

Good cause + moderate discount = more sales

November 11 2014

Many businesses now offer customers the opportunity to make charitable donations to good causes along with their purchases, but does this really encourage the customer to buy more? According to a new study in the *Journal of Marketing*, the answer is a firm "Yes."

"The mere presence of a charitable donation opportunity can generate significantly more sales," write authors Michelle Andrews (Temple University), Xueming Luo (Temple University), Zheng Fang (Sichuan University) and Jaakko Aspara (Hanken Swedish School of Economics). "Offering the donation nearly doubled the number of purchases."

With the help of a participating mobile service provider, study authors sent two messages to customers: the first version advertised tickets for a new film at a nearby IMAX theater, and the second advertised the tickets with a note saying that part of the proceeds would go to help low income students pay for college. The results were significant: Those people believing their purchase would help others were far more inclined to make a purchase.

The authors also found that offering a moderate discount along with the charity message resulted in the best sales. A moderate discount made customers feel that they were being taken care of, and that in addition to that the company was making sacrifices for a good cause. If the discount was too great, however, [consumers](#) tended to lose focus on the charitable aspect of the sale, and along with it the [positive feelings](#) they had had about this good cause.

"A moderate discount may signal to consumers that the firm is acting altruistically by forgoing the opportunity to sell at full price and thereby sacrificing more revenues, thus boosting consumers' warm-glow feelings and consequent purchase likelihood. However, deep discounts may rob consumers of their good feelings and [purchase](#) intentions. Managers should consider refraining from bundling donations with deep discounts to avoid depriving consumers of the warm-glow feelings that inspire purchases during donation initiatives," the authors conclude.

More information: Michelle Andrews, Xueming Luo, Zheng Fang and Jaakko Aspara. "Cause Marketing Effectiveness and the Moderating Role of Price Discounts." Forthcoming in the *Journal of Marketing*.

Provided by American Marketing Association

Citation: Good cause + moderate discount = more sales (2014, November 11) retrieved 25 April 2024 from <https://phys.org/news/2014-11-good-moderate-discount-sales.html>

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