The Marketing Model of Cause Related, Value Creation, and Environmental Product Purchase Decision Making in Thailand

Boosayamas Chuenyen 1, Prin Laksitamas2

1,2 Business Administration Program in Marketing, Siam University

Abstract: This quantitative research aimed to study 1) level of attitude towards cause related marketing, value creation, and purchase decision making of environmental products. 2) the correlations between cause related marketing, value creation, and purchase decision making of environment. Data collected from customers who had been experiencing in purchase decision making of environmental products in Thailand. Data from sample group of 1000 participants was analyzed by Structural Equation Modeling (SEM) with AMOS application. Research shown that 1) cause related marketing of environmental product had the highest mean in social issue aspect (x̄ = 4.17), value creation had the highest mean in value of product quality aspect (x̄ = 4.13), and purchase decision making had the highest mean in planning to purchase environmental product for everyday use aspect (x̄ = 4.20). 2) correlation study showed that decent cause related marketing influenced value creation. Value creation could be dominated by cause related marketing for up to 90.10%. Value creation influenced purchase decision of environmental product. Purchase decision could be dominated by value creation for up to 99.00%. Result of this research can be utilized to conduct strategy in cause related marketing for environmental product that focusing on quality aspect and repurchase for everyday use.

Keywords: Cause Related, Value Creation, Decision Making, Environmental Product

Background and Significance of the Research

Every country in the world has been facing serious environmental issues including climate change, extreme weather, pollution, natural resource degradation, and imbalanced ecosystems (Sangon, A. 2022). These issues increase risks in environmental crisis, 3 major issues have been gone beyond the tipping point and directly affected to many businesses in many perspectives (Pollution Control Department, 2564). Global warming causes climate change that has been reducing agricultural production. Leading to resource shortage that directed affects businesses in agricultural and food industries. The pollution management plan 2017 to 2021) had been enacted. This plan had emphasized on government agencies from both central and local regions to all local administration organizations, state enterprises, universities, government agencies, and public organizations to be used as guidelines for mitigating Global warming and encouraging business sectors for efficiency and sustainability (Thamnong Chidchob and Nalin Pianthong, 2018). This situation had created market of environmental products that had marketing value 98,900-126,100 Million Baht per year. The market had remarkable growing rate at 8 to 10 percent per year (Kasikorn Research Center, 2021). Trend in environmental protection encourages many products that are environmentally friendly. Their selling points are including organic products, chemical free, biodiversity protection, environmentally friendly production, and green containers. These products may have similar characteristics but slightly different in details though. Even they use different raw materials and containers, they can be benefited from using domestic material and acquire certification that encourage their public relation and promotion to earn reputation and loyalty from customers. A lot of players are in the environmentally friendly market now, though the consumption rate is not as high as expectation. Consumers have not committed to the products because of the high price even though they have positive attitude toward environmental protection. Consumers tend to need role models or advertisement to encourage them for purchasing the products (Phiothongon, N., 2019). Since 2006, Corporate Social Responsibility (CSR) had been broadly acknowledged in Thailand. Many organizations including domestic businesses, international businesses, and state enterprises have been utilizing CSR to gain their reputation and to ease their business operations. CSR has been supported from customers and becoming crucial marketing tool in last decade. Kotler and Lee (2005) had stated about 6 continuous CSR
activities that cooperates can provide. Cause-Related Marketing (CRMK) is one type of CSR that can concretely show profit in financial term since CRMK is to contribute or donate part of the income to support any specific social issues in any specific time or donate to any specific charity organizations according to activities as part of Marketing Promotion. There are many studies that illustrate benefit of CRMK relating to environmental products. For example, Cone Cause Evolution Study showed that 85 percent of American consumers willingly support CRMK and 79 percent tending to use products with CRMK instead of other products in similar price and quality range. Many studies in Thailand showed the same result that consumers in Thailand also willingly support CRMK. This could be an opportunity to any businesses and marketing teams to conduct strategies and activities that increase their marketing values. CRMK can be utilized to promote customers’ perception in economic aspect, psychological aspect, and role model aspect. CRMK helps encouraging marketing value since the concept of marketing value is when customers consider significance and benefit that they can obtain via purchase. In consumers’ perspective, marketing values are depending on perception of brand and product based on their experience that include not only financial aspect but also emotional aspect, social aspect, and environmental aspect. A core component of value creation is service quality that can be outstanding and making competitors to imitate difficultly in environmental products.

Many studies show that organizations utilizing CRMK are not focusing on core components and providing inappropriate marketing activities especially for environmental products. Therefore, researchers aim to study correlation between CRMK, value creation, and purchase decision making of environmental products in Thailand.

Literature Review

Cause Related Marketing in Thailand

To conduct a new concept of marketing, creativity is required. Many creative marketing strategies have been used to impress customers and to create differentiation since manufacturers have been focusing on cost-effective production that making products to have a shorter lifespan. Macro-level marketing including global market, ASEAN market, and EU market could use modern technology to disseminate information faster and to spread to more target groups. Because of these factors, Panjaroj (2013) stated that creative marketing is playing important role in communication and becoming crucial marketing tools that can respond to any circumstances and create innovations.

Components of Cause Related Marketing

Marketing team must consider which components of CRMK can be used to create most appropriated marketing activities. For example, products that are labeled Global Warming Reduction can represent the importance of social issue, relation between a brand and social issue, and supporting guideline. Pongsaran Pholsrilert (2009) stated in his research that important level of social issue used in CRMK activities influenced purchase intention of products labeled with Global Warming Reduction. The important level of social issue is considered from level of Person Relevance. Personal Relevance contains significance, organizations presenting issues, and requirements. Their perception depends on their experience and norm. Therefore, CRMK activities should focus on important components of social issue, relation between a brand and social issue, and guideline of donation. Corresponding to Chanasit (2014) research; The difference between motivation and content affecting marketing based on the marketing of the hotel industry from a consumer perspective, that showed relation between CRMK marketing factors and personal factors including age, religious, public relation, and donating form. And corresponding to Sung & Choi (2021) research; The impact of suitable products in cause related marketing on purchase intention, showed that choosing suitable products can influence cause related marketing since purchase intention of customers depends on marketing strategies of environmental products.

Value Creation

Studies showed that relation between value of a brand and CRMK influenced purchase decision. Corresponding to definition by Farquhar (1989) stated that value of a brand is added value that a brand created in perspective of Firm, Trade, and Consumer. Chalatharn, I. (2021) stated that factors of value are brand recognition, quality perception, brand reputation, and brand loyalty. These factors affect the purchase decision of UNIQLO’s customers via online shopping in Thailand and become behaviors that can encourage retail industries and decent
services. Changchenkit (2021) study showed that positive thinking of a business can make customers stay longer in a shop. Consumers’ perception impacts value of Café Amazon brand. To increase the value of Café Amazon brand by sustainability marketing is to increase participation of consumers in production and waste management and to increase interaction between staffs and customers.

Decision Making of Environmental Products

Study about decision making of environmental products showed that customers notice and concern about their behaviors that affecting environment and decide to purchase more environmental products. Customers who are aware about environmental issues called Green Customers. Green customers normally discourage any manufacturers or distributors that are a threat to environment. They willingly support any campaign that help protecting our earth. Consumers will consider environmental products that suit their needs in terms of work, quality, convenience, acceptable price, and recognition in environmental solution even though the products are not perfect (Zeithaml, et al, 1996). Baker, et al, (2002) explained an intention to support a brand as Purchase Intention or Buying Decision. Though customers may have different preference, but they may have similarity and differentiation in decision process that could be divided into 5 steps. Kotler et al (2020) stated that problem or need recognition was the first step of problem when any person realized the difference between one’s ideal state and one’ reality and want to fulfill that difference depending on one’s capability. Chalatharn, I. (2021) stated that decision making was behavior or potential from customers that had significant part in researching and marketing strategic development. Normally researchers will collect data about decision making with questionnaire since acquiring data about behaviors is much more difficult. Solomon (2015) stated that decision making of environmental products was to choose the most favorable choice that leading to purchase intention. Decision making of environmental products can be defined when customers have realized about environmental brand (Huang et al., 2014). Purchase behavior is also consistent with Sirichotpundit, P. (2562) research that repeat purchase is when customers are repeatedly buying the same brand without confidence or admiration for that brand over the other brands. For example, when consumers have not pay attention to quality of fabric softener but have purchase any brand and satisfied then they continue using the same old brand feeling that a change is unnecessary. This behavior is not based on loyalty. Repurchase intention is intention of customers from their satisfaction in products and services (Hellier, 2003).

Research Methodology

Population of this research was 8,992,510 people from Lower Northeastern, Thailand, containing Nakhon Ratchasima Province, Buriram Province, Surin Province, Sisaket Province and Ubon Ratchathani Province (Department of Administrative Affairs. Ministry of Interior, 2022). Sample group was consumers experienced in decision making of environmental products. Researchers had determined sample group by using Structural Equation Modeling (SEM) with criteria of 1000 people. This sample group had appropriated size and suitable for IBM SPSS Amos 23.0 application to conduct SEM by Kock & Hadaya (2018).
Research Model

Figure 1: Conceptual Framework

Research Result

SEM had been concluded to determine components of cause related marketing and value creation marketing that influenced decision making of environmental products in Thailand. Researchers examined correlation of independent variables used to measure or test observable variables that were correlated with each other and if it will occur Multicollinearity or not with 3 methods of testing as follows:

1. Normal Distribution

Table 1 Primary statistics with 9 observable variables (n = 1,000)

<table>
<thead>
<tr>
<th>Observable Variables</th>
<th>Statistics</th>
<th>x</th>
<th>S.D.</th>
<th>MIN</th>
<th>MAX</th>
<th>SK</th>
<th>KU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cause Related Marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Social issues related to environment</td>
<td>4.11</td>
<td>0.60</td>
<td>3</td>
<td>5</td>
<td>-0.0168</td>
<td>-0.744</td>
<td></td>
</tr>
<tr>
<td>2. Similarity and differentiation between environmental products and social issues</td>
<td>4.10</td>
<td>0.61</td>
<td>3</td>
<td>5</td>
<td>-0.100</td>
<td>-0.810</td>
<td></td>
</tr>
<tr>
<td>Value Creation Marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Emotional value</td>
<td>4.07</td>
<td>0.67</td>
<td>1.67</td>
<td>5</td>
<td>-0.394</td>
<td>-0.381</td>
<td></td>
</tr>
<tr>
<td>2. Social value</td>
<td>4.08</td>
<td>0.63</td>
<td>1.67</td>
<td>5</td>
<td>-0.368</td>
<td>-0.352</td>
<td></td>
</tr>
<tr>
<td>3. Economical value</td>
<td>4.06</td>
<td>0.64</td>
<td>2</td>
<td>5</td>
<td>-0.240</td>
<td>-0.539</td>
<td></td>
</tr>
<tr>
<td>4. Quality value</td>
<td>4.12</td>
<td>0.65</td>
<td>2</td>
<td>5</td>
<td>-0.311</td>
<td>-0.553</td>
<td></td>
</tr>
</tbody>
</table>

Decision Making of Environmental Products
1. Decision making of environmental products
2. Repurchase intension of environmental products
3. Word-of-Mouth of environmental products
### Table 1: Analytic Results of Cause Related Marketing of Environmental Products in Thailand

<table>
<thead>
<tr>
<th>Decision Making of Environmental Products</th>
<th>Scores</th>
<th>Standard Deviation</th>
<th>Mean</th>
<th>Coefficient</th>
<th>Mean</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making of environmental products</td>
<td>4.17</td>
<td>0.66</td>
<td>2</td>
<td>-0.474</td>
<td>-0.394</td>
<td></td>
</tr>
<tr>
<td>Repurchase intention of environmental products</td>
<td>4.10</td>
<td>0.71</td>
<td>1.67</td>
<td>-0.319</td>
<td>-0.449</td>
<td></td>
</tr>
<tr>
<td>Word-of-Mouth of environmental products</td>
<td>4.09</td>
<td>0.72</td>
<td>1</td>
<td>-0.654</td>
<td>0.464</td>
<td></td>
</tr>
</tbody>
</table>

Table 1 showed analytic results of cause related marketing of environmental products in Thailand as per following: Cause related marketing had the highest value in social issue aspect ($\bar{x} = 4.11$, S.D. = 0.60) following by similarity and differentiation between environmental product and social issue ($\bar{x} = 4.10$, S.D. = 0.61), respectively.

In terms of data distribution, cause related marketing had skewness distribution (SK) at -0.100 to -0.168 with one negative left skew with value less than ±2. Kurtosis (KU) at -0.744 to -0.810 with value less than ±2.

Value creation marketing had the highest value in quality aspect ($\bar{x} = 4.12$, S.D. = 0.65) following by social aspect ($\bar{x} = 4.08$, S.D. = 0.63) and emotional aspect ($\bar{x} = 4.07$, S.D. = 0.67), respectively.

In terms of data distribution, value creation marketing had skewness distribution (SK) at -0.240 to -0.394 with one negative left skew with value less than ±2. Kurtosis (KU) at -0.352 to -0.553 with value less than ±2.

Decision making had the highest value in decision making of environmental product aspect ($\bar{x} = 4.17$, S.D. = 0.66) following by repurchase intention aspect ($\bar{x} = 4.10$, S.D. = 0.71) and Word-of-Mouth aspect ($\bar{x} = 4.09$, S.D. = 0.72), respectively.

In terms of data distribution, decision making had skewness distribution (SK) at -0.319 to -0.654 with one negative left skew with value less than ±2. Kurtosis (KU) at -0.394 to -0.464 with value less than ±2.

### 2. Testing Correlation of Observable Variables with Kaiser-Meyer-Olkin (KMO) Index and Bartlette's Test of Sphericity

Since the value of KMO = 0.911 and Sig. = 0.000, therefore the observable variables were not identity matrix. Bartlette’s test of Sphericity Sig < 0.05 and comparative value to consider KMO must be at least 0.6.

### 3. Testing Correlation Coefficient Between Observable Variables of Environmental Products in Thailand

Correlation coefficient at 0.645 – 0.762 which in period of Multicollinearity problem with overwhelmed correlation as in Table 2.

**Table 2: Correlation Value Between Observable Variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>CRM1</th>
<th>CRM2</th>
<th>CRM3</th>
<th>CRM4</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM1</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRM2</td>
<td>0.675*</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MVC1</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MVC2</td>
<td>0.729**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MVC3</td>
<td>0.645**</td>
<td>0.735**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>MVC4</td>
<td>0.648**</td>
<td>0.688**</td>
<td>0.714**</td>
<td>1.000</td>
</tr>
</tbody>
</table>
Variables | DEC1 | DEC2 | DEC3 | DEC4 | DEC5 | DEC6
--- | --- | --- | --- | --- | --- | ---
DEC1 | 1.000
DEC2 | 0.693** | 1.000
DEC3 | 0.666** | 0.762** | 1.000

**Correlation coefficient at statistically significant level 0.05 (2-tailed)**

In conclusion, variables were well-prepared for SEM analytic and can be analyzed in these components: cause related marketing, value creation, decision making of environmental product in Thailand. Analytic result from AMOS application was showed in figure 2 and table 3.

Chi-square = 24.00, df = 17, P = 0.119, CMIN/DF = 1.412, GFI = 0.995, AGFI = 0.986, NFI = 0.996, IFI = 0.999, CFI = 0.999, RMR = 0.004, RMSEA = 0.020

Figure 2: Analytic result of cause related marketing, value creation, and decision making of environmental product in Thailand according to conceptual framework.

Table 3: Results of the causal analysis within structural equation model of cause related marketing, value creation, and decision making of environmental product in Thailand.

<table>
<thead>
<tr>
<th>Cause variables</th>
<th>Result variables</th>
<th>Relation</th>
<th>CRM</th>
<th>MVC</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value Creation</td>
<td>DE</td>
<td>0.901**</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(MVC)</td>
<td>IE</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>TE</td>
<td>0.901**</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decision Making</td>
<td>DE</td>
<td>-0.014</td>
<td>0.990**</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(DEC)</td>
<td>IE</td>
<td>0.892**</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>TE</td>
<td>0.875**</td>
<td>0.990**</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: DE is Direct Effect, IE is Indirect Effect, TE is Total effect) ** is statistically significant level at 0.05
From table 3: results of the causal analysis within structural equation model of cause related marketing, value creation, and decision making of environmental product in Thailand showed that CRM affected MVC, MVC affected DEC, and CRM indirectly affected DEC of environmental products in Thailand.

This analytic result can be formed in Structural equation model (SEM) as per below:

Value Creation = 0.901 x Cause Related Marketing

Decision Making of environmental product = 0.875 x Cause Related Marketing + 0.990 x Value Creation

From this research, a hypothesis was established to study causal analysis within structural equation model of cause related marketing, value creation, and decision making of environmental product in Thailand. The results are shown in Table 4.

Table 4: Summary of hypothesis testing results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesis testing results</th>
<th>Relation</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 : CRM related to MVC</td>
<td>0.901*</td>
<td></td>
<td>agreed</td>
</tr>
<tr>
<td>H2 : CRM related to decision making of environmental product</td>
<td>-0.014</td>
<td></td>
<td>disagreed</td>
</tr>
<tr>
<td>H3 : MVC related to decision making of environmental product</td>
<td>0.990*</td>
<td></td>
<td>agreed</td>
</tr>
</tbody>
</table>

Table 4 showed that CRM and MVC related with Decision Making of environmental products in Thailand at statistically significant level 0.05 (P<0.05) with position relation.

Discussion

Model of Cause Related Marketing, Value Creation, and Decision Making of environmental products in Thailand had been conducted from Structural equation model (SEM) and had been verified from statistical process used as a benchmark for empirical data verification with conclusion of P less than 0.05. This model can be used to show how consistent the data is with the conceptual framework. Considering the index value which is defined according to the criteria of the structural equation as a level greater than or equal to 0.90, it showed that $\chi^2/df = 1.412$, GFI = 0.995, AGFI = 0.986, NFI = 0.996, IFI = 0.999, CFI = 0.999, RMR = 0.004, RMSEA = 0.020 within the standard. All factors have factor loading more than 0.40. Prediction shows that decent marketing relationship results in a very high marketing value according to correlation multiplied squared (R2) = 0.650 that can predict value creation at 65.00 percent. Value Creation to Decision Making R2 = 0.869 can predict decision making at 86.90 percent. Cause Related Marketing to Decision Making R2 = 0.014 can predict decision making at 1.40 percent which is too low and unacceptable at statistically significant level 0.05. The predictable standard value should be more than 40 percent to be considered in good level as in figure 3.
Model of cause related marketing, value creation, and decision making of environmental product in Thailand showed the analysis of indicator that defined CRM of customers had component value between 0.644 – 0.701. Variable that had the most significant weight was similarity and differentiation between environmental products and social issues. Corresponding to Pongsaran Pholsrilert (2010) research stated that consumers in Thailand agreed that the issues used in CRM should be commonly known and cause proximity will define if those issues are directly affecting. For example, comparing level of issue as community level and country or global level. However, social issues are of great importance. The degree of proximity to the issue does not affect the willingness to support consumer activities. On the other hand, if social issues had less importance, then the proximity level with community issue will affect more on activities. This must be considered for environmental products. Badenes et al., (2022) stated that CRM is the businesses’ responsibility in order to gain the reputation of the businesses. Moreover, CRM influences positive perception of customers and causing customers to repurchase their products and services. Corresponding to Karimi et al., (2022) studied on the success factor model of cause related marketing in Iran. Key elements of the model include product innovation, quality, style, and advertising. This is together with selection of well-known referral groups of your target group. Timing and frequency of CRM activities are also considerable too. Chansit, U. (2014) concluded that personal characteristics regarding age, religious, supporting from publicizing information through various media, and form of donation have a causal relationship to cause related marketing. Seo & Song (2021) study: The difference between motivation and content affecting marketing based on the marketing of the hotel industry from a consumer perspective, corresponding to Sung, Kim, & Choi (2021) research on the impact of appropriate products in cause related marketing on decision making concluded that appropriate products affected CRM since consumers will considers CRM based on the products. Value creation indicator showed the component weight at 0.80. – 0.876. The most significant component was social value, following by economical value, quality value, and emotional value. This is consistent with Sun, Y. (2016) study of perception of market value. Perception of product quality affects purchasing intentions of customers for organic fruits and vegetables in Bangkok. Sewwandi et al., (2022) found that awareness advertising is a good thing to encourage consumers to create brand awareness and make purchasing decisions for environmental products. Taufique (2022) found that emotional value directly influenced purchasing decisions for environmental products. Therefore, the use of ethical principles and the creation of emotional marketing values in communication such as advertising and packaging considered a positive result in purchasing environmental products. Seedee, R. (2018) concluded that the environmental affects consumers’ intention to buy organic food in Thailand. Lee, K. (2011) concluded that service quality had a positive influence on customer satisfaction. Emotional perceived value positive influence on customer engagement is an indicator of environmental product purchasing decisions with an element weight of between 0.624 – 0.735. The most significant variable was decision making of environmental products. This behavior was similar to Inthasang, c. et al, (2019) studied on environmental products and how environmental perception of value influences purchase intention. Eco-products and perceptions of values play an important and positive role in environmental trust. Likewise, environmental trust leads to purchase intention. It can predict the variance of purchase intention by 37.1% (Adjusted R² = .371). Corresponding to Krimjai, N. (2021) research that showed attitudes in reduced carbon footprint products, price, label, and marketing promotion affects purchase intention. If a product has a carbon label that indicates certification by the Thai Environment Institute and Thailand Greenhouse Gas Management Organization that assign to a product that has a controlled standard and is effective in reducing carbon footprint in order to conserve the environment, then customers will realize the benefits of products. In addition, purchasing goods or services with low greenhouse gas emission is an option for consumers to be a part of environmental protection.

**Suggestion**

Suggestion for research utilization

1. The results of predicting correlation of decision making of environmental product showed that cause related marketing can be used to account for 90.10% of the market value creation in which green products can be planned based on social issues such as natural resources (soil, water, air, forest, and
mineral degradation) to provide environmental products the most effective cause related marketing strategy.

2. The results of predicting correlation of market value creation had showed that market value creation can be used to account for 99.00% of purchase decision making of environmental products. Environmental products can create value in the quality market and emphasizes on repeat purchase of environmental products in daily life.

Suggestion for next research

1. On the next research could consider decision making of environmental products via other variables beside cause related marketing and values creation.
2. Next research could conduct equipment that simulates positive CRM to customers, not just creating only 2 aspects of this study.
3. Develop model of other businesses such as service industries and retail businesses.

References

students and staff from green university in nakhon pathom province (Doctoral dissertation, Silpakorn University).


