

CAUSE RELATED MARKETING: A STRATEGY TO COMMUNICATE CORPORATE SOCIAL RESPONSIBILITY

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“Doing Well by Doing Good is Good Business”

Abstract *It is not just profit that matters, but also the other two Ps—people and planet. Bearing it in mind, marketers have changed their way of marketing the product. Many of the marketers like Idea, Aircel, Toyota, Nokia, and P&G changed the fate of many by their active involvement in social welfare activities, understanding their corporate social responsibilities well. Nowadays companies are finding new ways to discharge their corporate social responsibility and Cause-related marketing (CRM) is one of them. Cause-related marketing has become a communication tool for increasing customer loyalty and building reputation. The present study is based on quantitative analysis in which fifty respondents’ views were analyzed, with the help of factor analysis, in context to cause-related marketing strategy and their level of involvement. The study endeavours to explore the consumer’s perception towards changing role of businesses, success of cause-related marketing activities as a form of discharging corporate social responsibility, consumer’s awareness and concern for social causes and thereby evaluating the impact of all these effects on company’s brand image.*

Keywords: Cause-related Marketing, Brand Image, Marketing Communication

1. INTRODUCTION

The current date marketing theory and application focus on building up association with the society on a large scale because it is the relationship or feeling of bondage that thrusts a twenty-first century conscious person to be a consumer of any organisation. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit (Trivedi & Kaur, 2007). Through cause-related marketing (CRM) companies integrate themselves with the members of the society by doing well to the society.

Cause-related marketing has grown substantially since its inception in the early 1980s as an effort by American Express to generate funding for the restoration of the Statue of Liberty. The technique offers a platform for the mutually beneficial interaction of consumers, business and non-profit organisations in commercial settings (Adkins, 1999). Many of the marketers like Idea, Aircel, Toyota, Nokia, P&G changed the fate of many by their active involvement in social welfare activities, understanding their corporate social responsibilities well (Pitch, India’s Top 50 Marketer

Awards: Social Marketer, 2010). The endeavour of every cause-related or corporate societal marketing campaign is to promote awareness about budding social causes and also to demonstrate the influence of the brand in association with charities and causes in order to make a positive impact on society as a whole (Skory, Repka, & MCInst, 2004).

2. LITERATURE REVIEW

2.1. Cause-Related Marketing: A Basic Literature Study

A marketing approach wherein an organisation supports a cause and associates itself publicly with such a cause is known as cause-related marketing. Varadarajan and Menon (1988) state that “cause-related marketing is a marketing activity: a way for company to do well by doing good.” Hamish Pringle and Marjorie Thompson (2001) describe cause-related marketing as, “a strategic position and marketing device that links a company or brand to a related social cause or issue for mutual benefit.” Cause-related marketing acts as a unique marketing strategy which is different from sales promotion, sponsorship, and other marketing approaches

(Andreason, 1996; Cunningham, 1997; Cornwell and Maignan, 1998; Polosnky and Speed, 2001; Varadarajan and Menon, 1988). Many studies have shown that cause-related marketing strategy helps companies to fulfill various objectives together like attracting customer, increasing sales, building favourable image in society and earning for social causes (Anghel, Grigore, & Rosca, 2011). It's a way to unite profit center with "passion center" objective of a firm and build a business that reflects its personal values, beliefs and integrity (Trivedi & Kaur, 2007).

The evolution of cause-related marketing began with Kotler and Levy's (1969) article "Broadening the Concept of Marketing." In this article, the authors make the argument that traditional marketing does not have to be restricted to for-profit business firms. Marketing, the authors argue, can be expanded to the marketing of political candidates, higher education, social causes, or any other non-business organisation. In this regard, the organisation occupied is concerned about its "product" in the eyes of certain "consumers" or "public."

The term cause-related marketing originated from campaign of American Express in 1983 (Cunningham, 1997). In 1983, American Express Company began a campaign entitled, "When Did You First Fall in Love with Her?" which became one of the most heralded cause-related marketing campaigns to date (Varadarajan, 1988). The campaign was setup so that 1 cent would be donated to the Statue of Liberty-Ellis Island Foundation for each time the American Express Card was used and \$1 would be donated for each new customer application. American Express spent \$6 million on the campaign and was able to raise and donate \$1.7 million to the Ellis Island Foundation. The campaign "made people feel good about American Express" and left the impression of a responsible, public-minded, even patriotic corporation. According to a research study by American Marketing Association (AMA), one out of every three customers said that they would be more likely to buy a product or service if they knew that a certain amount of the purchase price was being contributed to a cause or campaign (American Marketing Association, 2007).

The growing evidence of success of cause-related marketing is that today customer patronizes those corporate houses that share their own value and ethic by means of all these cause-related activities (Creyer & Ross, 1997). Adding up, cause-related marketing activities also work as a basis of competitive advantage for those who want to differentiate themselves and enhance their overall reputation (Keller & Aaker, 1997). In nutshell, cause-related marketing activities are win-win situation for everyone; it is a win for the cause or charity, a win for the consumer and certainly a win for the businesses (Adkins, 1999).

2.2. Cause-Related Marketing in Context of Corporate Social Responsibility

There is a very fine line between Corporate Social Responsibility and Cause-related Marketing. Corporate social responsibility is what the firm tries to give back to the society which it gains from it, whereas cause-related marketing is when it devotes time and money for a particular cause. Corporate societal marketing has been described as encompassing '.....marketing initiatives that have at least one non-economic objective related to social welfare and use the resources of the company and/or one of its partners (Drumwright & Murphy, 2001).' Many corporate houses are approaching cause-related marketing strategy and communicating social causes along with their products in order to fulfill their corporate social responsibility through the affiliation with the non-profit organisations (Arts, 2002). This approach can be used by the firm to enhance its images as well to show positive brand associations, like P&G's project 'Shiksha' empowers consumers across the country to participate and support the social cause via a simple purchase of P&G's different products and it commits to a minimum of Rs 1 Crore to its partner – CRY (Child Relief and You), which utilizes this money to fund the projects thus enabling the child's right to education.

The changing paradigm of corporate social responsibility advocates the belief that companies are directed more on the profit with a cause approach of cause-related marketing (Trivedi & Kaur, 2007). International Business report (Grant Thornton, 2008) interviewed 34 economies about their small and medium firms and reviewed their attitude towards the concept of corporate social responsibility and cause-related marketing. According to the report mostly corporate social responsible practices used by multinationals were keeping most valuable employees, increasing efficiency, protecting environment, acceleration of brands, saving the planet and making good relations with investors and government. And these companies were also following cause-related marketing approach to promote social causes and their product to build good image in market.

To summarize, the economic world is experiencing a huge shift of paradigm: from a profit-maximization to a profit-optimization ideology, which insist the new generation of corporate leaders to consider the 3P's in their decision-making process: Planet, People and Profit (Srivastava and Venkateswaran, 2000).

2.3. Marketing Implications of Cause Related Marketing

Marketers can use cause-related marketing with two benefits, better social responsibility and better commercial advantages

Table 1: Correlation Matrix

		SPSS 20.0 Factor Analysis								
		Awareness	Opinion	Image	Charity	Trustworthy	CSR	Participation	Explore	Willingness
Correlation	Awareness level of consumer	1.000	.303	.350	.229	.025	.069	.237	.243	.167
	Opinion	.303	1.000	.406	.684	.467	.580	.498	.383	.455
	Image	.350	.406	1.000	.005	.106	.171	.250	.269	.246
	Charity	.229	.684	.005	1.000	.758	.653	.654	.597	.636
	Trustworthiness	.025	.467	.106	.758	1.000	.752	.760	.724	.765
	CSR	.069	.580	.171	.653	.752	1.000	.583	.664	.657
	Participation	.237	.498	.250	.654	.760	.583	1.000	.636	.752
	Explore	.243	.383	.269	.597	.724	.664	.636	1.000	.879
	Willingness	.167	.455	.246	.636	.765	.657	.752	.879	1.000
Sig. (1-tailed)	awareness level of consumer		.016	.006	.055	.432	.318	.048	.045	.123
	Opinion	.016		.002	.000	.000	.000	.000	.003	.000
	Image	.006	.002		.485	.232	.117	.040	.030	.043
	Charity	.055	.000	.485		.000	.000	.000	.000	.000
	Trustworthiness	.432	.000	.232	.000		.000	.000	.000	.000
	CSR	.318	.000	.117	.000	.000		.000	.000	.000
	Participation	.048	.000	.040	.000	.000	.000		.000	.000
	Explore	.045	.003	.030	.000	.000	.000	.000		.000
	Willingness	.123	.000	.043	.000	.000	.000	.000	.000	

because of associations both can results from cause-related activities. In fact if an organisation supports a cause it can further increase its brand equity through recognition. Thus a marketer needs to understand what benefit cause-related marketing will offer towards the organisation and the shareholders before implementing it.

3. OBJECTIVE OF THE STUDY

The study is based on identifying factors that affect consumer perception about changing role of businesses and practices of marketing communication and that help to build the effectiveness of the idea of cause-related marketing.

4. METHODOLOGY

4.1. Research Design

Saunders et al. (2009) state that the survey is usually associated with the deductive approach, which is popular as it allows the collection of amount of data from sizable population in a highly economical way. The survey was designed as a questionnaire with close-ended questions. Before drawing the questions the questionnaire started with some pictures of cause-related marketing promotion used as examples. In this way the respondents can better understand the CRM and we can obtain their real perception and attitude toward the CRM, as well as their buying behaviour.

4.2. Data Collection

The present study is based on primary data which was collected with the help of questionnaire from service class people. A cover letter explaining the purpose of this pilot study, with some pictures of cause-related marketing promotion used as examples, accompanied the questionnaire.

4.3. Sample Size and Sampling Technique

The sampling technique in this research was non-probability sampling. Due to time and resource restraints in this study, a convenience sample of a specific population of service class employees having more than 25 years of age was used. The size of the sample was 60 from which 50 respondents filled the questionnaire properly.

4.4. Limitations of the Study

- The study was conducted only in Jodhpur city of Rajasthan so that findings may not be representatives of the whole.
- Selection of the sample was confined to service class employees, because of their education level, which might have worked as a constraint for the findings.
- Size of the sample was small that may not be able to represent accurate findings.

5.1. Data Analysis

Table 1 shows that none of the variables exhibit perfect correlation amongst them and thus we can safely say there is no multi-colinearity between these variables, so we need not remove any variables from the analysis.

Table3 shows that all the variables have been extracted satisfactorily. Variable trustworthiness has highest extraction value .868 that shows consumer trust companies' cause-related marketing activities.

The matrix shown in Table 5 gives us the composition of variables in each of the two factors. Although the initial or unrotated factor matrix indicates the relationship between the factors and individual variables, it seldom results in factors that can be interpreted, because the factors are correlated with many variables (Malhotra, 2007). Thus through rotation, the factor matrix is transformed into a simpler one that is easier to interpret.

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.032	55.912	55.912	5.032	55.912	55.912	4.731	52.571	52.571
2	1.375	15.277	71.189	1.375	15.277	71.189	1.676	18.618	71.189
3	.793	8.812	80.002						
4	.717	7.972	87.973						
5	.411	4.572	92.546						
6	.289	3.207	95.753						
7	.200	2.228	97.981						
8	.099	1.104	99.084						
9	.082	.916	100.000						
Extraction Method: Principal Component Analysis									

Table 5: Factor/Component Matrix

	Component	
	1	2
Awareness level of consumer	.284	.738
Opinion	.700	.317
Image	.317	.757
Charity	.836	-.146
Trustworthiness	.880	-.305
CSR	.824	-.172
Participation	.842	-.018
Explore	.848	-.043
Willingness	.885	-.099
Extraction Method: Principal Component Analysis		

corporate social responsibilities, participation, explore and willingness, where as Factor two has two variables namely awareness level of consumer and image.

6. INTERPRETATIONS

6.1. Factors that Help to Build the Effectiveness of Cause-Related Marketing Idea

With the help of factor analysis the first objective of the study is justified. By analyzing the composition of each of these factors we can now name these baskets of variables accordingly. The compositions of the variables in each of the two factors are as below:

6.1.1. Factor One: Perceived Purposefulness of Society

In this factor, the variables include opinion of the consumer about cause-related marketing idea, Cause-related marketing as a good source of charity, its trustworthiness, a way to fulfill corporate social responsibility, consumer's intentions to participate in cause-related campaigns by purchasing such products, doing cause-related marketing, consumer's efforts to explore such products as well as consumer's willingness to pay more for such products. These variables may analyze the society's way of looking at the idea of cause-related marketing. Because of the rising level of public awareness, education level and forced a consumer to think every activity to be objective oriented.

These variables show that every citizen of India wants to contribute for the development of the society. They not only appreciate such companies, doing cause-related marketing campaigns, coming out with emerging societal issues and making people aware, but also want to participate in such campaigns. With the awareness of such cause-related campaigns, customers also gain access to a simple and easy way to contribute to social causes through their purchase decisions (Saxena, 2011, p. 39).

6.1.2. Factor Two: Brand Image

Factor two consists of the variables like awareness level of the consumer about cause-related marketing idea and impact of this idea on the image of the companies. This component states that cause-related marketing idea is a good way to benefit the companies in two ways, first companies doing promotions of its product with some emerging social causes and second being able to create a good image in front of the consumer by accomplishing social responsibility.

Table 6: Rotated Component/Factor Matrix

(i)

	Component	
	Factor 1	Factor 2
Awareness Level of consumer		.789
Opinion	.579	
Image		.816
Charity	.842	
Trustworthiness	.931	
CSR	.838	
Participation	.812	
Explore	.825	
Willingness	.876	

(ii)

	Components	
	1	2
Awareness level of consumer	.060	.789
Opinion	.579	.504
Image	.087	.816
Charity	.842	.100
Trustworthiness	.931	-.040
CSR	.838	.071
Participation	.812	.224
Explore	.825	.201
Willingness	.876	.159

After rotation (Table 6 (i) and (ii)) the variables in each of the two factors can be easily selected. Factor one has seven variables, namely opinion, charity, trustworthiness,

Many of the companies have started connecting themselves with some causes, which influence the perception of consumer for companies and for its brand (Kar & Dadhichi, 2011, p. 43). To become significant entities for consumers to recognize with, brands need to be linked with some symbolic values, such as humanity and social mindedness (Alcheva, Cai, & Zhao, 2009, p. 9). Consequently cause-related marketing has achieved ever-growing popularity among brand marketers, who suppose this strategy facilitates to improve both brand attitude and purchase intention (Shu-Pei Tsai, 2009). Hence cause-related marketing helps companies to have better public perception of the brand.

7. CONCLUSION

Large corporations play an ever increasing role in the global economy and so have a greater impact on global society. The corporate houses are dependent on the society for their business activities, and consequently they need to be socially responsible. People in the dual role as consumers and citizens will expect companies to use their power and influence widely and to meet their needs more effectively. Cause related marketing is one part of the portfolio of ways that companies can use/ respond to increase demands, enabling the companies to contribute to the development of the societies in which they operate, as well as enabling them to build long term benefits for brands.

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