squared values (Byrne 2010).

## 4.5 Integrity of the Model – Item Reliability Analysis (IRA)

To assess the reliability of the measurement model, Item Reliability Analysis (IRA) was performed.

This section will focus on the IRA measures, which test whether the questionnaire-items are true indicators of the underlying theoretical constructs that they are meant to probe and/or their accuracy in representing the concepts it is supposed to measure (Hair *et al.,* 2010). Table 3 shows the variables counts and statistics in the CRM response model. The causal relationship between manifest (observed) and the latent (unobserved) indicator constructs is examined to test the extent to which the items influence each other.

Factor loadings reveal associations between manifest indicator variables (items) and their associated latent factors—a large value for a factor loading indicates that the item is strongly correlated with the factor *(i.e.* factor loadings > 0.7 reflect a strong association, however some researchers accept > 0.6 as a rule of thumb for strong association (Hair *et al.,* 1998 - 2010). Table 4 shows the item reliability statistics obtained from these tests for each factor.

All variables in the CRM Response Model have Cronbach's alpha coefficients' that are >0.6 which indicates internal-consistency and reliability of the data or questionnaire-items (*i.e.* 0.89 for involvement based on 5 items; 096 for emotions based on 6 items, 0.927 for attention based on 3 items, 0.966 for attitude toward the advertisement based on 3 items, 0.968 for attitude towards the brand based on 3 items, and 0.933 for intention to purchase based on 3 items). All factors, therefore, have predictive relevancy. Using IRA results, one factor was subsequently revised through deleting a scale item (Question 6) leaving 5 items for the involvement construct. This increased the Cronbach's Alpha value of 'Involvement' from 0.88 to 0.89.

**Table 3: CRM Response Model variable statistics**

| Variable counts | |
|---|---|
| Number of variables in your model: | 55 |
| Number of observed variables: | 23 |
| Number of unobserved variables: | 32 |
| Number of exogenous variables: | 29 |
| Number of endogenous variables: | 26 |
| 209 respondents, the model is recursive. | |
| Number of distinct sample moments | 276 |
| Degrees of freedom (276 – 55) | 221 |

**Table 4: Shows reliability statistics for each latent construct (Cronbach's alpha)**

| Latent Factor | Number of manifest indicator Items or Questionnaire questions | Cronbach's alpha |
|---|---|---|
| Involvement | 5 | 0.887 |
| Emotions | 6 | 0.906 |
| Attention | 3 | 0.927 |
| Attitude Towards the Advertisement | 3 | 0.966 |
| Attitude towards the brand | 3 | 0.968 |
| Purchase intentions | 3 | 0.933 |

## 4.6 Integrity of the Model – Confirmatory Factor Analysis (CFA)

To assess the validity of the measurement model, Confirmatory Factor Analysis (CFA) was performed.

This section will focus on the CFA validity measures used to evaluate the 'fit' of the CRM Response Model.

### 4.6.1 *Practical Fit*

Practical fit is evaluated through various indicies, which summarise the degree of misfit in the CRM Response Model (see Table 6). Statistical fit is evaluated through computation of a test statistic and an associated *p-value* (*i.e.* hypothesis test) (see Figure 5 and Table 7). This evaluation will start by focusing on the practical fit 1) the model as a whole 2) goodness-of-fit indicies (Kenny, 2011). The larger the value of the index, the further the observed model is from the perfect or expected fit (Hair *et al* 2010). Thus, we seek indices with relatively small values. The C-MIN for the model is 474.282 based on 221 degrees of freedom and 55 parameters, and associated *p* value of 0.001 indicates that the Chi Square fit of the model to the covariance matrix is poor. The smaller the CMIN index is, the better. However with our sample (*N* = 209) size, a good result cannot be guaranteed because this index very readily reaches significance with large sample sizes even when all other indices indicate a good fit. (Bentler and Savalei 2010, Hair *et al* 2010) Table 4.4 shows the goodness-of-fit indices used to evaluate the measurement model. The study's model was recorded to have a parsimonious NFI (PNFI) and PRATIO of 0.867 and 0.874 respectively: a value closer to 1 is considered good fit, and our values indicate an adequate fit.

It is still worth looking at some of the other indices. GFI tends to increase as sample size increases, therefore Adjusted GFI (AGFI), which for degrees of freedom, is a more accurate measure of GFI for larger sample sizes (Garson, 2009). GFI and AGFI vary between 0 and 1, and both should be greater than or equal to 0.9 in order for the model to be accepted (Hair *et al* 2010). The GFI and AGFI measures for our model were found to be 0.993 and 0.992, respectively which indicates an adequate

fit. For Normed Fit Index (NFI), and RFI a value >.09 and closer to 1 is generally considered to indicate a good fit, so our values for NFI 0.992 and RFI 0.991 look good. The NFI is similar to the comparative fit index (CFI) but more robust but it underestimates fit if sample size (*N*) is small (Hair et al 2010). The researcher therefore felt that the CRM Response Model adequately described the sample data.

**Table 6: Shows the CRM response model fit statistics and goodness-of-fit indicies**

**CMIN**

| Model | NPAR | CMIN |
|---|---|---|
| Default model | 55 | 474.282 |
| Saturated model | 276 | .000 |
| Independence model | 23 | 61586.998 |
| Zero model | 0 | 70644.925 |

**RMR, GFI**

| Model | RMR | GFI | AGFI | PGFI |
|---|---|---|---|---|
| Default model | .091 | .993 | .992 | .795 |
| Saturated model | .000 | 1.000 | | |
| Independence model | 1.036 | .128 | .049 | .118 |
| Zero model | 1.178 | .000 | .000 | .000 |

*Goodness-of-fit index (GFI) *Adjusted GFI (AGFI) *Root mean square residual (RMR)

**Baseline Comparisons (Incremental fit indicies)**

| Model | NFI Delta1 | RFI rho1 |
|---|---|---|
| Default model | .992 | .991 |
| Saturated model | 1.000 | |
| Independence model | .000 | .000 |

***Normed Fit Index (NFI)

**Parsimony-Adjusted Measures**

| Model | PRATIO | PNFI |
|---|---|---|
| Default model | .874 | .867 |
| Saturated model | .000 | .000 |
| Independence model | 1.000 | .000 |

*Parsimonious NFI (PNFI)

### 4.6.2 *Statistical Fit*

Once the practical fit of the model was confirmed, we proceeded to statistical fit assessment through evaluation of the hypothesised theoretical relationships (*H1 to H5*) (Hair *et al* 2010) (see Table 7 or Figure 5.1 or 5.2). If a model fails the practical fit test, one cannot proceed to the hypothesis testing until the model is modified to identification. (Hair *et al* 2010). The unweighted least squares (ULS) estimator was used to conduct the statistical fit. The relationships (paths) in the model shown in Figures 4 and 5 represent the research questions posed at beginning of this study and/or hypotheses (Appendix C). When we look at the first three relationships or exogenous variables (i.e. involvement, attention and emotions) on 'attitude towards the advertisement' or campaign message, we can see that the estimated coefficients are -0.13, 0.87 and 0.20, *p* value <0.01 respectively (see Table 7).

The magnitude of these coefficients indicate that 'attention' has the biggest impact on 'attitude towards the advertisement' whereas 'emotions' is somewhat less and, 'involvement' has the smallest impact. 'Involvement' also has a minor impact on 'attitude towards the brand' (0.23 *p* value <0.001). Moreover 'Attitude towards the advertisement' has a substantial impact on 'attitude towards the brand' (0.64). Lastly it is clear that 'attitude towards the brand' has a big impact on "purchase intentions" (0.96 *p* value <0.01). The error terms in the model represent that difference between the actual observed values for the outcome and dependent variables (Hair *et al* 2010 *p* value <0.01). Several potential relationships between the constructs that have no paths drawn indicates that the researcher did not expect a direct relationship between these constructs. The exogenous constructs are correlated, representing a

shared influence on the endogenous variables (*i.e. attention↔emotions* (1.09), *involvement↔emotions* (0.73), *involvement↔emotions* (0.86) (See Table 8 and 9). Correlations among endogenous constructs however have fewer appropriate applications (Hair *et al* 2010).

**Table 7: Shows the model's parameter summary and regression Weights: (Unweighted least squares estimates), (Standardized) *p-value* 0.001**

| Parameter Summary | | | | | | |
|---|---|---|---|---|---|---|
| | Weights | Covariances | Variances | Means | Intercepts | Total |
| **Fixed** | 32 | 0 | 0 | 0 | 0 | 32 |
| **Labeled** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Unlabeled** | 23 | 3 | 29 | 0 | 0 | 55 |
| **Total** | 55 | 3 | 29 | 0 | 0 | 87 |

| Regression Weights | | | Estimate |
|---|---|---|---|
| AAD | <--- | ATTENTION | .869 |
| AAD | <--- | INVOLVEMENT | -.135 |
| AAD | <--- | EMOTIONS | .197 |
| AAB | <--- | AAD | .644 |
| AAB | <--- | INVOLVEMENT | .232 |
| PI | <--- | AAB | .961 |
| Q1_5 | <--- | INVOLVEMENT | .820 |
| Q1_4 | <--- | INVOLVEMENT | .788 |
| Q1_3 | <--- | INVOLVEMENT | .786 |
| Q1_2 | <--- | INVOLVEMENT | .773 |
| Q1_1 | <--- | INVOLVEMENT | .776 |
| Q3_3 | <--- | ATTENTION | .862 |
| Q3_2 | <--- | ATTENTION | .914 |
| Q3_1 | <--- | ATTENTION | .923 |
| Q2_6 | <--- | EMOTIONS | .805 |
| Q2_5 | <--- | EMOTIONS | .721 |
| Q2_4 | <--- | EMOTIONS | .714 |
| Q2_3 | <--- | EMOTIONS | .886 |

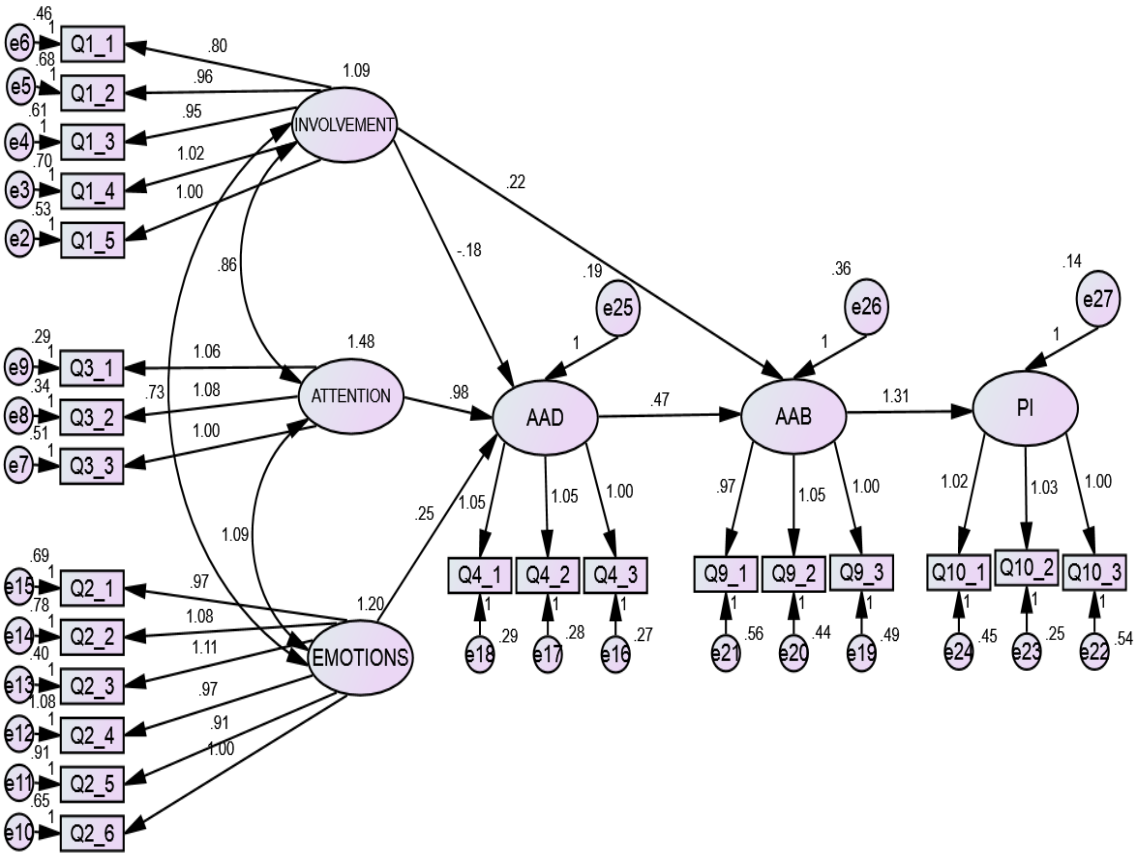
| Parameter Summary | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Weights | Covariances | Variances | Means | Intercepts | Total |
| Q2_2 | <--- | EMOTIONS | .801 | | | | |
| Q2_1 | <--- | EMOTIONS | .789 | | | | |
| Q4_3 | <--- | AAD | .936 | | | | |
| Q4_2 | <--- | AAD | .938 | | | | |
| Q4_1 | <--- | AAD | .938 | | | | |
| Q9_3 | <--- | AAB | .819 | | | | |
| Q9_2 | <--- | AAB | .844 | | | | |
| Q9_1 | <--- | AAB | .791 | | | | |
| Q10_3 | <--- | PI | .881 | | | | |
| Q10_2 | <--- | PI | .942 | | | | |
| Q10_1 | <--- | PI | .899 | | | | |

**Table 8: Shows the covariances between the exogenous variables**

| | | | Estimate |
|---|---|---|---|
| INVOLVEMENT | <--> | ATTENTION | .860 |
| ATTENTION | <--> | EMOTIONS | 1.092 |
| INVOLVEMENT | <--> | EMOTIONS | .733 |

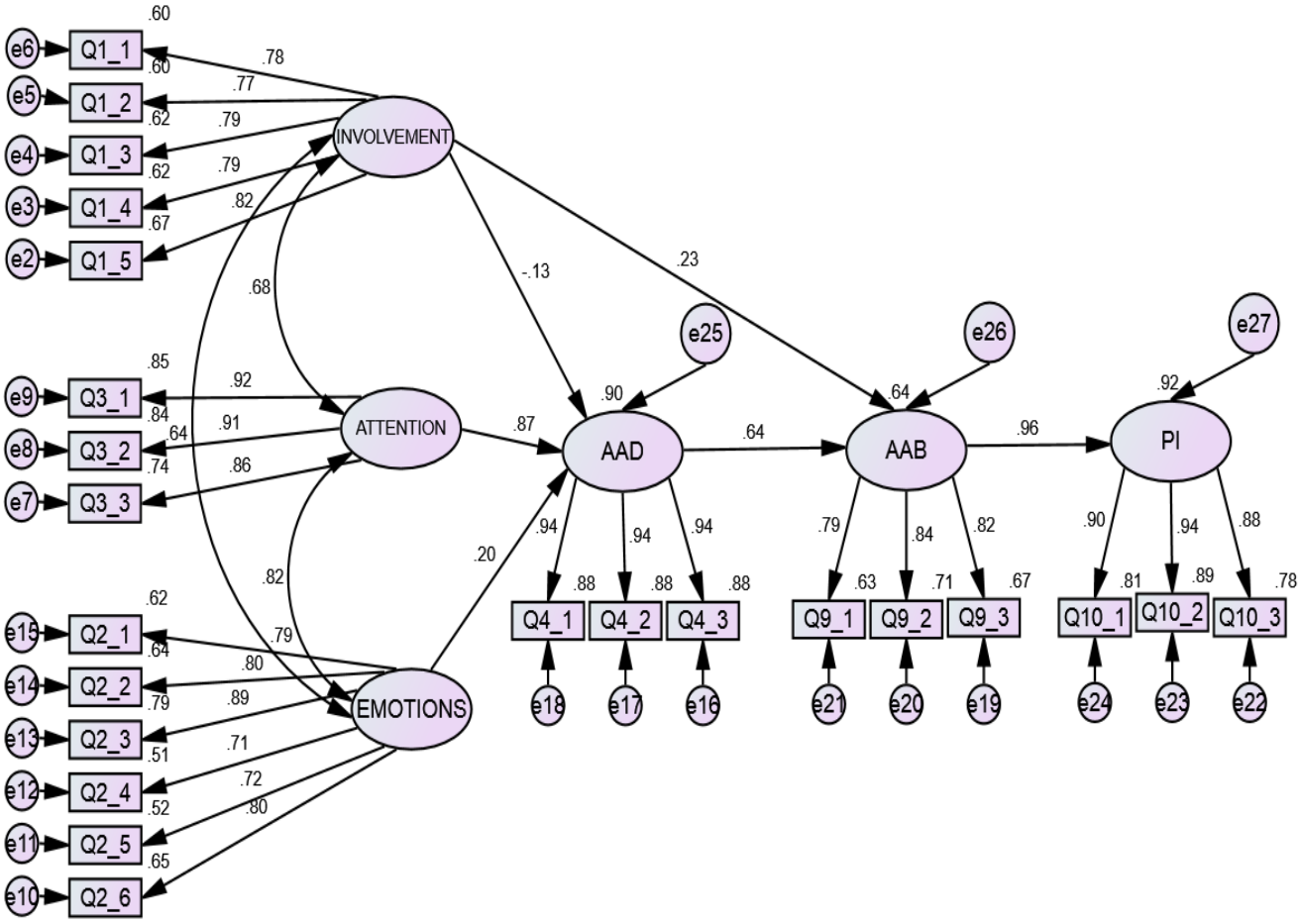
**Table 9: Shows the correlations between the exogenous variables**

| | | | Estimate |
|---|---|---|---|
| INVOLVEMENT | <--> | ATTENTION | .676 |
| ATTENTION | <--> | EMOTIONS | .818 |
| INVOLVEMENT | <--> | EMOTIONS | .640 |




***AAD – Attitude towards an advertisement (campaign message), **AAB – Attitude towards the Toms brand, **PI – Toms Shoes Purchase Intentions*

**Figure 5.1: Visually depicts the observed and unobserved effects in the conceptual model—CRM response model (un-standardized)**




***AAD – Attitude towards an advertisement (campaign message), **AAB – Attitude towards the Toms brand, **PI – Toms Shoes Purchase Intentions*

**Figure 5.2: Visually depicts the observed and unobserved effects in the conceptual model—CRM response model (standardised)**

## 4.7 Results Pertaining to Hypothesis 1

To test the effect of 'involvement' on 'attitude towards the advertisement' and 'attention' of GenY consumers, the study used five bipolar questions on a seven point semantic differential scale (see Appendix B). *H*1 tested the relationship between 'involvement' and 'attention' and 'attitude towards the advertisement' (see Table 4). The path coefficient between 'attention' and 'involvement' is 0.860 (*p*-value < 0.01), effect is significant and the path coefficient between 'Involvement' and 'Attitude towards the advertisement' is -0.14 (*p*-value < 0.01), the effect is not significant. Therefore, *H*1 is not supported. Therefore full mediation exists between

'involvement', 'attention' and 'attitude towards the advertisement'. Full mediation occurs when the direct effect becomes non-significant in the presence of the indirect effect (Hair *et al* 2010). The path coefficient between 'Involvement' and 'attitude towards the brand' is 0.1227 (*p*-value > 0.10) thus the direct effect is significant but very small.

## 4.8 Results Pertaining to Hypothesis 2

To test the effect of 'attention' on 'attitude towards the advertisement' of GenY consumers, we used three bipolar questions on a seven point semantic differential scale (see Appendix B). *H*2 tested whether there is a relationship between 'attention' and 'attitude towards the advertisement' (see Table 4). The path coefficient between 'attitude towards the advertisement' and 'attention' is 0.864 (*p*-value < 0.01), thus the direct effect is significant. Subsequently, *H*2 is supported.

## 4.9 Results Pertaining to Hypothesis 3

To test the effect of 'emotions' on 'attitude towards an advertisement' of GenY consumers, we used six bipolar questions on a seven point semantic differential scale (see Appendix B). *H*3 tested whether there was a relationship between 'emotions' and 'attitude towards the advertisement' (see Figure 5). The path coefficient between 'emotions' and 'attitude towards the advertisement' is 0.335 (*p*-value < 0.01). Therefore, the effect is significant and *H*3 is supported. The path coefficient between 'emotions' and 'Involvement' is 0.619 (*p*-value < 0.01) therefore correlation exists. The path coefficient between 'attention' and 'emotions' is 0.813 (*p*-value < 0.01) therefore partial mediation exists since the direct effect between 'emotions and 'attitude towards the advertisement' is reduced, but still significant (Hair *et al* 2010).

## 4.10 Results Pertaining to Hypothesis 4

To test the effect of 'attitude towards the advertisement' on 'attitude towards the brand' on GenY, the study used three bipolar questions on a seven point semantic differential scale (see Appendix B). *H*4 tested whether there is a

relationship between ‘attitude towards the advertisement’ and ‘attitude towards the brand’ (see Figure 5). The path coefficient between ‘attitude towards the advertisement’ and ‘attitude towards the brand’ is 0.423 ($p$-value < 0.01). The direct effect is thus significant. Therefore, *H*4 is supported. Consumers with a positive evaluation of the TOMS CRM campaign have a greater purchase intent than those with a less positive evaluation.

## 4.11 Results Pertaining to Hypothesis 5

To test the effect of ‘attitude towards the brand’ on ‘purchase intentions’ of GenY consumers, three bipolar questions were used on a seven point semantic differential scale (see Appendix B). *H*5 tested whether there is a relationship between consumers’ ‘purchase intentions’ and ‘attitude towards the brand’ (see Table 4). The results indicate a positive and statistically significant path co-efficient of 0.925 ($p$-value < 0.01) thereby providing support for *H*5.

## 4.12 Model Path Confirmation and Finding Verification

From the findings above it is clear that the majority of the hypothesised parameter estimates are significant, exhibit the correct sign and size and are consistent with the underlying theory (see Figure 2). There is only one parameter estimate that is not significant (the path between ‘involvement’ and ‘attitude towards the advertisement’) (see Figures 5.1 or 5.2). Maximum Likelihood (ML) estimation was used to confirm the path or regression results obtained above. Even though ML assumes multivariate normal distribution, “when the indicators are continuous and have severely non-normal distributions, ML parameter estimates are fairly accurate in large samples >100” (Kline 2005 pg. 179). (see Table 10).

The path estimates obtained are close to the ones calculated above through the unweighted least squares estimator. The standard errors in the model have small values that are less than 1, which suggests accurate estimation. The test statistic for a related parameter is undefined if the standard error approaches zero, and extremely large standard error values indicate parameters that cannot be determined (Byrne 2010)

**Table 10: Reflects the direct effects between the respective hypothesized constructs in the conceptual model (Maximum Likelihood estimates).**

| Regression Weights – Standardized | | | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|---|---|
| AAD | <--- | ATTENTION | .864 | .092 | 9.399 | *** | par_18 |
| AAD | <--- | EMOTIONS | .335 | .095 | 3.513 | *** | par_21 |
| AAD | <--- | INVOLVEMENT | -.134 | .068 | -1.968 | .049 | par_22 |
| AAB | <--- | AAD | .423 | .058 | 7.253 | *** | par_19 |
| AAB | <--- | INVOLVEMENT | .273 | .079 | 3.466 | *** | par_26 |
| PI | <--- | AAB | .925 | .067 | 13.725 | *** | par_20 |
| Q1_5 | <--- | INVOLVEMENT | 1.000 | | | | |
| Q1_4 | <--- | INVOLVEMENT | 1.063 | .077 | 13.762 | *** | par_1 |
| Q1_3 | <--- | INVOLVEMENT | .820 | .077 | 10.683 | *** | par_2 |
| Q1_2 | <--- | INVOLVEMENT | 1.039 | .073 | 14.176 | *** | par_3 |
| Q1_1 | <--- | INVOLVEMENT | .789 | .063 | 12.539 | *** | par_4 |
| Q3_3 | <--- | ATTENTION | 1.000 | | | | |
| Q3_2 | <--- | ATTENTION | 1.059 | .056 | 18.899 | *** | par_5 |
| Q3_1 | <--- | ATTENTION | 1.040 | .053 | 19.440 | *** | par_6 |
| Q2_6 | <--- | EMOTIONS | 1.000 | | | | |
| Q2_5 | <--- | EMOTIONS | .920 | .088 | 10.510 | *** | par_7 |
| Q2_4 | <--- | EMOTIONS | 1.030 | .094 | 10.978 | *** | par_8 |
| Q2_3 | <--- | EMOTIONS | 1.114 | .084 | 13.279 | *** | par_9 |
| Q2_2 | <--- | EMOTIONS | 1.166 | .091 | 12.847 | *** | par_10 |
| Q2_1 | <--- | EMOTIONS | 1.062 | .083 | 12.740 | *** | par_11 |
| Q4_3 | <--- | AAD | 1.000 | | | | |
| Q4_2 | <--- | AAD | 1.057 | .036 | 29.329 | *** | par_12 |
| Q4_1 | <--- | AAD | 1.066 | .036 | 29.935 | *** | par_13 |
| Q9_3 | <--- | AAB | 1.000 | | | | |
| Q9_2 | <--- | AAB | 1.040 | .030 | 34.967 | *** | par_14 |
| Q9_1 | <--- | AAB | .976 | .035 | 27.880 | *** | par_15 |
| Q10_3 | <--- | PI | 1.000 | | | | |
| Q10_2 | <--- | PI | .999 | .047 | 21.232 | *** | par_16 |

| Regression Weights – Standardized | | | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|---|---|
| Q10_1 | <--- | PI | .991 | .051 | 19.323 | *** | par_17 |

## 4.13 Summary of the results

The objective of this study is to evaluate the impact of the TOMS Shoes CRM campaign on the perceptions, attitudes and purchase intentions of GenY consumers in the United States using the CRM Response Model. The study examined relationships between the model constructs to find out how these consumers process and respond to the campaign messages that use this appeal. The findings show that 'Attitude towards the advertisement' or campaign message liking, affects 'Attitude towards the brand' or brand liking (*H5 confirmed*).

The more 'involvement' in the CRM category, the more 'attention' is paid towards the CRM message, though 'Involvement' was found to not have a direct influence on 'attitude towards the advertisement' (*H2 not confirmed)*. Thus 'involvement' only affects 'the attitude towards the advertisement' through 'attention' as a full mediator in the relationship. 'Involvement' also has a small but significant influence on 'attitude towards the brand' or brand liking. The more positive the consumers 'attitude towards the advertisement', the more 'attention' they pay to the campaign message (*H3 confirmed).* This means that the more attention grabbing stimuli is used, the higher the probability the consumers liking the CRM campaign message (i.e. neutral messages will be processed worse). 'Emotions' affect 'attitude towards the advertisement' directly and through 'attention' as a partial mediator *(H4 confirmed).*

This means that the more emotionally evocative stimuli used in the campaign, the higher the chances of the GenY consumer paying attention and ultimately liking or having a positive 'attitude towards the advertisement'. The more positive the consumers' 'purchase intentions', the more positive their 'attitude towards the brand' (*H1 confirmed*).The results suggest that GenY consumers have a positive perception, attitude and behavioural intention towards credible CRM campaign messages about causes they care about.

# CHAPTER 5: DISCUSSION OF THE RESULTS

Chapter 4 presented the demographic profile of the GenY respondents and the results of hypothesis testing. The purpose of this chapter is to interpret the findings from Chapter 4.

## 5.1 Introduction

Marketing practitioners run the risk of being perceived as exploiting non-profit organisations or causes if they lack understanding of the mechanics involved in developing an effective CRM campaign (Hyllegard *et al* 2011). This research is used to assess the response of GenY towards the TOMS Shoes one-for-one campaign and to confirm a hypothesised factor structure in the CRM Response Model (see Figures 5.1 and 5.2). The model is composed of three exogenous variables: 'involvement', 'attention' and 'emotions' and the three endogenous variables: 'attitude towards the advertisement', 'attitude towards the brand' and 'purchase intentions'. Straight arrows depict the impact of the exogenous variables on the endogenous variables and the curved arrows depict the correlation amongst the exogenous variables. The majority of the hypotheses were upheld as specified in the model.

The endogenous variables ('purchase intentions' of the GenY consumers) appeared to be favourably influenced by their 'attitude towards the brand' and 'attitude towards the advertisement'. The exogenous variables ('involvement' and 'emotions' and 'attention') had a positive influence on 'attitude towards the advertisement'. The higher the consumer's level of attention towards the advertisement, the more positive their 'attitude towards the advertisement'.

## 5.2 Demographic Profile of Respondents

The demographic profile of the 225 respondents that completed the questionnaire was shown in Chapter 4. It is slightly different from what we expected since certain races and occupations are significantly higher than others. For example, there are more female than male respondents (114 female and 84 were

male), with the majority of the respondents being Caucasian (148 Caucasian, 15 African Americans, 13 Asian, 6 Hispanic, 1 Native American and 1 mixed race). However based on the study's assessment, it is believed this may be in line with population proportions (*i.e*. there are more Caucasians in the United States than other racial groups). Most of the respondents that answered that questionnaire are unemployed (36 percent), with 14 percent employed in services, 7 percent in education, 7 percent in healthcare and social services, and 6 percent in technical and scientific services.

This was expected since Craigslist—the website that was used to distribute the survey - has a popular job classifieds section. The high percentage of respondents that attended 'some college' was also expected since this was an internet-based survey requiring the respondents to at least be literate (41.89 percent attended some college, 24.32 percent have a 4-year degree, 11.7 percent have a 2-year degree, 11.71 percent have a master's degree, 3 percent have a doctoral degree).

## 5.3 Data Screening, Model Fit Analysis and Statistical Testing

During the data-screening phase, various diagnostic tests were conducted to ensure that the data met the validity and reliability conditions for Structural Equation Modelling (SEM). This is especially important in any multivariate analysis *i.e*. Confirmatory Factor Analysis (CFA) since it involves simultaneous testing of hypotheses about the causal relationships between several endogenous and exogenous model factors. The original dataset had 225 cases and was prepared for analysis by deleting 16 cases that had missing values, leaving the dataset with 209 cases. The data was tested for normality by assessing its critical ratios for skewness and kurtosis, but it was found to be non-normaly distributed. Another test was also conducted to detect outliers using the Malhaniubis D-squared statistics test and no evidence of outliers was detected.

Once the dataset was ready for analysis, practical and statistical fit evaluations were conducted to determine whether the model was a good fit and whether the hypothesised relationships were significant. The goodness-of-fit indicies

used to evaluate the model fit demonstrated that the study's model adequately fits the data (*i.e*. GFI (0.993), NFI (0.992), RFI (0.991), PNFI(0.867), PRATIO (0.874) since these indicies are >0.9 and <1. Once there was satisfaction that the model fitted the data well, the study proceeded to interpret the parameter estimates and to test their statistical significance. The unweighted least squares (ULS) estimator was used to carry out the statistical test and the majority of the hypothesised relationships were confirmed. The sample size (*N* = 209) was adequate for this procedure since unweighted least squares required a minimum sample size >100. This estimator does not assume multinormal distribution (Byrne 2010). Like other estimation methods its function is to minimise the discrepancy between the obtained co-variance matrix and the co-variance matrix implied by the model (Hair *et al* 2010).

The only relationship that was not significant is the path between 'involvement' and 'attitude towards the advertisement'. However, modifying this relationship cannot be theoretically justified since confirmatory factor analysis does not allow deletion of *apriori* specified paths. The relationships between the latent constructs also seem to be in sync with the underlying theoretical framework and the interpretation of these findings will be useful in understanding the effects of the TOMS CRM campaign on GenY consumers in the United States.

## 5.4 Discussion Pertaining to Hypothesis 1

- **Relationship between 'Involvement' and 'attitude towards the advertisement'**

Product category 'involvement' is not a direct determinant of 'attitude towards the advertisement' but influences the consumers' attention to the advertisements' messages (*H1 not confirmed*). This finding was not expected since the previous research reviewed suggests that an individual's 'involvement' directly influences their 'attitude towards the advertisement' and their 'attitude towards the brand' (Hylegard *et al* 2011, Diamond and Gooding-Williams, 2002). However research studies on the behaviour of GenY consumers does reflect that there are differences

between them and older generations – baby boomers and Generation X. Based on these results, CRM marketers should consider other social causes that resonate with GenY (e.g. education, poverty, the environment) (Cone Inc., 2006), since 'involvement' is a motivational construct and the amount of motivation depends on the relevance of the CRM campaign to the consumer (Batra and Ray 1985).

Focusing on these GenY relevant causes will increase the cohort's attention to the campaign messages, thus increasing the 'liking of the advertisements' since 'attention' has a direct influence on the 'attitude towards the advertisement' (Diamond and Gooding-Williams 2001). The relationship between 'involvement' and 'attitude towards the brand' was found to be significant but small (0.23, *p* value < 0.01). The consumer attitude towards the brand should always be taken into consideration when interpreting involvement findings since previous research studies have found consumers that are highly involved with a cause yet have a variety of attitudes about the organisations/brands related to that cause (Strahilevitz and Meyer 1998). In campaigns that involve high involvement products such as TOMS one-for-one, consumers will be persuaded by campaign messages that include detailed product information or central arguments of the message (Diamond and Gooding-Williams 2001).

## 5.5 Discussion Pertaining to Hypothesis 2

- **Relationship between 'Attention' and 'attitude towards the advertisement'**

'Attention' is important in determining whether the consumer purchases the advertised product or not, since images, symbols, sounds and so forth act as stimuli that make consumers stop and think (Bettman, 1979, Noble, 2001). The findings of this study show that 'attention' has a positive influence on 'attitude towards the advertisement' or liking the message (*H2 confirmed*). This result was expected since previous research reviewed for the study demonstrates this relationship. Consumers are generally known to be drawn to advertisements that are attention grabbing and that they find pleasing to either their eye or mind (Lutz, 1985, Mehta, 2000). Thus advertisements that will be able to cut through the 'clutter' in today's media saturated

marketplace are those that effectively grab the consumer's attention. This suggests that CRM practitioners have to know the GenY consumer very well to know the type of stimuli that is effective at attracting and keeping their attention.

## 5.6 Discussion Pertaining to Hypothesis 3

- **Relationship between 'emotions' and 'attitude towards the advertisement'**

'Emotional reactions' (pleasure and arousal) that consumers get from looking at CRM offers has a direct influence on their 'attitude towards the advertisement' or ad liking (*H3 confirmed*). This relationship is small (0.20, *p* value < 0.01) but significant. Thus campaign messages that trigger positively evaluated emotions are more liked by GenY consumers than those that irritate or disgust them. 'Emotional reactions' of the GenY consumer also influence their level of 'attention' towards the campaign messages. These findings were expected and are in line with the research that was reviewed for this study. Thus including 'emotional' descriptions in the messages used in CRM campaigns not only increase their chances of attracting the 'attention' of the consumers, but increase the probability of the consumers 'liking' the campaign message.

However, caution must be exercised when interpreting likeability for high involvement products because high involvement processing is different; message belief carries more weight than likeability (i.e. consumers must personally identify with the brand presentation, cause or charitable effort). When it comes to low involvement products, then everything must be likeable, including the presenter and message. Belief does not always count. (Myers *et al* 2012, Diamond and Gooding-Williams 2002).

## 5.7 Discussion pertaining to Hypothesis 4

- **Relationship between 'attitude towards the advertisement' and 'attitude towards the brand'**

The 'attitude towards an advertisement' construct has a positive influence on the 'attitude towards the brand' (0.64, *p*-value < 0.01) (*H4 was confirmed*). CRM

campaign messages that elicit a favourable attitude towards the advertisement increase the probability of obtaining a favourable attitude towards the brand. Even though a stronger effect was expected in this relationship, the results of a study by Mehta (2000) suggest that the influence of 'attitude towards the advertisement' on 'attitude towards the brand' has been found to be more significant under low-involvement conditions. According to Burke and Edell (1987) the relationship between these constructs is stronger for unfamiliar brands and weaker for familiar brands. Since the cost structure of the TOMS Shoes brand has positioned it as a high involvement product (approx. $50 per pair), it makes sense that the relationship between these two constructs is moderate. High involvement purchase decisions dictate that advertising claims must be believed and accepted before purchase action will be considered and cognitive message processing prevails (Percy and Rossiter 1985, Myers *et al* 2012).

## 5.8 Discussion Pertaining to Hypothesis 5

- **Relationship between 'attitude towards the brand' and 'purchase intention'.**

The effect of attitude towards the TOMS brands on purchase intentions was found to be significant (*H5 confirmed*) suggesting that GenY consumers are motivated to buy products where there is an affinity between the brand and the cause or when the cause and brand are perceived to be in the same 'territory' by the consumers. According to Yan *et al* (2010) past experiences and belief constructs such as the credibility of the campaign message or advertisement have been found to have the greatest impact on the consumers' attitudes. Transparency and frequent communication about campaign progress (i.e. donations made) will also help in increasing the campaign credibility.

Campaign messages targeting GenY consumer must also use associations between the brand and specific benefits (related to the cause), be believable (acceptable), objective and informational to be persuasive (Myers *et al* 2012). This

finding is also demonstrated in the Elaboration Likelihood Model (ELM) that emphasizes the importance of the expert's/speaker's argument in cognitively processed messages (high involvement) since it enhances the acceptance of the campaign message in support of brand attitude. The campaign message copywriter has to identify relevant and believable message points (*i.e.* verbal copy and/or visual portrayal to be learned by the GenY consumers). The hard-sell approach may also be appropriate for incorporation in campaign messages since it has been found to be effective in generating immediate purchase action in informational advertising (Ross *et al* 1990). We expected these findings since previous research reviewed highlighted consumers skepticism, with some consumers perceiving the CRM campaigns as self-serving. These findings are in line with previous research on the relationship (Myers *et al* 2012, Ellen et al 2000, Hyllegard *et al* 2011).

## 5.9 Conclusion

The adoption of CRM campaigns by companies has significantly increased. Insights and findings generated from this study will aid CRM practitioners in identifying strategies that could improve the effectiveness of their campaigns. In this context, companies like TOMS have chosen to partner with a relevant cause for mutual benefit. The impact of the GenY consumers 'attitudes towards brand' have a positive and significant effect on their 'purchase intentions' *(H1 was confirmed, 0.96 p value <0.01*). The level-of-fit between the partners in the campaign is crucial here and the higher the level of fit the better the results for the corporations. This fit increases chances of the brand being liked, which directly stimulates purchase intentions.

Previous studies show similar positive reactions and strong purchase intentions when GenY consumers are exposed to CRM stimuli (Hyllegard *et al* 2011, Mehta 2000). GenY consumers 'attitude towards the advertisement' or liking of the campaign message has a positive effect on their 'attitude towards the brand' or brand liking as proposed in the hypothesis (*H5 was confirmed 0.64, p value <0.01*). This relationship was not as strong as expected but previous literature supports this

moderate relationship for a high involvement product such as TOMS Shoes which cost $50 on average per pair. High involvement product messages are mostly informational messages (cognitively processed), and 'liking' the message in this context is different (Mehta 2000). The most effective CRM messages are those that consumers can believe (or accept) as credible with consumers seeing campaign motives to be self-serving (Hyllegard *et al* 2011, Myers *et al* 2010).

Furthermore, the findings show that the relationship between 'involvement' and 'attitude towards the advertisement' is fully mediated by 'attention'. Thus the hypothesis (*H2)* which suggests that 'involvement' has a direct effect on 'attitude towards the advertisement' was not confirmed (*-0.13, p value <0.01*). These findings demonstrate that it is important for CRM a campaign to focus of social issues or cause that have personal relevance to GenY consumers *(i.e*. poverty, education *etc.)* to be able to gain their 'attention' and 'liking of the campaign message'. Previous research also states that the more 'attention' paid towards the campaign message the higher the probability of the consumers 'liking' the campaign message or advertisement (*H3 was confirmed, 0.87 p value <0.01*). Positive consumers' 'attitude towards advertisement' the more 'is paid to the campaign message (Diamond and Gooding-Williams 2001).

When consumers are personally involved or if they can identify with the cause, the chances of them being sceptical of the CRM claims are small. 'Attention' partially mediates the relationship between 'emotions' and 'attitude towards the advertisement' since the 'emotions' also have a small direct effect on 'Attitude towards the advertisement' (*H4 was confirmed, 0.2 p value <0.01).* The higher the level of 'emotions' or arousal in the campaign message the higher the chances of 'liking' and paying attention to the CRM message claims.

# CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

Chapter 5 examined the findings and identified the study's academic and practical contribution. This chapter contains the summary of this research report and the most relevant findings will be discussed in detail, particularly the effect of the Toms shoe one-for-one campaign on the perceptions, attitudes and behaviour of GenY consumers in the United States. Practical implications, recommendations and suggestions will be discussed in detail.

## 6.1 Introduction

As CRM becomes one of the commonly used marketing strategies in the United States, differentiating a campaign from others has increasingly become a challenge (Cui *et al* 2003). The insights gained from this study will help apparel businesses and CRM practitioners enhance the way they structure campaigns targeting GenY consumers in the United States (Cui *et al* 2003). The study shows that respondents have an overall positive attitude towards TOMS Shoes CRM campaign offer. However, these results only apply to GenY consumers since they were the only subject of this study.

## 6.2 Recommendations

By adapting the Advertising Response Model (ARM) into the CRM context we have found that GenY consumers' purchase intentions are more positive as result of being exposed to the TOMS campaign stimuli. The theoretical framework for this study (*i.e.* CRM response model—involvement, emotions, attention, attitude towards the advertisement, attitude towards the brand and purchase intentions) highlighted the causal dynamics and the response of GenY consumers towards 'direct to the cause' CRM campaigns. The 'attitude towards the brand' construct is significantly and strongly related to 'purchase intention'. This finding is consistent with previous studies that suggest that the brand attitudes of consumers directly influence the ultimate purchase decision.

The consumers 'emotional' reactions to the campaign determine whether they will pay 'attention' to the campaign message and form a positive attitude towards the campaign message or not. It is thus important to incorporate emotionally arousing claims and imagery in the campaign communication efforts to maximise the effect. The campaign managers should also focus on causes that are relevant to GenY since 'involvement' was found to be partially mediated by 'attention'. Communications' effects are minimal without 'attention' because it directly influences 'attitude towards the advertisement' or campaign message. Likeable and/or memorable ads tend to be more effective in persuading consumers than neutral advertisements (Diamond and Gooding-Williams 2002). Therefore combining emotionally evocative stimuli with a cause that GenY consumers care about or are 'involved' in, is bound to make them like or believe (accept) the campaign.

This study supports the proposition that liking the campaign message can enhance brand attitude and that brand attitude experienced by GenY consumers as a result of the TOMS CRM campaign will be positive. The 'attitude towards the advertisement' has a moderate influence on whether the consumers like the brand or not (*i.e.* 'attitude towards the brand'). This positive impact is consistent with findings from a study by Yan *et al* (2010). The individuals' 'involvement' with the cause also has a small but significant influence on "attitude towards the brand'. Transparency and frequent reporting of the campaign progress has been found to be effective in increasing campaign message credibility and in addressing consumer scepticism.

Another way to enhance the 'attitude towards the brand' is by ensuring that the causes chosen have affinity with the company's products (*i.e*. it has to be a natural fit) (Strahilevitz 2003). In this study's model, we expected cause 'involvement' to directly influence 'attitude towards the advertisement' or campaign message, which is contrary to the findings of many studies that applied this model in different settings. These findings have highlighted the important factors that we should measure when evaluating CRM campaigns targeting GenY consumers in the United States. The strongest determinant of purchase intentions is the brand motivation or 'attitude towards the brand'

## 6.3 Contribution of Research

This research makes several contributions to a developing body of literature and research on CRM. First, it addresses the lack of findings in the area of GenY consumer response to 'direct to the cause' CRM campaigns similar to the TOMS Shoes CRM campaign. This research provides empirical evidence on how CRM campaigns shape the perceptions, attitudes and behaviour of GenY consumers. This communications strategy has grown significantly over the past three decades due to the fact that it benefits the consumer, the company and the cause. In an effort to differentiate their brands, US firms have invested billions of dollars into CRM. The appeal for consumers is that it allows them to contribute to the cause while satisfying their needs. Meanwhile for the company it increases sales and adds untraditional attributes to the brand, thus improving brand image. For causes, it provides publicity that they cannot afford on their own.

Second, the theoretical implications include the development of a conceptual model to demonstrate the process that leads to the GenY consumer response, as illustrated in Figure 2, Pg. 32. The CRM Response Model was adapted from the Advertising Response Model (ARM) and is specifically designed for this research. The theoretical framework behind this model includes: the Dual Mediation Hypothesis and the Elaboration Likelihood Model. The data was gathered through a self-administered questionnaire specifically designed for this study and then statistically evaluated through Confirmatory Factor Analysis (CFA) - a Structural Equation Modelling (SEM) approach. Finally, the findings contribute to CRM by evaluating the interaction between the cause, the consumer and the firm/brand. The interaction between the manifest and latent constructs used in this study revealed that the higher the level of fit between the partners (*i.e.* cause/non-profit and brand) in CRM collaborations, the higher the chances of achieving good GenY campaign response results.

## 6.4 Suggestions For Further Research

As described in the limitations section, the survey was distributed through the internet due to limited resources. The study could be replicated through a telephone

or mail-based survey to confirm the findings. The impact of socio-demographic characteristics such as gender on GenY consumer response needs further investigation. A lifestyle or values-based analysis of consumer response as opposed to the age-based approach used in this study would be useful in verifying the results on this study. The data on campaign appeal (question 6,7 & 8) collected through the survey was not used due to the scope of the CRM response model for this study and could further be examined to gain insight on these consumers (see Appendix B).

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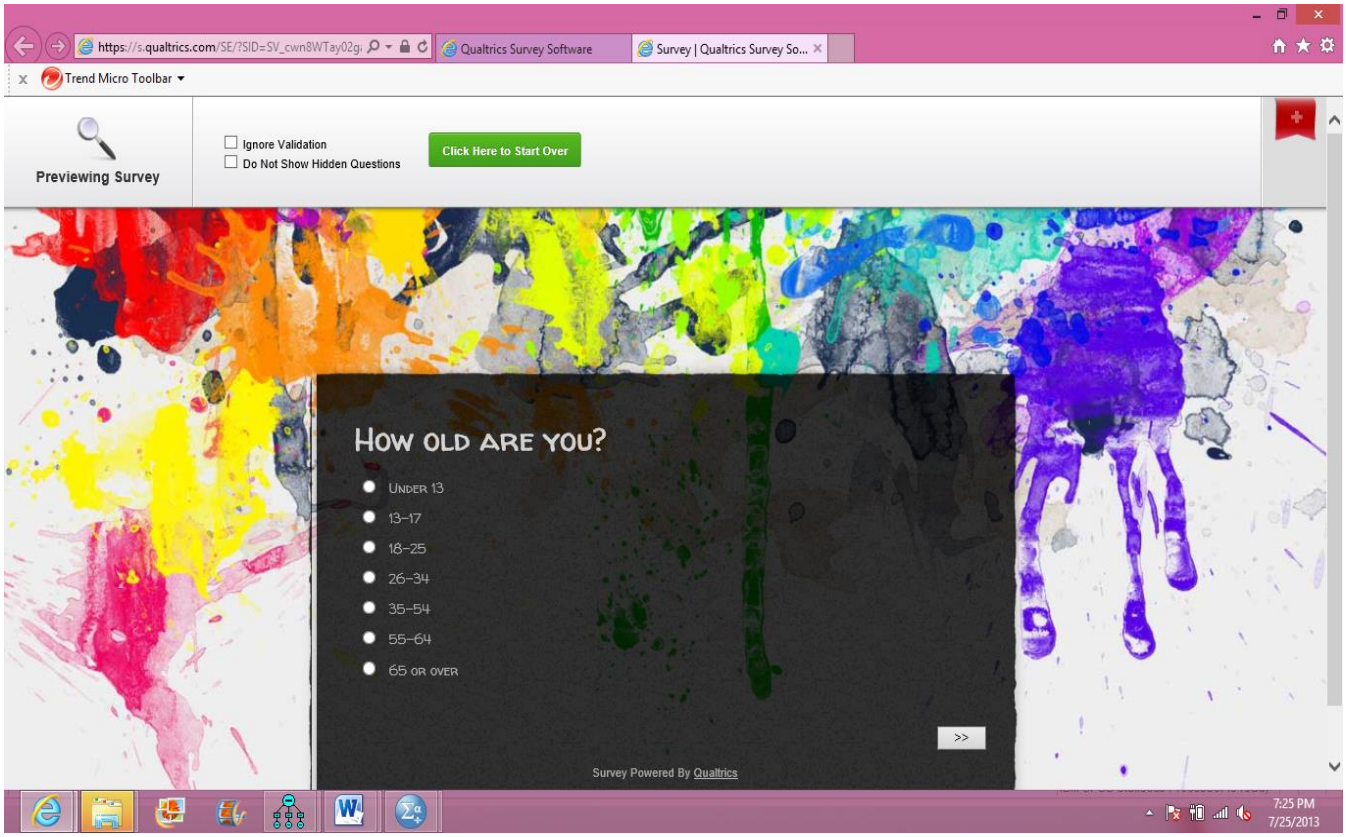
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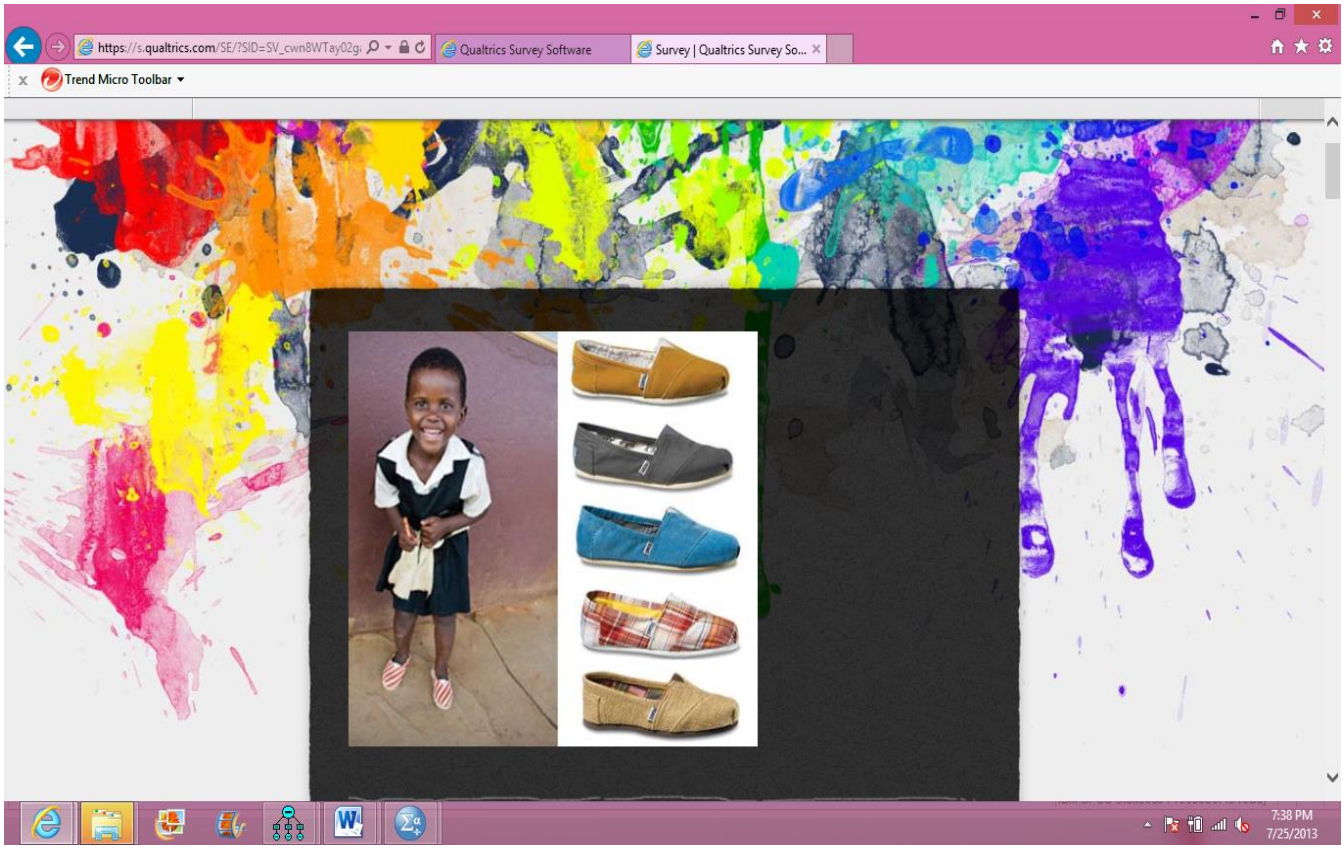
# **APPENDIX A -** SELF-ADMINISTERED QUESTIONNAIRE*** TOMS ONE-FOR-ONE CAMPAIGN

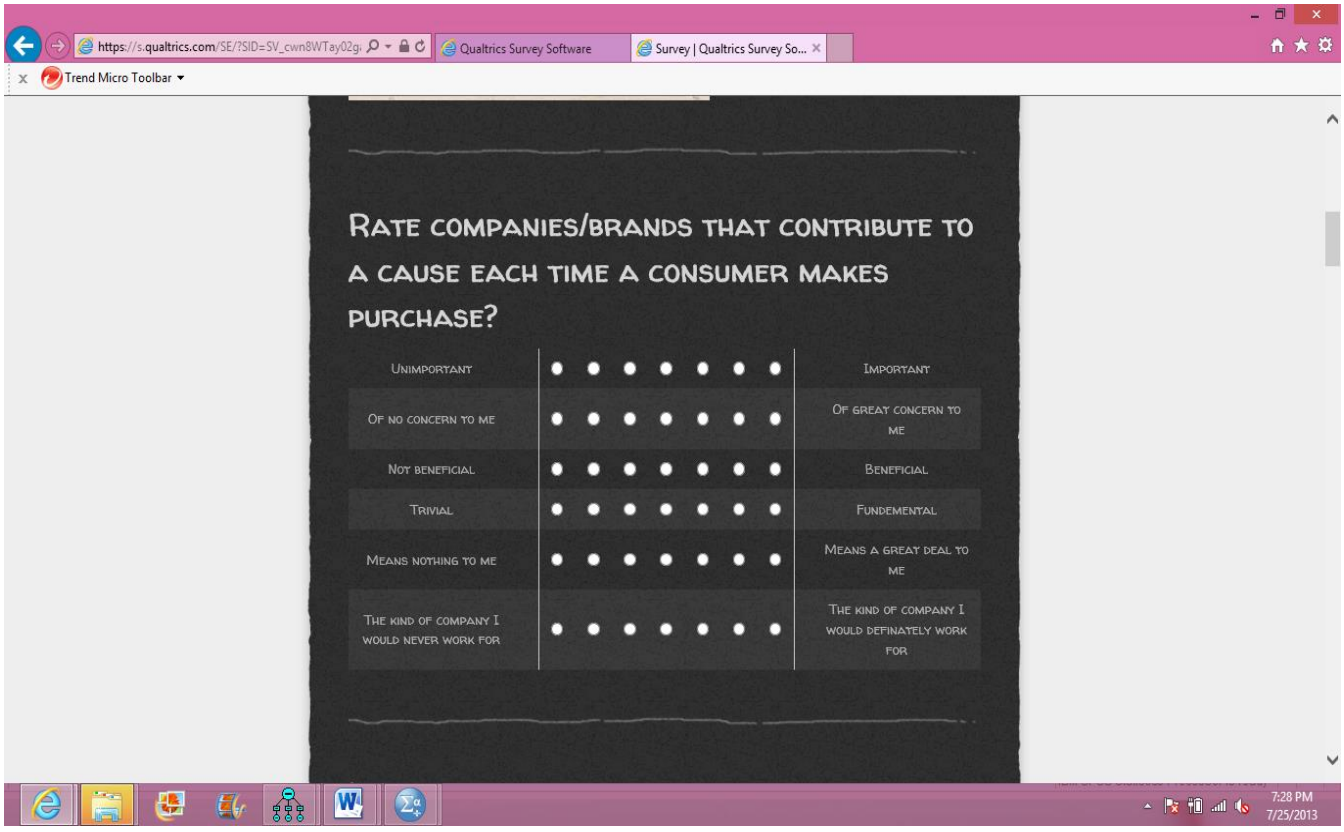
****Internet Survey—Created and distributed through Qualtrics software (www.qualtrics.com)*

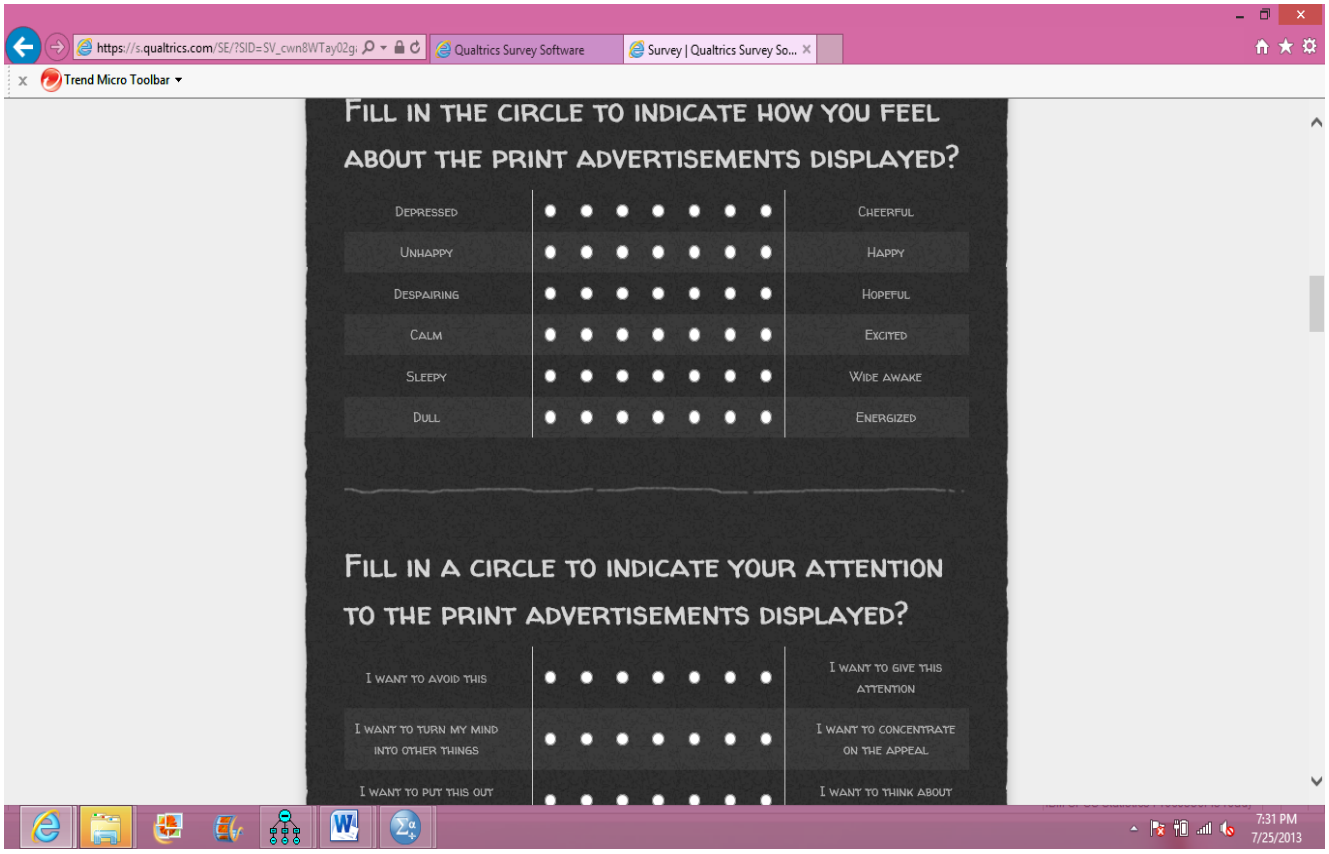
****Non-probabilty: Convenience Sampling—GenY Consumers (i.e. age between 18 and 34) that use Craigslist classifieds in the United States (www.craigslist.com)*

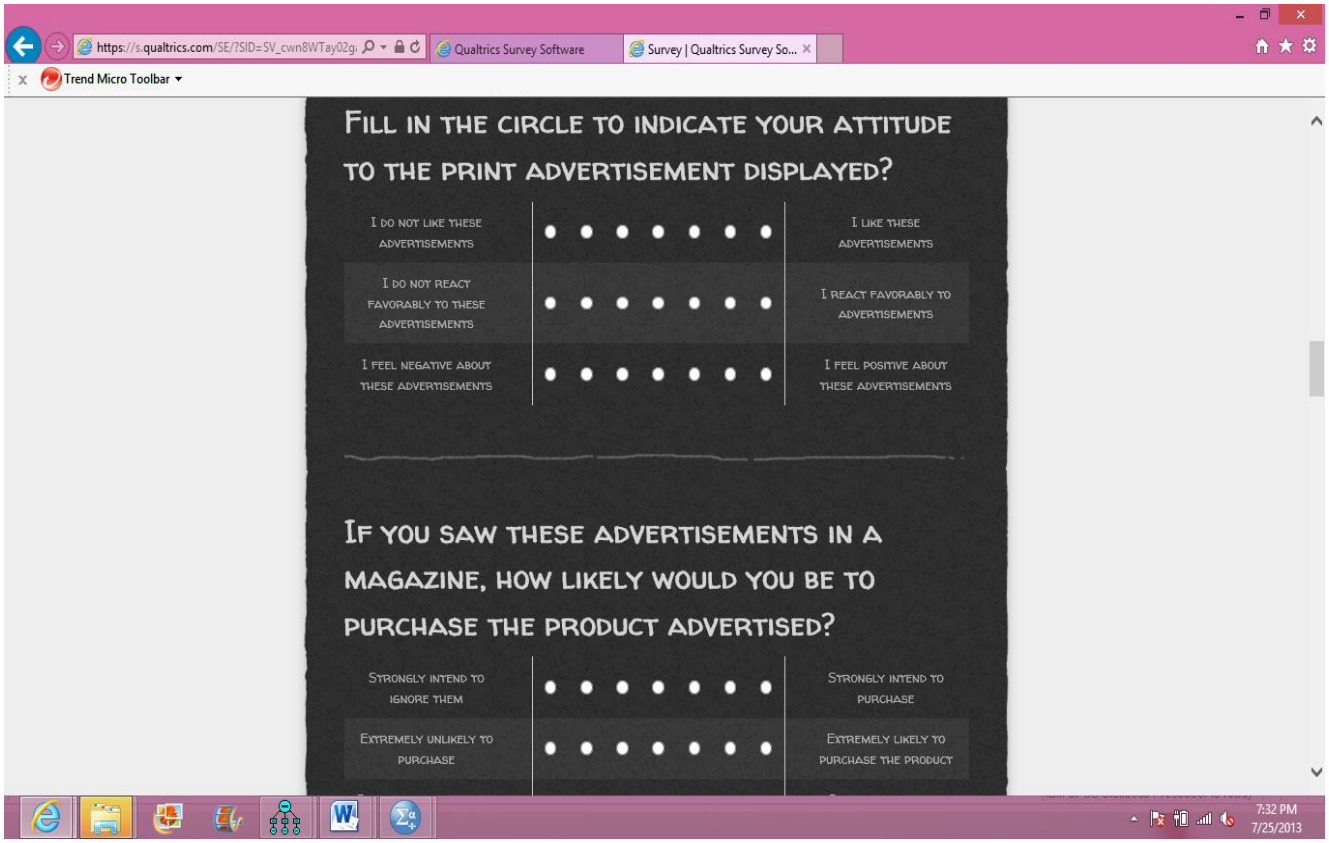
***Hello:** You are invited to participate in our internet survey on advertising. In this survey, approximately 250 people will be asked to complete a questionnaire which takes approx. 5-10 minutes to complete. Your participation in this study is completely voluntary. There are no fore-seeable risks associated with this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is very important for us to learn your opinions. Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact the Survey Coordinator Trevor Nkwanyana at 426039@students.wits.ac.za. Thank you very much for your time and support.*

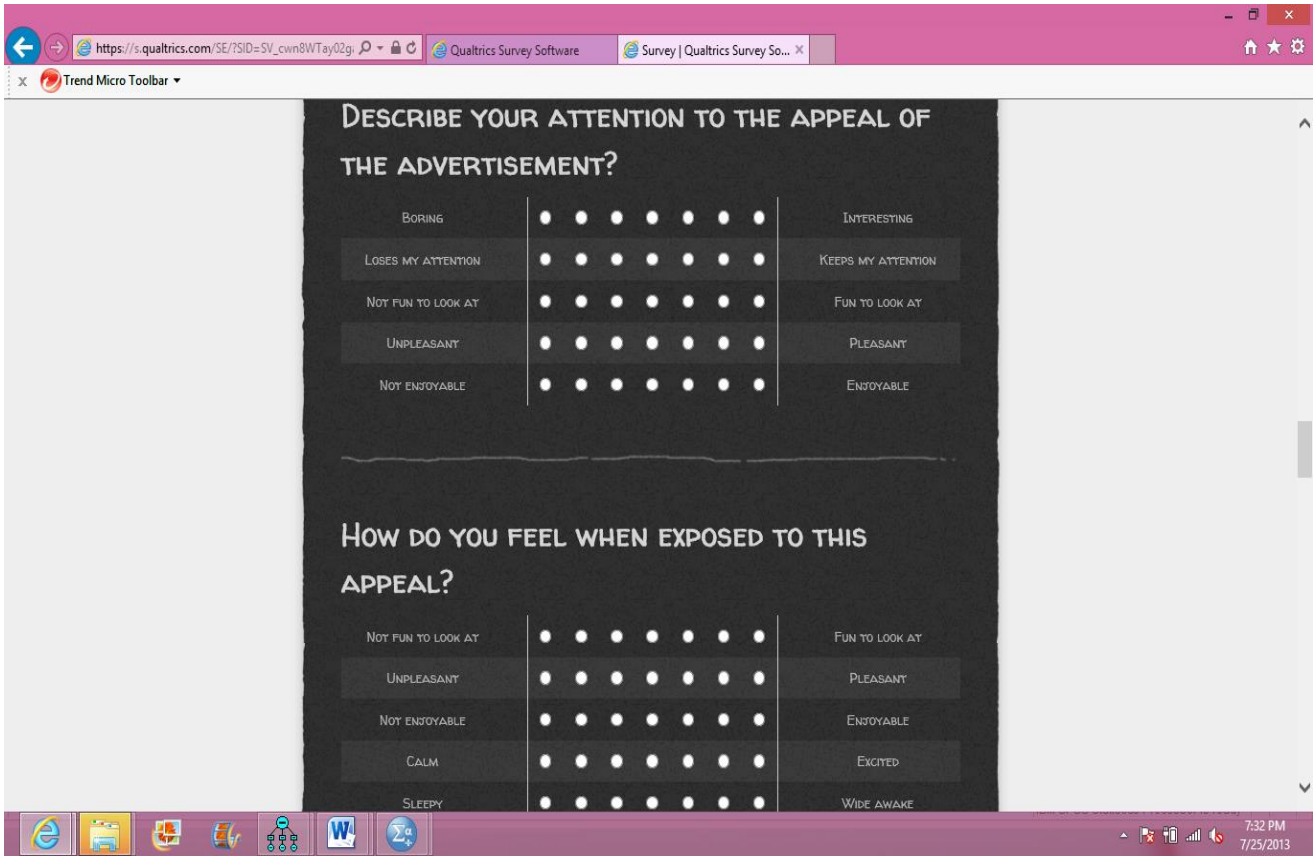


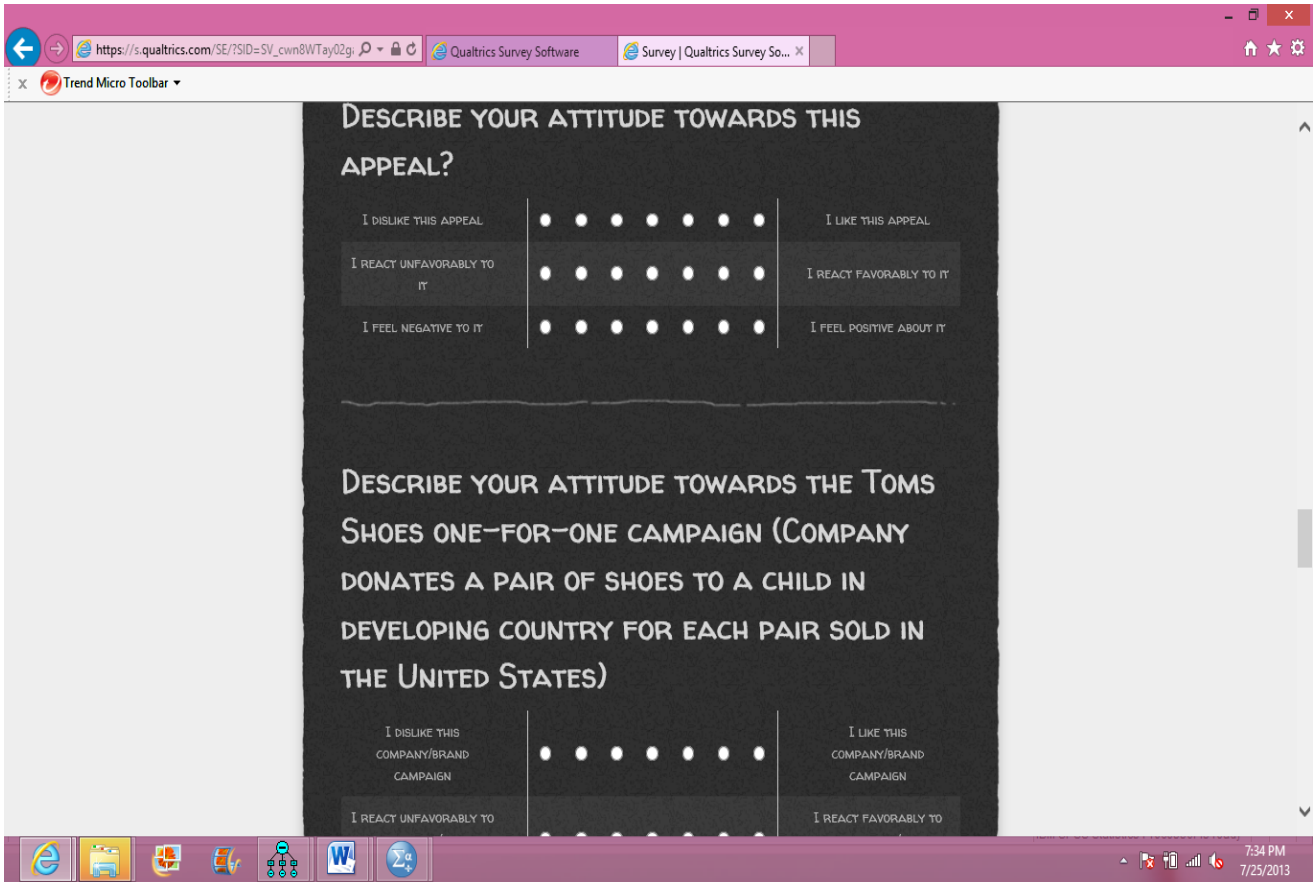

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Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
7:38 PM
7/25/2013

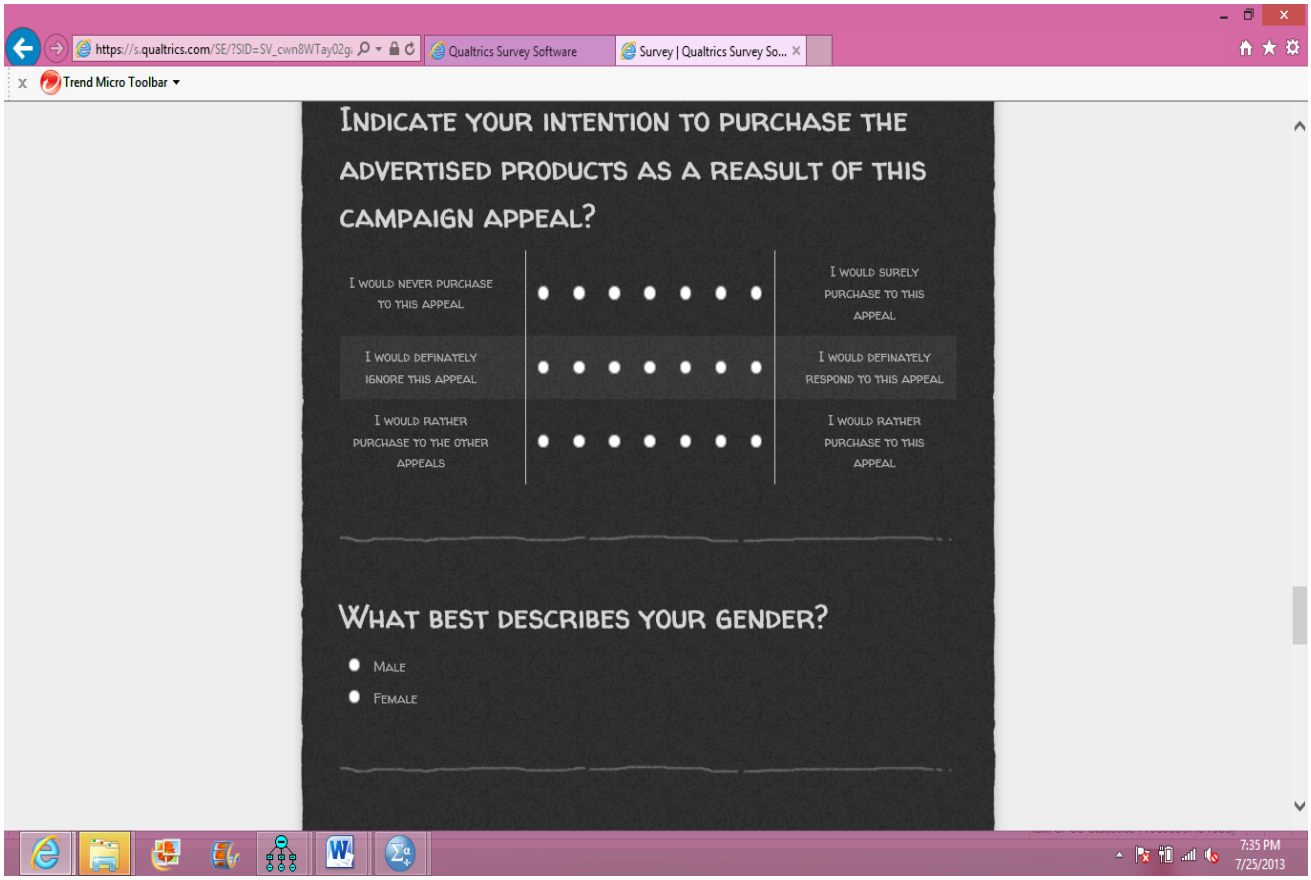

https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
RATE COMPANIES/BRANDS THAT CONTRIBUTE TO A CAUSE EACH TIME A CONSUMER MAKES PURCHASE?
UNIMPORTANT
IMPORTANT
OF NO CONCERN TO ME
OF GREAT CONCERN TO ME
NOT BENEFICIAL
BENEFICIAL
TRIVIAL
FUNDEMENTAL
MEANS NOTHING TO ME
MEANS A GREAT DEAL TO ME
THE KIND OF COMPANY I WOULD NEVER WORK FOR
THE KIND OF COMPANY I WOULD DEFINATELY WORK FOR
7:28 PM
7/25/2013

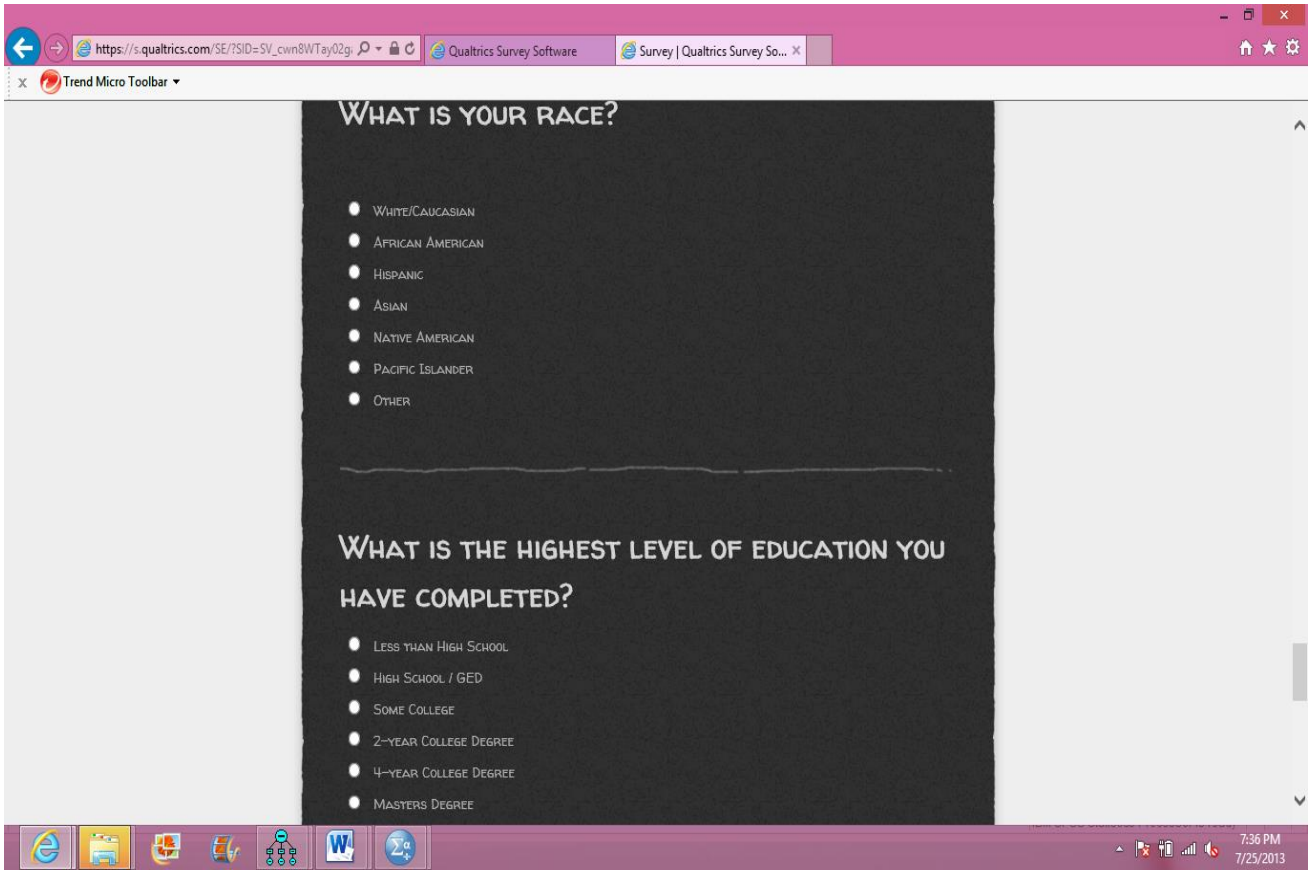

https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
FILL IN THE CIRCLE TO INDICATE HOW YOU FEEL ABOUT THE PRINT ADVERTISEMENTS DISPLAYED?
DEPRESSED
CHEERFUL
UNHAPPY
HAPPY
DESPAIRING
HOPEFUL
CALM
EXCITED
SLEEPY
WIDE AWAKE
DULL
ENERGIZED
FILL IN A CIRCLE TO INDICATE YOUR ATTENTION TO THE PRINT ADVERTISEMENTS DISPLAYED?
I WANT TO AVOID THIS
I WANT TO GIVE THIS ATTENTION
I WANT TO TURN MY MIND INTO OTHER THINGS
I WANT TO CONCENTRATE ON THE APPEAL
I WANT TO PUT THIS OUT
I WANT TO THINK ABOUT
7:31 PM
7/25/2013

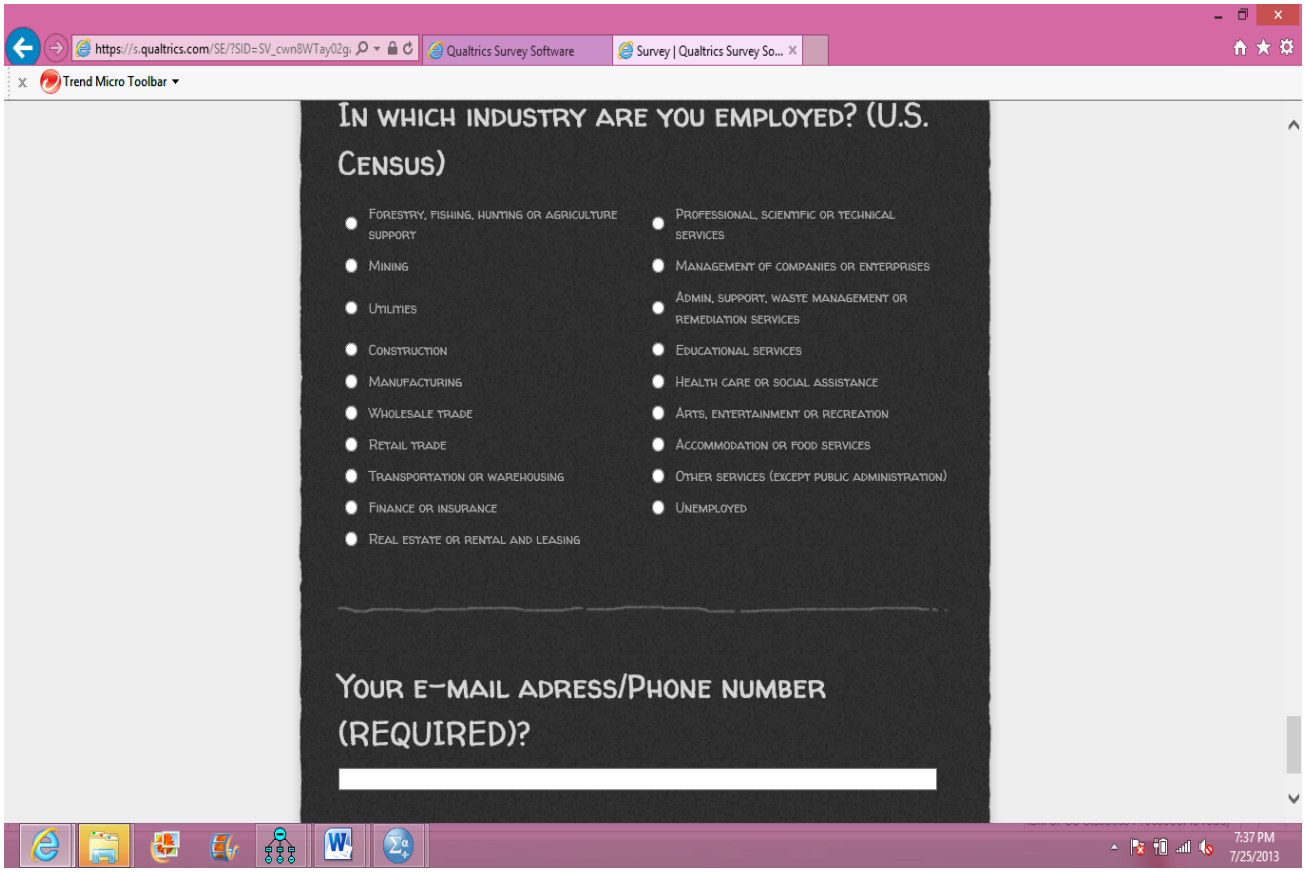

https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
FILL IN THE CIRCLE TO INDICATE YOUR ATTITUDE TO THE PRINT ADVERTISEMENT DISPLAYED?
I DO NOT LIKE THESE ADVERTISEMENTS
I LIKE THESE ADVERTISEMENTS
I DO NOT REACT FAVORABLY TO THESE ADVERTISEMENTS
I REACT FAVORABLY TO ADVERTISEMENTS
I FEEL NEGATIVE ABOUT THESE ADVERTISEMENTS
I FEEL POSITIVE ABOUT THESE ADVERTISEMENTS
IF YOU SAW THESE ADVERTISEMENTS IN A MAGAZINE, HOW LIKELY WOULD YOU BE TO PURCHASE THE PRODUCT ADVERTISED?
STRONGLY INTEND TO IGNORE THEM
STRONGLY INTEND TO PURCHASE
EXTREMELY UNLIKELY TO PURCHASE
EXTREMELY LIKELY TO PURCHASE THE PRODUCT
7:32 PM
7/25/2013


https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
DESCRIBE YOUR ATTENTION TO THE APPEAL OF THE ADVERTISEMENT?
Boring
Interesting
Loses my attention
Keeps my attention
Not fun to look at
Fun to look at
Unpleasant
Pleasant
Not enjoyable
Enjoyable
HOW DO YOU FEEL WHEN EXPOSED TO THIS APPEAL?
Not fun to look at
Fun to look at
Unpleasant
Pleasant
Not enjoyable
Enjoyable
Calm
Excited
Sleepy
Wide awake
7:32 PM
7/25/2013


https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
DESCRIBE YOUR ATTITUDE TOWARDS THIS APPEAL?
I dislike this appeal
I like this appeal
I react unfavorably to it
I react favorably to it
I feel negative to it
I feel positive about it
DESCRIBE YOUR ATTITUDE TOWARDS THE TOMS SHOES ONE-FOR-ONE CAMPAIGN (COMPANY DONATES A PAIR OF SHOES TO A CHILD IN DEVELOPING COUNTRY FOR EACH PAIR SOLD IN THE UNITED STATES)
I dislike this company/brand campaign
I like this company/brand campaign
I react unfavorably to
I react favorably to
7:34 PM
7/25/2013

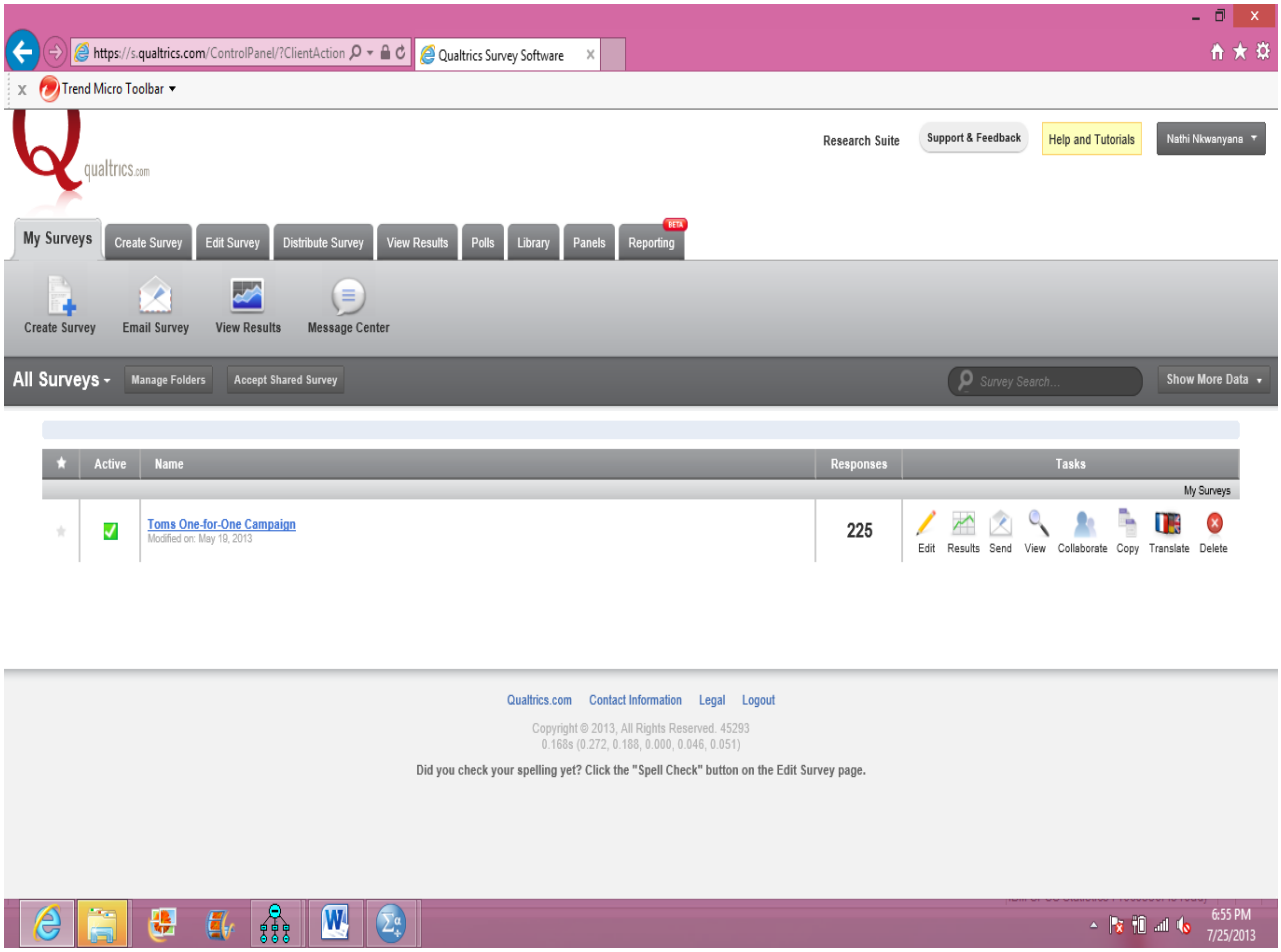

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Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
INDICATE YOUR INTENTION TO PURCHASE THE ADVERTISED PRODUCTS AS A REASULT OF THIS CAMPAIGN APPEAL?
I WOULD NEVER PURCHASE TO THIS APPEAL
I WOULD SURELY PURCHASE TO THIS APPEAL
I WOULD DEFINATELY IGNORE THIS APPEAL
I WOULD DEFINATELY RESPOND TO THIS APPEAL
I WOULD RATHER PURCHASE TO THE OTHER APPEALS
I WOULD RATHER PURCHASE TO THIS APPEAL
WHAT BEST DESCRIBES YOUR GENDER?
MALE
FEMALE
7:35 PM
7/25/2013

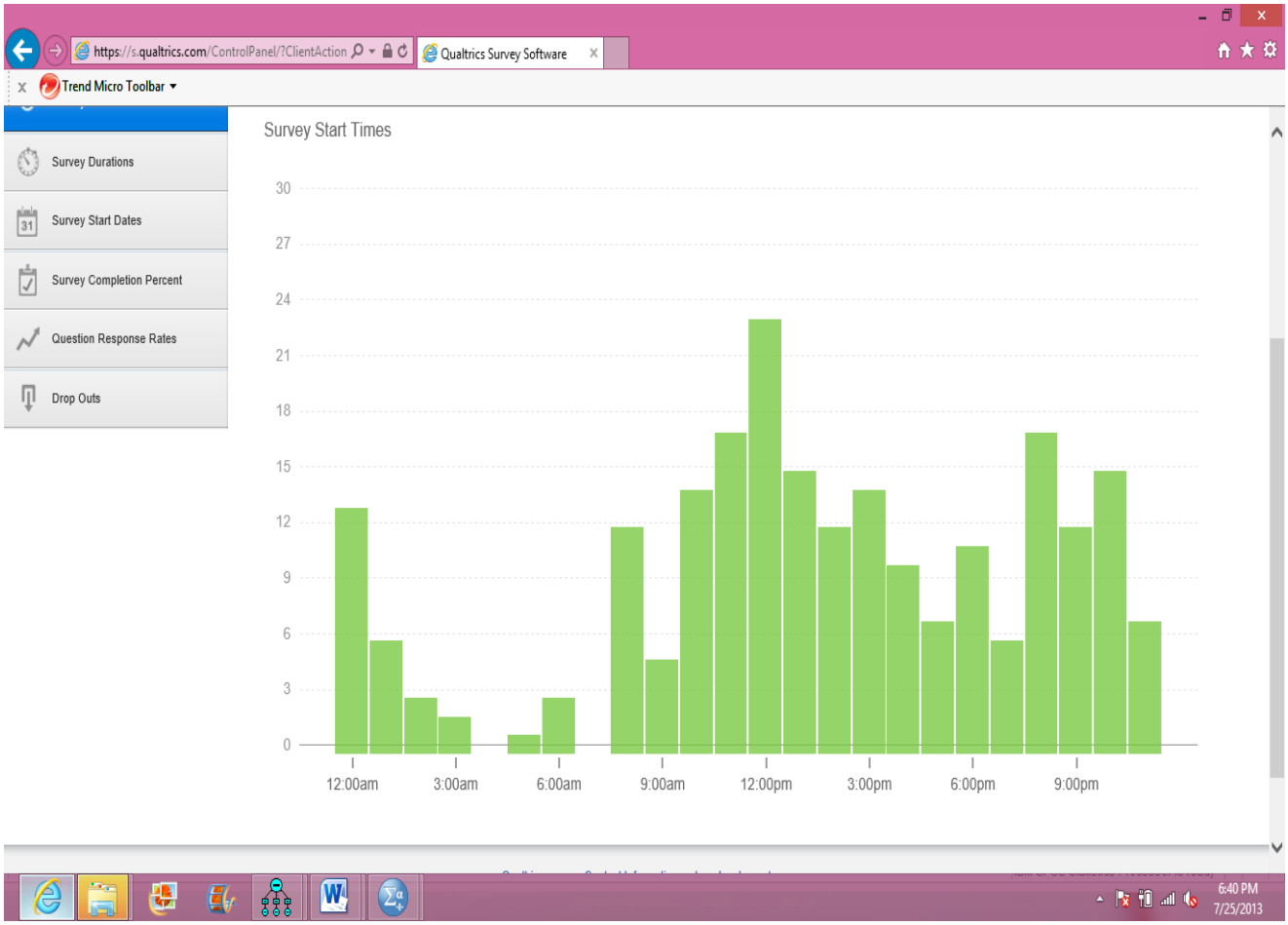

https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
WHAT IS YOUR RACE?
WHITE/CAUCASIAN
AFRICAN AMERICAN
HISPANIC
ASIAN
NATIVE AMERICAN
PACIFIC ISLANDER
OTHER
WHAT IS THE HIGHEST LEVEL OF EDUCATION YOU HAVE COMPLETED?
LESS THAN HIGH SCHOOL
HIGH SCHOOL / GED
SOME COLLEGE
2-YEAR COLLEGE DEGREE
4-YEAR COLLEGE DEGREE
MASTERS DEGREE
7:36 PM
7/25/2013

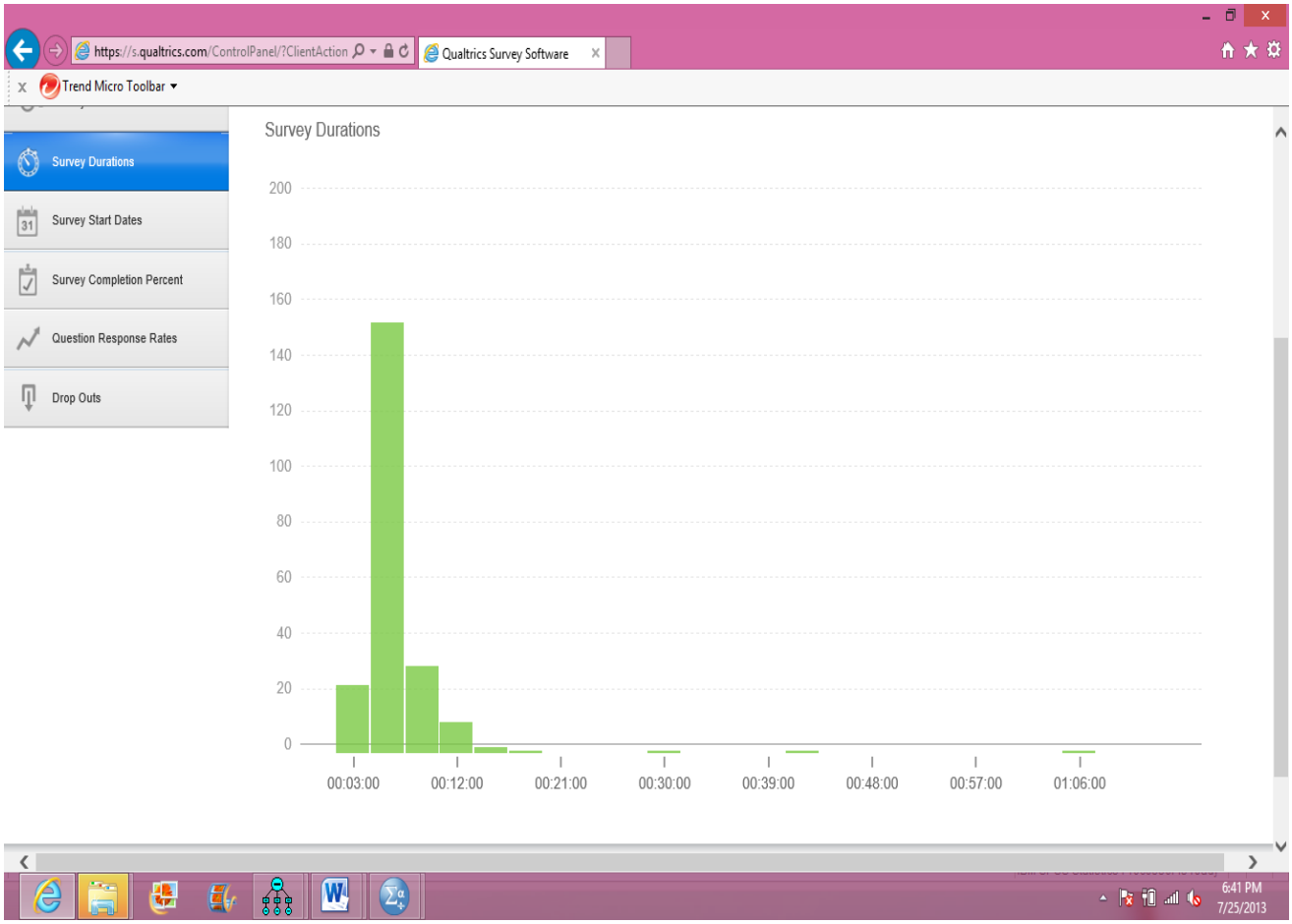

https://s.qualtrics.com/SE/?SID=SV_cwn8WTay02g
Qualtrics Survey Software
Survey | Qualtrics Survey So...
Trend Micro Toolbar
IN WHICH INDUSTRY ARE YOU EMPLOYED? (U.S. CENSUS)
FORESTRY, FISHING, HUNTING OR AGRICULTURE SUPPORT
MINING
UTILITIES
CONSTRUCTION
MANUFACTURING
WHOLESALE TRADE
RETAIL TRADE
TRANSPORTATION OR WAREHOUSING
FINANCE OR INSURANCE
REAL ESTATE OR RENTAL AND LEASING
PROFESSIONAL, SCIENTIFIC OR TECHNICAL SERVICES
MANAGEMENT OF COMPANIES OR ENTERPRISES
ADMIN, SUPPORT, WASTE MANAGEMENT OR REMEDIATION SERVICES
EDUCATIONAL SERVICES
HEALTH CARE OR SOCIAL ASSISTANCE
ARTS, ENTERTAINMENT OR RECREATION
ACCOMMODATION OR FOOD SERVICES
OTHER SERVICES (EXCEPT PUBLIC ADMINISTRATION)
UNEMPLOYED
YOUR E-MAIL ADRESS/PHONE NUMBER (REQUIRED)?
7:37 PM
7/25/2013

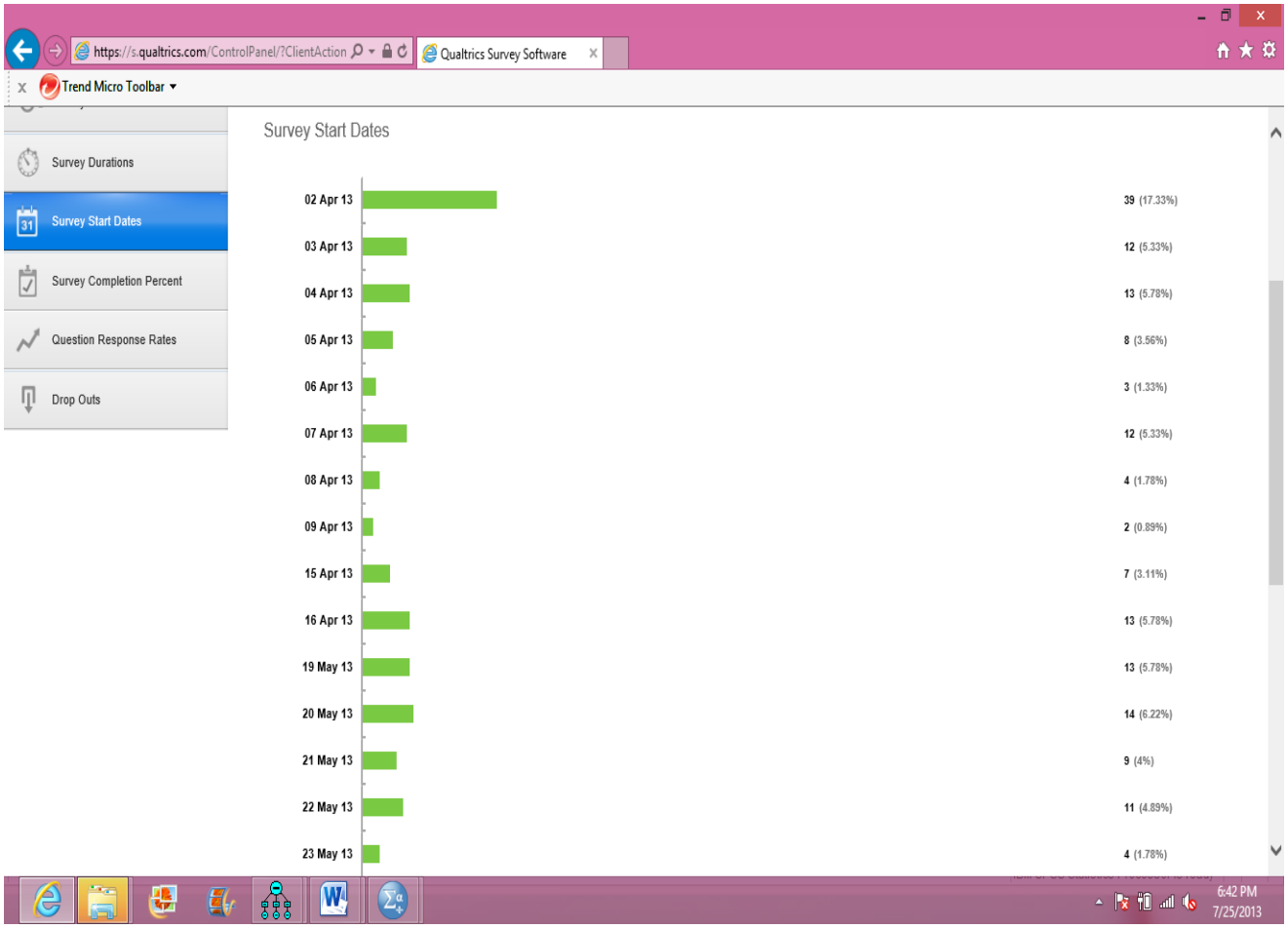
# Questionnaire Completion Statistics***

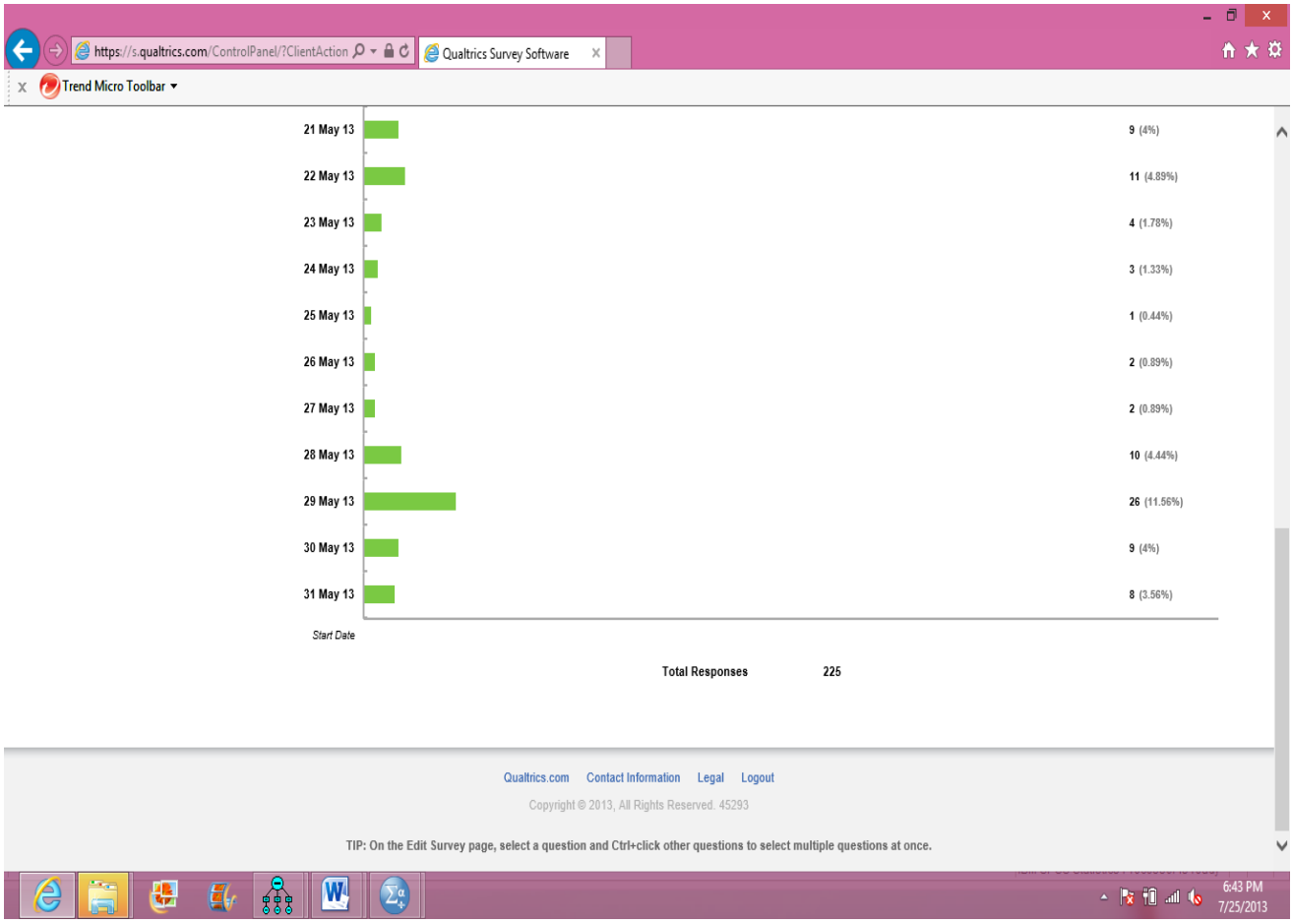
****225 completed questionnaires*

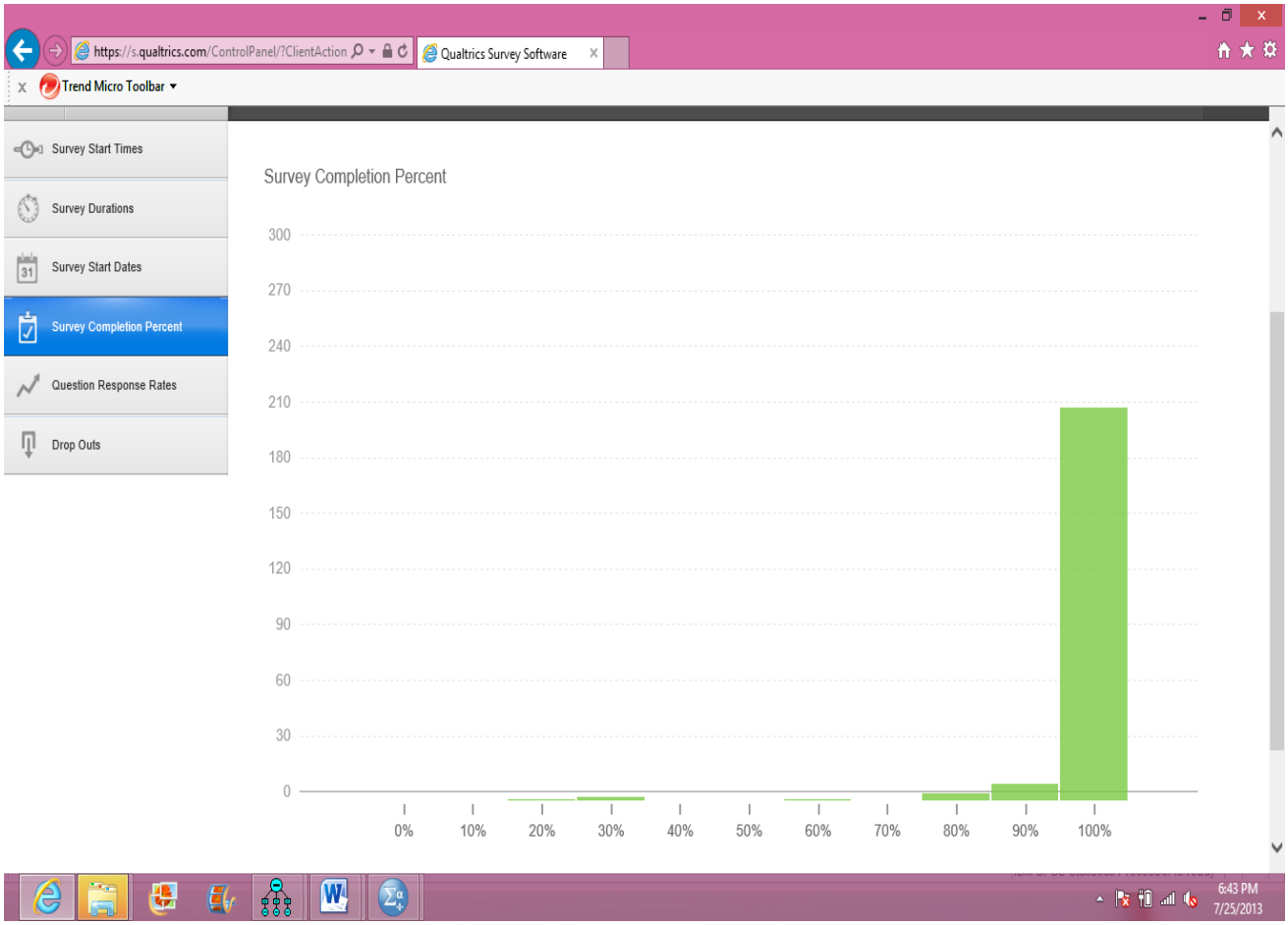


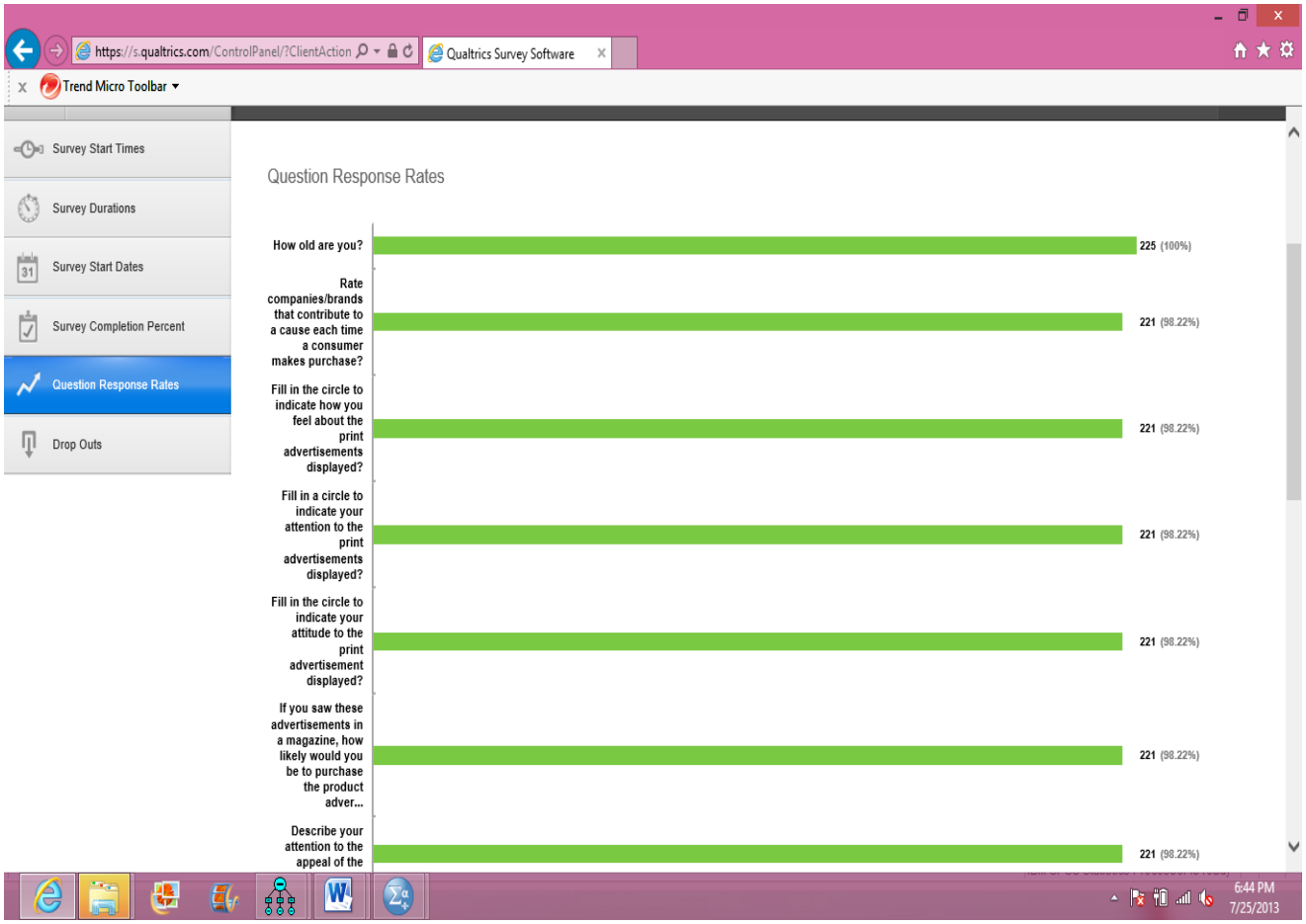

https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
Survey Durations
Survey Start Dates
Survey Completion Percent
Question Response Rates
Drop Outs
Survey Start Times
30
27
24
21
18
15
12
9
6
3
0
12:00am
3:00am
6:00am
9:00am
12:00pm
3:00pm
6:00pm
9:00pm
6:40 PM
7/25/2013

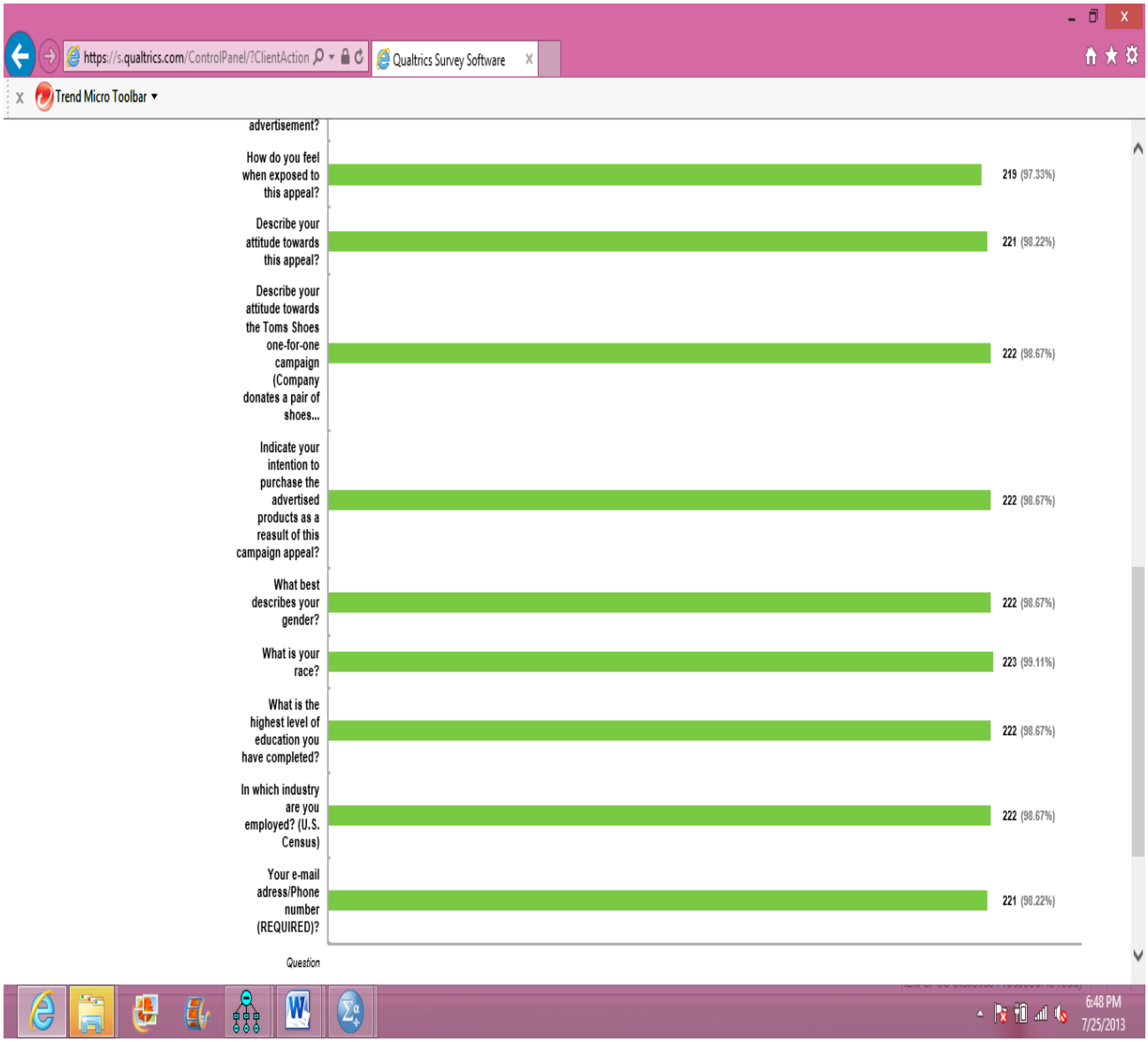

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Qualtrics Survey Software
Trend Micro Toolbar
Survey Durations
Survey Start Dates
Survey Completion Percent
Question Response Rates
Drop Outs
Survey Durations
200
180
160
140
120
100
80
60
40
20
0
00:03:00
00:12:00
00:21:00
00:30:00
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01:06:00
6:41 PM
7/25/2013

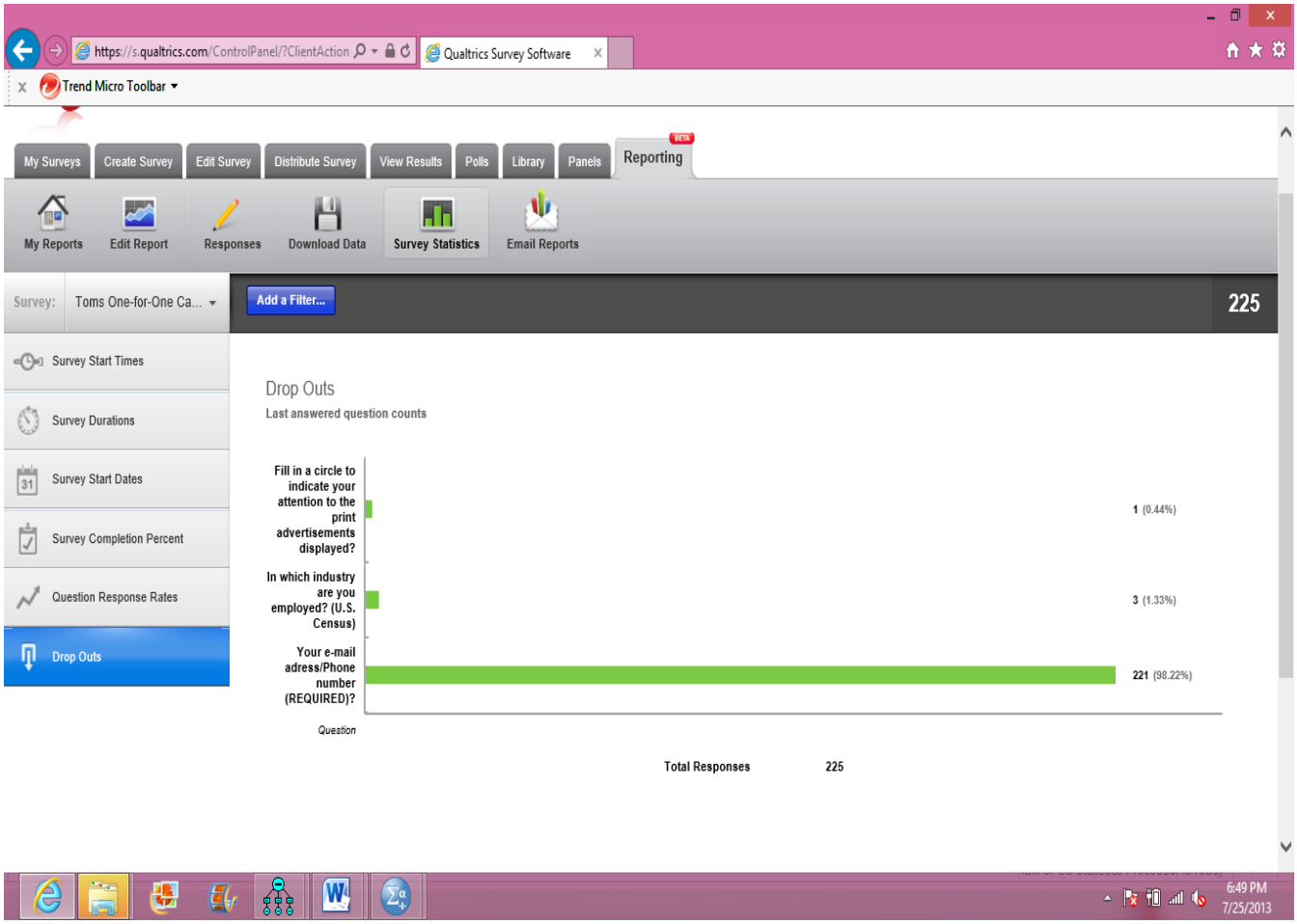

https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
Survey Durations
Survey Start Dates
Survey Completion Percent
Question Response Rates
Drop Outs
Survey Start Dates
02 Apr 13 39 (17.33%)
03 Apr 13 12 (5.33%)
04 Apr 13 13 (5.78%)
05 Apr 13 8 (3.56%)
06 Apr 13 3 (1.33%)
07 Apr 13 12 (5.33%)
08 Apr 13 4 (1.78%)
09 Apr 13 2 (0.89%)
15 Apr 13 7 (3.11%)
16 Apr 13 13 (5.78%)
19 May 13 13 (5.78%)
20 May 13 14 (6.22%)
21 May 13 9 (4%)
22 May 13 11 (4.89%)
23 May 13 4 (1.78%)
6:42 PM
7/25/2013


https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
21 May 13 9 (4%)
22 May 13 11 (4.89%)
23 May 13 4 (1.78%)
24 May 13 3 (1.33%)
25 May 13 1 (0.44%)
26 May 13 2 (0.89%)
27 May 13 2 (0.89%)
28 May 13 10 (4.44%)
29 May 13 26 (11.56%)
30 May 13 9 (4%)
31 May 13 8 (3.56%)
Start Date
Total Responses 225
Qualtrics.com Contact Information Legal Logout
Copyright © 2013, All Rights Reserved. 45293
TIP: On the Edit Survey page, select a question and Ctrl+click other questions to select multiple questions at once.
6:43 PM
7/25/2013


https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
Survey Start Times
Survey Durations
Survey Start Dates
Survey Completion Percent
Question Response Rates
Drop Outs
Survey Completion Percent
300
270
240
210
180
150
120
90
60
30
0
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
6:43 PM
7/25/2013


https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
Survey Start Times
Survey Durations
Survey Start Dates
Survey Completion Percent
Question Response Rates
Drop Outs
Question Response Rates
How old are you?
225 (100%)
Rate companies/brands that contribute to a cause each time a consumer makes purchase?
221 (98.22%)
Fill in the circle to indicate how you feel about the print advertisements displayed?
221 (98.22%)
Fill in a circle to indicate your attention to the print advertisements displayed?
221 (98.22%)
Fill in the circle to indicate your attitude to the print advertisement displayed?
221 (98.22%)
If you saw these advertisements in a magazine, how likely would you be to purchase the product adver...
221 (98.22%)
Describe your attention to the appeal of the
221 (98.22%)
6:44 PM
7/25/2013


https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
advertisement?
How do you feel when exposed to this appeal?
219 (97.33%)
Describe your attitude towards this appeal?
221 (98.22%)
Describe your attitude towards the Toms Shoes one-for-one campaign (Company donates a pair of shoes...
222 (98.67%)
Indicate your intention to purchase the advertised products as a reasult of this campaign appeal?
222 (98.67%)
What best describes your gender?
222 (98.67%)
What is your race?
223 (99.11%)
What is the highest level of education you have completed?
222 (98.67%)
In which industry are you employed? (U.S. Census)
222 (98.67%)
Your e-mail adress/Phone number (REQUIRED)?
221 (98.22%)
Question
6:48 PM
7/25/2013


https://s.qualtrics.com/ControlPanel/?ClientAction
Qualtrics Survey Software
Trend Micro Toolbar
My Surveys
Create Survey
Edit Survey
Distribute Survey
View Results
Polls
Library
Panels
Reporting
BETA
My Reports
Edit Report
Responses
Download Data
Survey Statistics
Email Reports
Survey:
Toms One-for-One Ca...
Add a Filter...
225
Survey Start Times
Survey Durations
Survey Start Dates
Survey Completion Percent
Question Response Rates
Drop Outs
Drop Outs
Last answered question counts
Fill in a circle to indicate your attention to the print advertisements displayed?
1 (0.44%)
In which industry are you employed? (U.S. Census)
3 (1.33%)
Your e-mail adress/Phone number (REQUIRED)?
221 (98.22%)
Question
Total Responses
225
6:49 PM
7/25/2013

# **APPENDIX B -** SEMANTIC DIFFERENTIAL SCALES USED THE QUESTIONNAIRE (ADAPTED FROM DIAMOND AND GOODING-WILLIAMS 2002)

| Semantic Differential Scale used in Survey Questionnaire (Diamond and Gooding-Williams 2002) | Minimum (1) | Maximum (7) | Reliability (Cronbac's alpha) |
|---|---|---|---|
| Involvement with shoe causes 1 Q1_1 | Unimportant | Important | 0.89 |
| Q1_2 | Of no concern to me | Of great concern to me | |
| Q1_3 | Not beneficial | Beneficial | |
| Q1_4 | Trivial | Fundamental | |
| Q1_5 | Means nothing to me | Means a great deal to me | |
| Q1_6 | The kind of charity I would never volunteer for | The kind of charity I would definitely volunteer for | |
| Emotional ratings of the ads Tom's shoes print 2 Q2_1 | Depressed | Cheerful | 0.91 |
| Q2_2 | Unhappy | Happy | |
| Q2_3 | Despairing | Hopeful | |
| Q2_4 | Calm | Excited | |
| Q2_5 | Sleepy | Wide awake | |
| Q2_6 | Dull | Energized | |
| Attention to the Tom's shoes print ads 3 Q3_1 | I want to avoid this | I want to give this attention | |
| Q3_2 | I want to turn my mind to other things | I want to concentrate on the | 0.93 |

| | | | |
|---|---|---|---|
| | | appeal | |
| Q3_3 | I want to put this out of my mind | I want to think about this company now | |
| **Attitude towards the Tom's shoes print ads 4 Q4_1** | I do not like these advertisements | I like these advertisements | 0.97 |
| Q4_2 | I do not react favorably to these advertisements | I react favorably towards these advertisements | |
| Q4_3 | I feel negative about these advertisements | I feel positive about these advertisements | |
| **Tom's shoes print ad influence on Intention to purchase 5 Q5_1** | Strongly intend to ignore them | Strongly intend to purchase | 0.93 |
| | Extremely unlikely to purchase | Extremely likely to purchase the product | |
| Q5_3 | Strongly intend not to read the message of the advertisement | Strongly intend to read the message on the advertisement | |
| **Message appeals influence on attention to the ads 6 Q6_1** | Does not make me curious | Makes me curious | Factor not evaluated in model |
| Q6_2 | Boring | Interesting | |
| Q6_3 | Loses my attention | Keeps my attention | |
| **Emotional ratings of the message appeal 7 Q7_1** | Not fun to look at | Fun to look at | Factor not evaluated in model |
| Q7_2 | Unpleasant | Pleasant | |
| Q7_3 | Not enjoyable | Enjoyable | |
| **Emotional ratings of the message appeal Q8_1** | Calm | Excited | Factor not evaluated in model |

| | | | |
|---|---|---|---|
| Q8_2 | Sleepy | Wide awake | |
| Q8_3 | Dull | Energized | |
| **Message appeals influence on attitude towards the brand 9** Q9_1 | I dislike this company/brand | I like this company/brand | 0.97 |
| Q9_2 | I react unfavorably to this company/brand | I react favorably to this company/brand | |
| Q9_3 | I feel negative about this company/brand | I feel positive about this company/brand | |
| **Message appeals influence on intention to purchase 10** Q10_1 | I would never donate to this appeal | I would surely donate to this appeal | 0.933 |
| Q10_2 | I would definitely discard this appeal | I would definitely reply to this appeal | |
| Q10_3 | I would rather give to other appeals | I would rather give to this appeal | |

1. Rate companies/brands that contribute to a cause each time a consumer makes a purchase 2. Fill in the circle to indicate how you feel about the print advertisements displayed 3. Fill in a circle to indicate your attention to the print advertisements displayed 4. Fill in a circle to indicate your attitude towards the advertisements displayed 5. If you saw these ads in magazine, How likely would you be to purchase the products advertised 6. Describe your attention to the appeal of these advertisements 7. How do you feel when exposed to this appeal? 8. Describe your attitude towards this appeal 9. Describe your attitude towards the companies/brands displayed in the advertisements 10. Indicate your intention to purchase the advertised products 11. Gender, age, ethnicity and occupation

# **APPENDIX C -** CONSISTENCY MATRIX

| Sub-problem | Literature Review | Hypotheses or Propositions or Research questions | Source of data | Type of data | Analysis |
|---|---|---|---|---|---|
| Does attitude towards the brand affect the purchase intentions of GenY consumers when exposed to Toms shoes CRM advertisements/stimuli? | Diamond and Gooding-Williams 2002, Mehta 1994 – 2000, Yan *et al* 2010 | H1: The purchase intentions of GenY consumers towards Toms one-for-one CRM offers are positively influenced by their attitude towards the brand | Qualtrics Survey software | Interval: Semantic Differential scale | Confirmatory factor analysis,SPSS Amos |
| Does the attitude towards the advertisement of GenY consumers influence their attitude towards the brand when exposed Toms CRM advertisements/stimuli? | Lafferty *et al* 2002; Miniard, *et al*, 1990, Mehta 1994 - 2000 | H5: GenY consumers attitude towards the advertisement has a positive influence on their attitude towards the brand when exposed Toms shoes CRM offers | Qualtrics Survey software | Interval: Semantic Differential scale | Confirmatory factor analysis,SPSS Amos |
| Does the attention of GenY consumers influence their attitude towards the advertisement and/or liking when exposed to Toms CRM offers? | Mehta 2000, Hyllegard *et al* 2011, Yan *et al* 2010 | H3: The attention of GenY consumers towards the Toms one-for-one CRM offer will positively influence their attitude towards the advertisement and/or liking | Qualtrics Survey software | Interval: Semantic Differential scale | Confirmatory factor analysis,SPSS Amos |
| Does the level of involvement in the shoe cause by GenY consumers influence their attention and attitude towards the advertisements when exposed Toms Shoes CRM advertisements/stimuli? | Diamond and Gooding-Williams 2002, Rossiter and Percy 1998, Mehta 2000 | H2: The involvement of GenY consumers with the shoe cause has positive influence on their attention and attitude towards the advertisement and/or liking | Qualtrics Survey software | Interval: Semantic Differential scale | Confirmatory factor analysis,SPSS Amos |
| Does the emotional reactions of GenY consumers influence their attention and | Hawkins and Motherbaugh 2001, Mehta 1994 – 2000, | H4: The emotional appeal (i.e. pictures of poor children that are wearing no shoes) used | Qualtrics Survey software | Interval: Semantic Differential scale | Confirmatory factor analysis,SPSS Amos |

| | | | | | |
|---|---|---|---|---|---|
| attitude towards the advertisement when exposed Toms shoe ads CRM advertisements/stimuli? | Yan *et al* 2010 | in Toms shoes CRM offers will positively influence attention and attitude towards the advertisement or liking ads by GenY consumers | | | |

# **APPENDIX D** - OBSERVED VARIABLE SUMMARY / VARIABLE COUNTS

| | |
|---|---|
| **Number of variables in your model:** | **55** |
| **Number of observed variables:** | **23** |
| **Number of unobserved variables:** | **32** |
| **Number of exogenous variables:** | **29** |
| **Number of endogenous variables:** | **26** |

Observed, endogenous variables

Q1_5
Q1_4
Q1_3
Q1_2
Q1_1
Q3_3
Q3_2
Q3_1
Q2_6

Q2_5
Q2_4
Q2_3
Q2_2
Q2_1
Q4_3
Q4_2
Q4_1
Q9_3
Q9_2
Q9_1
Q10_3
Q10_2
Q10_1

Unobserved, endogenous variables

AAD
AAB
PI

Unobserved, exogenous variables

INVOLVEMENT
e2
e3
e5
e6
ATTENTION
e7
e8
e9
EMOTIONS
e10
e11
e12

e13
e14
e15
e16
e17
e18
e19
e20
e21
e22
e23
e24
e25
e26
e27
e4

## **APPENDIX E:** MINIMIZATION HISTORY

| Iteration | | Negative eigenvalue | Condition # | Smallest eigenvalue | Diameter | F | NTries | Ratio |
|---|---|---|---|---|---|---|---|---|
| 0 | e | 2 | | -2.163 | 9999.000 | 1966.709 | 0 | 9999.0000 |
| 1 | e | 3 | | -2.407 | .365 | 700.195 | 13 | .793 |
| 2 | e | 0 | 2369.354 | | .189 | 520.077 | 5 | .833 |
| 3 | e | 0 | 3147.813 | | .395 | 474.736 | 1 | 1.018 |
| 4 | e | 0 | 3768.306 | | .047 | 474.288 | 1 | 1.054 |
| 5 | e | 0 | 3878.029 | | .007 | 474.282 | 1 | 1.018 |
| 6 | e | 0 | 3885.799 | | .000 | 474.282 | 1 | 1.001 |

## **APPENDIX F:** SUMMARY OF OUTLIER STATISTICS—OBSERVATIONS FARTHEST FROM THE CENTROID (MAHALANOBIS DISTANCE)

| Observation number | Mahalanobis d-squared | p1 | p2 |
|---|---|---|---|
| 37 | 87.486 | .000 | .000 |
| 115 | 84.988 | .000 | .000 |
| 82 | 76.256 | .000 | .000 |
| 206 | 74.523 | .000 | .000 |
| 79 | 69.562 | .000 | .000 |
| 152 | 68.448 | .000 | .000 |
| 6 | 64.186 | .000 | .000 |
| 4 | 62.202 | .000 | .000 |
| 96 | 60.585 | .000 | .000 |
| 177 | 54.108 | .000 | .000 |
| 39 | 53.683 | .000 | .000 |
| 61 | 52.851 | .000 | .000 |
| 5 | 52.482 | .000 | .000 |
| 151 | 51.514 | .001 | .000 |

| Observation number | Mahalanobis d-squared | p1 | p2 |
|---|---|---|---|
| 209 | 50.803 | .001 | .000 |
| 149 | 49.926 | .001 | .000 |
| 68 | 49.771 | .001 | .000 |
| 182 | 49.060 | .001 | .000 |
| 148 | 46.778 | .002 | .000 |
| 165 | 46.202 | .003 | .000 |
| 62 | 46.173 | .003 | .000 |
| 163 | 45.557 | .003 | .000 |
| 111 | 43.965 | .005 | .000 |
| 64 | 43.550 | .006 | .000 |
| 77 | 43.335 | .006 | .000 |
| 178 | 43.253 | .006 | .000 |
| 190 | 43.023 | .007 | .000 |
| 192 | 42.758 | .007 | .000 |
| 30 | 42.536 | .008 | .000 |
| 47 | 42.196 | .009 | .000 |
| 53 | 42.010 | .009 | .000 |
| 181 | 41.768 | .010 | .000 |
| 51 | 41.219 | .011 | .000 |
| 170 | 40.818 | .012 | .000 |
| 108 | 40.439 | .014 | .000 |
| 60 | 39.618 | .017 | .000 |
| 22 | 38.991 | .020 | .000 |
| 93 | 38.190 | .024 | .000 |
| 63 | 37.628 | .028 | .000 |
| 155 | 36.961 | .033 | .000 |
| 66 | 36.312 | .038 | .000 |
| 25 | 36.079 | .040 | .000 |
| 112 | 34.783 | .055 | .000 |
| 21 | 34.529 | .058 | .000 |
| 186 | 34.216 | .062 | .000 |
| 126 | 33.811 | .068 | .000 |
| 176 | 32.693 | .087 | .000 |
| 145 | 31.514 | .111 | .000 |
| 144 | 31.330 | .115 | .000 |
| 137 | 30.761 | .129 | .000 |
| 87 | 30.743 | .129 | .000 |
| 158 | 30.520 | .135 | .000 |
| 164 | 30.247 | .142 | .000 |
| 110 | 29.974 | .150 | .000 |
| 48 | 29.924 | .152 | .000 |
| 41 | 29.552 | .163 | .000 |
| 74 | 29.470 | .165 | .000 |
| 205 | 29.309 | .170 | .000 |

| Observation number | Mahalanobis d-squared | p1 | p2 |
|---|---|---|---|
| 104 | 29.127 | .176 | .000 |
| 128 | 28.679 | .191 | .001 |
| 156 | 28.418 | .200 | .001 |
| 174 | 28.005 | .216 | .004 |
| 55 | 27.775 | .224 | .006 |
| 26 | 27.632 | .230 | .007 |
| 1 | 27.538 | .234 | .006 |
| 135 | 27.348 | .241 | .009 |
| 107 | 26.972 | .257 | .024 |
| 8 | 26.683 | .270 | .043 |
| 207 | 26.428 | .281 | .068 |
| 127 | 26.323 | .286 | .069 |
| 202 | 25.789 | .311 | .204 |
| 12 | 25.717 | .314 | .193 |
| 85 | 25.634 | .318 | .188 |
| 50 | 25.397 | .330 | .253 |
| 122 | 25.345 | .333 | .232 |
| 36 | 24.828 | .359 | .473 |
| 142 | 24.819 | .360 | .422 |
| 99 | 24.392 | .382 | .633 |
| 90 | 24.377 | .383 | .587 |
| 173 | 24.295 | .388 | .583 |
| 121 | 24.154 | .395 | .616 |
| 89 | 24.143 | .396 | .568 |
| 98 | 23.839 | .413 | .701 |
| 20 | 23.743 | .418 | .707 |
| 34 | 23.586 | .427 | .746 |
| 160 | 23.529 | .430 | .731 |
| 179 | 23.412 | .437 | .749 |
| 189 | 22.937 | .464 | .908 |
| 95 | 22.171 | .510 | .994 |
| 138 | 21.826 | .531 | .999 |
| 197 | 21.765 | .534 | .998 |
| 65 | 21.115 | .574 | 1.000 |
| 183 | 21.075 | .577 | 1.000 |
| 72 | 20.923 | .586 | 1.000 |
| 119 | 20.673 | .601 | 1.000 |
| 131 | 20.661 | .602 | 1.000 |
| 132 | 20.524 | .610 | 1.000 |
| 203 | 20.499 | .612 | 1.000 |
| 134 | 20.312 | .623 | 1.000 |
| 29 | 20.275 | .625 | 1.000 |