Cause-Related Marketing: It’s Applicability in Hypermarket Context

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ABSTRACT

The concept of cause-related marketing (CRM) was not sufficiently studied in the context of hypermarket. The objective of this study is to discover if CRM enhances customers’ patronage behaviour towards a hypermarket and whether the absence of CRM in a hypermarket initiates a switching behaviour among consumers. Therefore, five variables (attitude, CSR image, company-cause fit, education level and personal income) were examined for their influence on consumers’ patronage behaviour changes before and after the implementation of CRM. A total of 405 questionnaires were used for analysis. A paired-sample T-Test, one sample T-Test and multiple regression analyses were employed to analyse the research questions in this study. Results revealed that CRM implementation was able to produce two outcomes: customers’ patronage behaviour and customers’ switching behaviour. Also, factors such as attitude, CSR image and personal income were found to have different significant influences upon patronage behaviour increment across different hypermarkets.

JEL Classification : C22; E31

Keywords: Cause-related Marketing, Corporate Social Responsibility, Hypermarket, Patronage Behaviour

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INTRODUCTION

In challenging business environments, companies are dedicating more resources to various social projects to ensure business sustainability (Du, Bhattacharya and Sen, 2010). Consequently, Corporate Social Responsibility (CSR) emerged as a popular concept among companies (Pirsch, Gupta and Grau, 2007). CSR refers to corporate social conducts that meet the social needs of stakeholders beyond the legal responsibility of a company (Lii, 2011). CSR plays an essential role as a part of a company’s marketing approach since it deals with customers’ expectations, improves corporate performance and reputation (Sen and Bhattacharya, 2001).

There are various approaches to implement CSR (Polonsky and Speed, 2001); namely philanthropy, sponsorship and cause-related marketing (CRM). Philanthropy refers to a company’s contribution in terms of finance or in-kind such as manpower or equipment to a social cause because the company’s desire is to do good without expecting any return for the favour that has been done (Lii and Lee, 2012). On the other hand, sponsorship is a deliberate strategy of CSR, where in-cash or in-kind such as manpower or equipment is devoted in an activity to potentially obtain the exploitable commercial benefits such as publicity, associated with the sponsored event or organization (Lii and Lee, 2012). Lastly, CRM is the arrangement of a marketing initiative of a for-profit organization with a not-for-profit organization that is in need of fund raising (Hajjat, 2003). In other words, a CRM programme attempts to encourage customers to purchase a firm’s product or service by promising to donate a specific amount of fund, which is collected for a worthy cause championed by a not-for-profit organization.

CRM differs from philanthropy or sponsorship as CRM involves consumers’ purchases, which helps companies to increase sales. CRM is also known as one of the marketing strategy that helps companies drive sales (Porter and Kramer, 2002). This study focuses on CRM as it is recognised as a fundamental and conventional marketing strategy used by numerous retail companies (Galan Ladero, Galera Casquet and Singh, 2015). However, its applicability is relatively under-researched among hypermarkets in Malaysia. Thus, this study contributes to CRM literature by broadening it’s use to the hypermarket context. Its applicability in hypermarkets would serve as an essential insight to hypermarket managers in their decisions relating to CRM.

BACKGROUND OF THE STUDY

Since early 1990s, hypermarkets have established their presence in Malaysia (Lim, Badarulzaman and Ahmad, 2003). The number of hypermarkets outlets increased from 95 in 2008 to 165 in 2013 (Euromonitor International, 2014). This is due to the initiatives taken by the government that included retail as one of the National Key Economic Area (NKEA), in order to help the industry move towards modern trade. This development benefits the nation in terms of driving down prices and creating jobs (Economic Transformation Programme, 2010). As the numbers of hypermarket outlets increase, competition becomes greater. Since social responsibility is a concern for many stakeholders (Lii and Lee, 2012), hypermarkets that engaged in CRM activities may be more able to attract customers as CRM allows customers to contribute back to the society while buying things they need.
CRM is commonly adopted by companies to increase sales, enhance corporate image and improve customer loyalty (Chattananon, Lawley, Supparerkchaisakul and Leelayouthayothin, 2008). It was reported that when a retailer or a brand is linked to a worthy cause, customers would most probably switch from their existing brand to the brand that is linked to CRM (Meyer, 1999; Langen, Grebitus and Hartmann, 2013). Therefore, Cause-Related Marketing (CRM) could be used as a differentiation strategy for hypermarkets. CRM studies so far, focused on retailers or companies of specific products (Barone, Norman and Miyazaki, 2007; Liu and Ko, 2011) such as chocolate manufacturer (Moosmayer and Fuljahn, 2010), shoe company (Strahilevitz, 2003), fast-moving consumer goods (Patel, Gadhavi and Shukla, 2017; Melero and Montaner, 2016), hotels (Boenigk and Schuchardt, 2015) or restaurants (Hanks, Line and Mattila, 2016). Also, most of these studies used students as research target (Trimble and Rifon, 2006; Anghel, Grigore and Roșca, 2011; Chang and Cheng, 2015; Kuo and Rice, 2015). Thus, there is a gap to research CRM’s applicability in the context of hypermarket, using adult sample.

Switching behaviour refers to the end of relationship with one service provider by discontinuing purchasing of products and services and building the same relationship with another provider of the same category (Vyas and Raitani, 2014). Understanding switching behaviour to hypermarkets with CRM provides indicators to hypermarket managers the value of introducing CRM. Switching behaviour was investigated in mobile telecommunication services (Calvo-Porral and Lévy-Mangin, 2015; Nimako, Ntim and Mensah, 2014; Wirtz, Xiao, Chiang and Malhotra, 2014; Sathish, Kumar and Jeevanantham, 2011), various retail channels (Pookulangara, Hawley and Xiao, 2011), social networking technology (Zhang, Lee, Cheung and Chen, 2009), banking services (Clemes, Gan and Zhang, 2010; Vyas and Raitani, 2014; Subramaniam and Ramachandran, 2012; Mavri and Ioannou, 2008) and Islamic brand switching (Saeed and Azmi, 2014). But, Malaysian consumer’s switching behaviour due to CRM in a hypermarket was not known and requires further investigation.

Top factors reported to influence CRM participation include company-cause fit (Van den Brink, Odekerken-Schröder and Pauwels, 2006), company’s CSR image (Deng and Xu, 2017) and attitude towards CRM campaign (Grau and Folse, 2007; Hou, Du and Li, 2008). Relative importance of these factors on hypermarket patronage behaviour in Malaysian consumer context has been under-reported. Customers who believe in the cause championed by the hypermarkets would be drawn to purchase from the hypermarket after CRM, which might be reflected in higher patronage to the hypermarket. Moreover, the absence of CRM could cause switching behaviour to other hypermarkets that implement CRM especially if the customers really want to make a difference to society. Thus, identifying factors that explain increment in patronage behaviour before and after CRM could help improve CRM design.

All in all, three research objectives are relevant here. Firstly, to evaluate if there are differences in patronage behaviour before and after CRM implementation. Secondly, to assess if switching behaviour to hypermarket with CRM campaign would take place. Thirdly, to identify factors contributing to the increase of patronage behaviour after CRM.
LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

CRM is a representation of CSR. Hence, CRM can be a part of CSR, but CRM cannot alone fully exemplify CSR (Sheikh and Beise-See, 2011). CRM is distinguished as a strategy that is intended to promote the achievement of a company’s marketing objectives by means of supporting a social cause. Varadarajan and Menon (1988) defined CRM as a course of action that formulates and applies marketing activities that are regarded as an offer from the company to donate a specified sum of capital to a chosen cause when customers join in the exchange of revenue-providing activities that comply with the organizational and individual objectives. In short, CRM is a marketing approach where a company supports a charitable cause or donate to a worthy cause and at the same time, achieve the company’s sales objectives (Anuar and Mohamad, 2011; Soni and Soni, 2013).

For example, the Body Shop associates with World Land Trust to plant one million seeds of native trees species in degraded areas of the Cerro Blanco Protected Forest. Funding of this project came from the proceeds of its Oils of Life™ Skincare product, 10 pence from each of the product sale was channelled to the project (The Body Shop International PLC, 2016). In addition, QL Poultry Farms Sdn Bhd partner with IJN Foundation supported heart health and raising awareness on heart wellness across Malaysia; for every pack of eggs purchased, 50 cents was donated to IJN Foundation (QL Resources Bhd, 2015).

Due to the recognized advantages of adopting CRM, many organizations have increased their corporate spending on CRM programme significantly. A survey performed by the PMA (Promotion Marketing Association) and Gable Group (2000) demonstrated that CRM was being employed by more than 85% of companies (Nan and Heo, 2007). For instance, a large number of research has stated that CRM could concurrently help companies in realizing numerous objectives such as increasing sales and profits (Anuar and Mohamad, 2011; Barone et al., 2007), reaching out to more customers (Anghel et al., 2011; Ross III, Patterson and Stutts, 1992) and enhancing favourable corporate and brand image to the public (Anuar, Omar and Mohamad, 2014; Soni and Soni, 2013). CRM’s rising successes have led customers to share the company’s ethical and moral values as well as societal integrity through the CRM initiatives (Soni and Soni, 2013; Creyer, 1997).

Companies are guided by the stakeholder theory to ensure that CSR is perceived favourable by stakeholders. The stakeholder theory proposes that companies should not only focus on building shareholder wealth such as financial performance, but to also focus on meeting a wider set of interests such as social performance (Miles, 2012). Companies should try to meet the needs of those who have a stake in the actions or outcomes of the firm. Companies have involved themselves in CSR activities to promote socially responsible behaviour and strategies in responding to stakeholders needs (Maignan and Farrell, 2004).

Stakeholders can be referred to as people or groups who can affect or are affected by the actions and results of a firm (Freeman, 1984). Customers are the most essential stakeholder group as they could directly affect the success of a company by substituting capital for the company’s products or services (Freeman, 2001). Thus, meeting customer stakeholder’s expectation should be the priority. As customers have growing concerns on a company’s social responsibilities, companies can meet customers’ expectation by connecting marketing initiatives
Recognizing the advantages that companies could gain while adopting a CRM programme and with the optimistic reactions from customers, hypermarkets may tap into this opportunity to increase customers’ patronage intentions by implementing a CRM campaign. Shim and Kotsiopulos (1992) defined patronage behaviour as a person’s preference towards a particular store for purchasing products. In addition, Pan and Zinkhan (2006) asserted that retail patronage could be measured in two dimensions, which are store choice (customers’ choice to patronize a specific store) and frequency of visit (how often a shopper patronizes that store). Barone, Miyazaki and Taylor (2000) reported that when a company supports a social cause, it was able to influence a customer choice in their patronisation intention towards a retailer, providing support that CRM campaigns could attract more patronage. In other words, customers’ patronage behaviour would increase after the hypermarket has implemented CRM compared to before CRM implementation. When a hypermarket introduces a CRM campaign, it is likely that customer who is concerned about the social cause would increase their grocery purchase percentage from the hypermarket compared to when before CRM was implemented. Thus H1 is hypothesized as follows:

\[ H1: \text{There are patronage behaviour differences before and after CRM implementation.} \]

Many have asserted that CRM leads to positive customer responses towards a company (Hajjat, 2003; Ross III et al., 1992; Smith and Alcorn, 1991). For instance, Meyer (1999) reported that almost two-thirds of customers agreed that when price and quality of the products are identical, they tend to replace retailers or brands with those associated to a worthy cause. Similarly, a study by Langen et al. (2013) found that 52% of customers might switch from their regular brand to a brand that is linked with a CRM initiative. Out of these 52% customers, 26% reported that they had previously switched brands due to a CRM programme. In the context of hypermarkets, the same switching behaviour is likely to happen since barriers to switching behaviour are very low. In other words, it is likely that customers would opt to switch buying from hypermarket that implements CRM given all other factors equal (e.g. price, location, promotion, product variety). In this study, switching intention is measured using single item scenario-based measure. Respondents are requested to rate their agreement in switching to a hypermarket that implements CRM, using 7-point Likert scale where “1” is referred to as “Strongly Disagree” and “7” is referred to as “Strongly Agree”, while “4” being neutral. Since this study predicts majority of customer’ would want to switch, it is hypothesised that the score of switching intention is slightly higher than the neutral score of 4. Thus, H2 is developed as follows:

\[ H2: \text{Switching intention score is significantly greater than the neutral score of 4.} \]

There are many factors that influence upon customers’ response towards a CRM programme (Gupta and Pirsh, 2006). This study acknowledges three types of sources that would impact customers’ responses towards a CRM campaign; namely, the individual factor, the hypermarket factor and the social cause factor. Firstly, individual factor refers to the customers’ attitude towards CRM. Ajzen (1985) mentioned attitude towards the behaviour refers to the degree to
which a person has a favourable or unfavourable assessment or evaluation of the behaviour. According to the theory of reasoned action by Fishbein and Ajzen (1975), an individual’s stated intention to act in a given behaviour is determined by the person’s attitude on a given conduct and the person’s social influences. For instance, Bigné-Alcañiz, Currás-Pérez, Ruiz-Mafé and Sanz-Blas (2012) employed the theory of reasoned action to explain that brand attitude positively impacted purchase intention in a CRM campaign. Therefore, when customers have a favourable perception or attitude towards the CRM campaign, then they will be more likely to respond positively to the hypermarket that runs a CRM campaign thus increasing patronage to the hypermarket. Hence, H3 is hypothesized as follows:

**H3:** Attitude towards CRM is positively related to patronage behaviour increment.

Secondly, the hypermarket’s factor in terms of its CSR image, may influence responses to the hypermarket CRM campaign. Brown and Dacin (1997) defined perceived CSR image as the customers’ view on the company’s CSR activities, whether genuine concern is given by the company for their charitable programs. Unfavourable CSR image perceived by customers may lead to negative outcomes to the company. On the other hand, a good CSR image could lead to positive effect on purchase intention; recommend intention and loyalty (Deng and Xu, 2017). Hence, if the hypermarket exhibits good perception on their CSR image, then customers will be more likely to portray positive responses towards the hypermarket’s CRM campaign and will be more willing to increase patronage to the hypermarket. Therefore, H4 is developed as follows:

**H4:** CSR image towards CRM is positively related to patronage behaviour increment.

Thirdly, the social cause factor, whether it has high congruence with the hypermarkets’ core business, may affect customers’ responses towards the hypermarket. Du et al. (2010) defined company-cause fit as the perceived congruence between a social cause and a company’s core businesses. Van den Brink et al. (2006) stated that a CRM campaign that has a high company-cause fit will have an impact of five to ten times greater than the impact of a low company-cause fit. In the same vein, Strahilevitz (1999) also affirmed that a high company-cause fit would probably increase customer’s purchase intention. For example, when there is a high company-cause fit, customers are more likely to feel the joint responsibility to the social cause as it generates a feeling of wanting to help these charitable causes (Moosmayer and Fuljahn, 2013). Thus, if the CRM campaign employed by the hypermarket has high company-cause fit, customers might favourably respond to the hypermarket. Hence, H5 is hypothesized as follows:

**H5:** Company-cause fit towards CRM is positively related to patronage behaviour increment.
RESEARCH METHODOLOGY

Measurements

1. Two concepts of patronage behaviour (before and after CRM implementation) were scored on a 9-point Likert-type scales, ranging from “1” (1-10%) to “9” (more than or equal to 81%), single item adopted from Verbeke and Vackier (2005).
   a. “Patronage Behaviour before implementing CRM” item was “At present, I purchase ___% of my total household groceries from my preferred hypermarket.”
   b. “Patronage Behaviour after implementing CRM” item was “If my preferred hypermarket implements ‘supporting underprivileged individuals’ campaign, I would purchase ___% of my total household groceries from this hypermarket.”

2. Switching intention concept was scored on a 7-point Likert-type scales, ranging from “1” (Very Unlikely) to “7” (Very Likely).
   It was measured using the single item of Wirtz et al. (2014). The item was “Assuming that ‘your preferred hypermarket’ decided not to implement the campaign of ‘supporting underprivileged individuals’, while hypermarket XXX that is equally attractive (in terms of location, service, price, product, promotion and store ambience) is implementing the campaign, how likely will you switch to hypermarket XXX for grocery shopping?”

3. Attitude, CSR image and company-cause fit were scored on a 7-point Likert-type scale, ranging from “1” (Strongly Disagree) to “7” (Strongly Agree).
   a. Attitude of customers towards the CRM campaign was measured using the four items of Kropp, Holden and Lavack (1999). Sample items were “I like the idea of buying products from a hypermarket which donate part of their profits to a social cause or NGO.” and “I am willing to pay more for a product from a hypermarket if the hypermarket is donating part of the profits to a social cause.”
   b. CSR Image was measured using the five items of Folse, Niedrich and Grau (2010). Sample items were “I think this hypermarket has a legitimate (genuine/sincere) interest in this cause” and “This hypermarket is socially responsible.”
   c. Company-Cause Fit was measured using the three items of Ellen, Webb and Mohr (2006). Sample items were “The ‘supporting underprivileged individuals’ cause implemented by this hypermarket fits with the nature of its business.” and “The ‘supporting underprivileged individuals’ cause implemented by this hypermarket is relevant to its business.”

4. Education level and personal monthly income were included as control variables. These control variables were categorization questions; each construct was measured using a predetermined set of answer options (closed-ended questions).
a. Education Levels were categorized into “1” (SPM or lower), “2” (Diploma), “3” (Bachelor Degree) and “4” (Master Degree and above).

b. Personal Monthly Income groups were categorised into “1” (Below RM2000) to “9” (RM16001 or above).

Data Collection Procedure

Data collection was performed from four locations in Malaysia in Klang Valley, Johor, Malacca and Negeri Sembilan. This is to ensure an adequate number of respondents from different ethnic groups, urban and suburban, background and family income. Respondents were approached in hypermarkets for participation in the research survey. A total of 500 completed questionnaires were collected from respondents whose preferred hypermarkets were Giant, Tesco, AeonBig and Mydin. After the process of data cleaning, a total of 405 questionnaires were found usable for analysis.

RESULTS

Respondents Demographic Profile

Table 1 provides the demographic profile of the 405 respondents. The majority of respondents were aged 31-40 (30.0%). Almost half of the respondents were Malay (46.7%), followed by 35.3% Chinese, 17.3% Indians and 0.7% of other ethnicity. Besides that, more than half of the respondents were females (60.5%). Almost half of the respondents obtained an education level of a bachelor degree (48.6%). Lastly, most of the respondents have an income level between RM2000 - RM4000 (30.9%) and RM4001 - RM6000 (26.4%).

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 25</td>
<td>67</td>
<td>16.5</td>
</tr>
<tr>
<td>26 – 30</td>
<td>90</td>
<td>22.2</td>
</tr>
<tr>
<td>31 – 40</td>
<td>121</td>
<td>30.0</td>
</tr>
<tr>
<td>41 – 50</td>
<td>82</td>
<td>20.2</td>
</tr>
<tr>
<td>51 – 60</td>
<td>34</td>
<td>8.4</td>
</tr>
<tr>
<td>61 or above</td>
<td>11</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>160</td>
<td>39.5</td>
</tr>
<tr>
<td>Female</td>
<td>245</td>
<td>60.5</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>189</td>
<td>46.7</td>
</tr>
<tr>
<td>Chinese</td>
<td>143</td>
<td>35.3</td>
</tr>
</tbody>
</table>
Reliability Analysis

A reliability analysis was performed for each construct to measure internal consistency of instruments. A high Cronbach’s alpha score indicates good internal consistency of the items in the scale. Nunnally (1978) stated that a construct with a reliability coefficient of 0.7 and above is considered acceptable for use in analysis. As shown in Table 2, all constructs of reliability (attitude, CSR image and company-cause fit) were greater than 0.80, demonstrating that the constructs were reliable to be utilised for further analysis. Patronage behaviour and switching behaviour were measured with a single-item scale, thus reliability analysis was not performed.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Number of Items</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
<td>4</td>
<td>0.814</td>
</tr>
<tr>
<td>CSR Image</td>
<td>5</td>
<td>0.881</td>
</tr>
<tr>
<td>Company-Cause Fit</td>
<td>3</td>
<td>0.859</td>
</tr>
</tbody>
</table>

Validity Analysis

Validity analysis was performed using factor analysis. This is to show that the construct is empirically distinct from other constructs (Hair, Hult, Ringle and Sarstedt, 2014). Generally, the loadings value for each construct must exceed the loadings on other constructs. When all items of three multi-item constructs (CSR Image, Attitude and Company-Cause Fit) were subjected
to a factor analysis, three factors emerged corresponding to the three constructs. As can be seen from Table 3, the loading values which are greater than other loadings are shown in bold. In other words, all items fell correctly in the factor that measures their intended constructs. Thus, indicating that the constructs are in fact distinct from other constructs, which implies satisfactory construct validity.

### Table 3 Validity Analysis – Factor Analysis

<table>
<thead>
<tr>
<th>Component</th>
<th>Factor 1 (CSR Image)</th>
<th>Factor 2 (Attitude)</th>
<th>Factor 3 (Company-Cause Fit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR1I</td>
<td>0.754</td>
<td>0.206</td>
<td>0.251</td>
</tr>
<tr>
<td>CSR12</td>
<td>0.824</td>
<td>0.252</td>
<td>0.138</td>
</tr>
<tr>
<td>CSR13</td>
<td>0.832</td>
<td>0.231</td>
<td>0.152</td>
</tr>
<tr>
<td>CSR14</td>
<td>0.771</td>
<td>0.225</td>
<td>0.283</td>
</tr>
<tr>
<td>CSR15</td>
<td>0.691</td>
<td>0.144</td>
<td>0.308</td>
</tr>
<tr>
<td>CCF1</td>
<td>0.359</td>
<td>0.228</td>
<td>0.762</td>
</tr>
<tr>
<td>CCF2</td>
<td>0.216</td>
<td>0.221</td>
<td>0.849</td>
</tr>
<tr>
<td>CCF3</td>
<td>0.241</td>
<td>0.199</td>
<td>0.832</td>
</tr>
<tr>
<td>ATT1</td>
<td>0.096</td>
<td>0.793</td>
<td>0.212</td>
</tr>
<tr>
<td>ATT2</td>
<td>0.207</td>
<td>0.595</td>
<td>0.197</td>
</tr>
<tr>
<td>ATT3</td>
<td>0.245</td>
<td>0.850</td>
<td>0.144</td>
</tr>
<tr>
<td>ATT4</td>
<td>0.308</td>
<td>0.795</td>
<td>0.136</td>
</tr>
</tbody>
</table>

Note: CSRI = Corporate Social Responsibility Image, CCF = Company-Cause Fit, ATT = Attitude

### Paired-Samples T-Test Results

A paired-samples T-Test was conducted to compare patronage behaviour before CRM implementation and after CRM implementation. Patronage behaviour before implementation of CRM was entered as Variable 1 and patronage behaviour after implementation of CRM was entered as Variable 2. Four major hypermarkets in Malaysia namely Giant, Tesco, AeonBig and Mydin were conducted with paired sample T-Test to understand CRM impact differences across hypermarkets. Table 4 shows the summary of results from the paired-samples T-Test analysis.

There were 93 respondents that favour Giant as their “preferred” hypermarket and there was a significant difference (p = 0.009) in the score before CRM implementation (M=5.634, SD=2) and after CRM implementation (M=6, SD=1.794). Secondly, 126 respondents selected Tesco as their preferred hypermarket and there was also a significant difference (p = 0.000) in the score before CRM implementation (M=5.365, SD=2.189) and after CRM implementation (M=5.952, SD=2.039). Thirdly, significant difference (p = 0.001) was also shown in the scores for AeonBig that was selected by 113 respondents as their preferred hypermarket. The score before CRM implementation (M=5.398, SD=2.128) and after CRM implementation (M=5.876, SD=2.053) were indeed different. Fourthly, Mydin had 73 respondents who selected it as their hypermarket of choice and also had a significant difference (p = 0.000) in the score before CRM implementation (M=5.014, SD=2.092) and after CRM implementation (M=5.534, SD=2).
The mean scores showed that all hypermarkets will experience significant increase in patronage behaviour if they implement CRM. The highest increment was for Tesco, with an increase of 0.587 (5.952-5.365), followed by Mydin (0.52), AeonBig (0.478), and lastly Giant with 0.366 (6-5.634). Thus, H1 is supported. These results suggest that CRM did enhance customers’ patronage behaviour. Specifically, the results indicated that when a hypermarket employs a CRM campaign, customers’ purchases from that hypermarket will increase.

### Table 4 Paired-Samples T-Test Results

<table>
<thead>
<tr>
<th>Preferred Hypermarkets</th>
<th>N</th>
<th>Mean Score Patronage before CRM</th>
<th>Mean Score Patronage after CRM</th>
<th>t-value</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Giant</td>
<td>93</td>
<td>5.634</td>
<td>6.000</td>
<td>-2.677</td>
<td>0.009</td>
</tr>
<tr>
<td>Tesco</td>
<td>126</td>
<td>5.365</td>
<td>5.952</td>
<td>-5.426</td>
<td>0.000</td>
</tr>
<tr>
<td>AeonBig</td>
<td>113</td>
<td>5.398</td>
<td>5.876</td>
<td>-3.454</td>
<td>0.001</td>
</tr>
<tr>
<td>Mydin</td>
<td>73</td>
<td>5.014</td>
<td>5.534</td>
<td>-3.770</td>
<td>0.000</td>
</tr>
</tbody>
</table>

### One Sample T-Test Results

This analysis was performed to answer the research questions of whether consumers will switch to a hypermarket with a CRM campaign from their preferred hypermarket that does not pursue CRM. One sample T-Test was conducted on the switching intention scores to evaluate whether the mean was significantly higher from neutral score of 4. A 7-point Likert-type scale was used to measure switching behaviour, with respondents selecting 4-point and above indicate they have the intention to switch to a hypermarket with CRM implementation. In other words, respondents who select a 4-point and above signify that they do not like buying from hypermarket without CRM implementation.

Table 5 shows that four hypermarkets customers’ switching intention means were significantly higher than 4 (p=0.000). The switching intention for Giant was 4.882 (SD=1.232), Tesco 4.968 (SD=1.402), AeonBig 4.717 (SD=1.491), and Mydin 4.945 (SD=1.353). The results suggest that majority of the customers somewhat agree to switch to a hypermarket with CRM implementation. Thus, H2 was supported.

### Table 5 One-Sample T-Test (Test Value: 4)

<table>
<thead>
<tr>
<th>Preferred Hypermarkets</th>
<th>N</th>
<th>Mean Score</th>
<th>Standard Deviation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Giant</td>
<td>93</td>
<td>4.882</td>
<td>1.232</td>
<td>0.000</td>
</tr>
<tr>
<td>Tesco</td>
<td>126</td>
<td>4.968</td>
<td>1.402</td>
<td>0.000</td>
</tr>
<tr>
<td>AeonBig</td>
<td>113</td>
<td>4.717</td>
<td>1.491</td>
<td>0.000</td>
</tr>
<tr>
<td>Mydin</td>
<td>73</td>
<td>4.945</td>
<td>1.353</td>
<td>0.000</td>
</tr>
</tbody>
</table>

### Multiple Regression Results

A multiple regression analysis was conducted to assess factors that would explain customers’ patronage behaviour increment due to the implementation of CRM. The change in patronage behaviour (patronage behaviour after implementation of CRM – patronage behaviour before
implementation of CRM) was entered as a dependent variable while customers’ attitude, CSR image, company-cause fit, education level and income level were entered as independent variables.

Table 6 shows that two (Giant and Tesco) out of four regression models were significant (F-sig = 0.002, 0.0195 respectively), except for AeonBig (F-sig =0.056) and Mydin (F-sig = 0.130). The table also shows that the regression coefficient of five independent variables in four different hypermarkets. First, Giant has two significant independent variables that explain patronage behaviour increment; attitude (r=0.365, p=0.0015) and personal income (r=−0.195, p=0.0295). These variables explained 15% variation in customers’ patronage behaviour increment. These results suggest that customer’ attitude towards CRM contributes to their increment in patronage behaviour towards a hypermarket that applies a CRM campaign, thus, providing support for H3. Besides that, it was found that those in lower income are more likely to increase their purchases after CRM implementation compared to higher income individuals.

Second, Tesco has one significant independent variable that explained patronage behaviour increment; CSR image (r=0.249, p=0.0195). This variable explained 8.7% variation in customers’ patronage behaviour increment. The results suggest that CSR image will lead to patronage behaviour increment towards a Tesco if it adopts a CRM campaign. Thus, H4 was supported.

The relationship between company-cause fit and patronage behaviour increment were not evident in all four hypermarkets. Thus, H5 was not supported. Regression models of AeonBig (F=2.236, p=0.056) and Mydin (F=1.776, p=0.130) were not significant, indicating that independent variables included in the model were not significantly explained variance in patronage behaviour increment. In other words, drivers of patronage behaviour increment for the case of AeonBig and Mydin were not identifiable.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Giant (n=93)</th>
<th>Tesco (n=126)</th>
<th>AeonBig (n=113)</th>
<th>Mydin (n=73)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>P-value (1-tailed)</td>
<td>Beta</td>
<td>P-value (1-tailed)</td>
</tr>
<tr>
<td>Attitude</td>
<td>0.365</td>
<td>0.0015</td>
<td>0.109</td>
<td>0.1705</td>
</tr>
<tr>
<td>CSR Image</td>
<td>-0.028</td>
<td>0.4135</td>
<td>0.249</td>
<td>0.0195</td>
</tr>
<tr>
<td>Company-Cause Fit</td>
<td>0.076</td>
<td>0.269</td>
<td>0.017</td>
<td>0.441</td>
</tr>
<tr>
<td>Education</td>
<td>-0.023</td>
<td>0.4125</td>
<td>0.109</td>
<td>0.115</td>
</tr>
<tr>
<td>Personal Income</td>
<td>-0.195</td>
<td>0.0295</td>
<td>-0.039</td>
<td>0.3305</td>
</tr>
<tr>
<td>R²</td>
<td>0.150</td>
<td>0.087</td>
<td>0.052</td>
<td>0.051</td>
</tr>
<tr>
<td>F</td>
<td>4.245</td>
<td>3.380</td>
<td>2.236</td>
<td>1.776</td>
</tr>
<tr>
<td>Significant</td>
<td>0.002</td>
<td>0.0195</td>
<td>0.056</td>
<td>0.130</td>
</tr>
</tbody>
</table>
DISCUSSION

This study was carried out to investigate the influence of CRM towards customers’ patronage behaviour and switching behaviour as well as factors that explain customers’ patronage behaviour increment after the implementation of CRM. A total of three research objectives were addressed in this study. Firstly, patronage behaviour differences after CRM implementation has in fact significantly increased. Secondly, the switching behaviour to hypermarket with CRM campaign was observed. Thirdly, the drivers of patronage behaviour increment after CRM implementation were identified; which are attitude and CSR image. The results of this study provided numerous important insights.

On the first research objective, it was found that implementing CRM is able to increase customers’ patronage behaviour towards a hypermarket with CRM. This behaviour was shown in all four hypermarkets (Giant, Tesco, AeonBig and Mydin). In other words, a higher percentage of groceries will be purchased from the hypermarket after CRM implementation. This result is consistent with the researches of Ross III et al. (1992), Anghel et al. (2011) and Soni and Soni (2013), where they reported that CRM could assist companies in drawing more consumers and escalating sales.

Secondly, the study also found that majority of the customers would switch from their preferred hypermarket without CRM to a hypermarket with CRM implementation. This is in line with a study which reported that most customers will intend to switch brands from their usual brand to a brand that is linked with a CRM programme (Langen et al., 2013). In other words, customers are willing to replace purchases from their familiar hypermarket to a hypermarket that adopts CRM.

Thirdly, the multiple regression analysis found that regression models for Giant and Tesco were significant, while regression models for AeonBig and Mydin were not adequate. It was found that Giant has two significant independent variables (attitude and personal monthly income) that predict patronage behavior increment. The results suggest customers who have a positive attitude towards CRM tend to increase their buying from Giant that introduces a CRM campaign. This result matched previous works by Smith and Alcorn (1991), Murphy (1997) and Hajjat (2003), where they revealed that customers would respond favourably towards a CRM programme in terms of increasing purchase intention when they have a positive attitude towards the CRM programme. Besides that, those from the lower income group tend to increase buying from Giant more than those higher incomes. This could be due to the fact that those earning less were youngsters (under 25 years old: 16.5% and 26 – 30 years old: 22.2%), who are more likely to be concerned about social responsibility. Literature suggests generation Y have been more enthusiastic and more inclined to be involved with social works (Cui, Trent, Sullivan and Matiru, 2003).

On the other hand, the regression results of Tesco indicated the CSR image significantly explained patronage behaviour increment. It is suggested that customers who take the view that Tesco has been socially responsible so far, tend to increase purchases from Tesco once it introduces CRM. This is in line with the study of Deng and Xu (2017), which reported when a company portrays a good CSR image; it enjoys greater purchase intention and loyalty from customers. Lastly, drivers of patronage behaviour increments for AeonBig and Mydin were
not identifiable as both regression models were not significant. Thus, patronage behaviour increment for both AeonBig and Mydin might be explained by other variables besides attitude, CSR image, company-cause fit, education level, and monthly personal income.

**CONCLUSION, IMPLICATIONS AND SUGGESTION FOR FUTURE STUDIES**

Customers’ patronage behaviour indicates customers’ frequency of visiting the store and percentage of groceries purchased from a hypermarket (Verbeke and Vackier, 2005). This study provides three theoretical contributions. Firstly, it complements the stakeholder theory, where companies should not only concentrate in developing wealth for shareholders but should also allocate more attention and effort towards meeting the stakeholders’ social interest (Miles, 2012). The stakeholder theory helps hypermarket managers to understand that the continual survival and long-run success of the hypermarket requires the support of its salient stakeholder: customers. That is, hypermarkets that engage in CRM initiatives better response to customers’ needs, which in turn transformed into increased patronage behaviour to the hypermarket.

Secondly, it extends switching behaviour research to the hypermarket context and provides evidences that CRM may drive switching behaviour in hypermarket context. Thirdly, it extends CRM research by identifying two factors that contributed to patronage behaviour increment, majority of studies focus on factors that explain CRM participation intention (e.g. Folse et al., 2010; Patel et al., 2016) failed to capture patronage behaviour increment. This study captures patronage behaviour increment, which is a more objective measure and better reflects sales increment.

This study has two managerial implications. Firstly, the results found customers’ patronisation increased after CRM implementation and the absence of CRM made customers switch to hypermarkets that performed CRM; therefore hypermarket managers are suggested to introduce CRM campaign to attract new customers and retain existing customers. Secondly, factors such as attitude, CSR image, and personal income were found to influence patronage behaviour increment differently across different hypermarkets. Thus, these factors (attitude and CSR image) should be considered by hypermarkets when designing a CRM campaign. Knowing that attitude influences Giant customers’ patronage behaviour increment, Giant should capitalise on highlighting how the good cause would benefit the individuals that are receiving the aid. This would reinforce customers’ belief that CRM indeed provides benefits to society. In addition, knowing that CSR image influences Tesco customers’ patronage behaviour increment, Tesco could ensure they have a clean and favourable CSR image as a whole so that Tesco will get full support from customers when implementing CRM.

The regression’s models for two hypermarkets (AeonBig and Mydin) were not significant. Therefore, succeeding studies could consider other factors like duration of CRM campaign and cause proximity. For example, customers tend to have more positive perception towards a long term CRM programme in comparison with a short term CRM programme (Van den Brink et al., 2006). Also, literature reports that when the CRM campaign supports a local cause (rather than a national cause), it leads to more favourable customers’ perception towards the CRM programme (Grau and Folse, 2007).
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REFERENCES


