

Cause Related Marketing: A Boon or Bane for Business Corporations

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Abstract: Organisations are doing social activities from a long time for the improvement of society though Corporate Social Responsibility (CSR) which has already become one of the important aspects of the organisation culture and hence serves as a tool for competitive advantage. As Cause-Related Marketing (CRM) is usually subsumed under Corporate Social Responsibility (CSR), which all started for the betterment of the social well-being but has emerged as one of the strong marketing strategies for the organisations to improve their reputation. This article examines the aspect of corporate social responsibility, i.e., cause-related marketing from the point of view of Corporate Philanthropy. The objective of the paper is to understand whether this concept is viewed as a part of corporate Philanthropy and does consumer believe that the cause associated with these campaign needs their attention which in return acts as a catalyst for corporates. Non-profit organisations get their required funds and businesses need to perform excellent deeds to upgrade their public image. Organisations also considers that the cause associated with the product in the CRM campaigns were quite useful to seek customers attention.

Keywords: Cause Related Marketing (CRM), Corporations or Business Organisations (BO), Corporate motive, Corporate Social Responsibility (CSR), Non-Profit Organisations (NPO).

I. INTRODUCTION

India is a fast emerging economy which is flourished with both national and international organisations. Simultaneously, India is also facing many social challenges like poverty, population growth, women empowerment, child labour, illiteracy etc. Therefore, it is the legal and social responsibility of every organisation to follow Corporate Social Responsibility (CSR) in the right perspective in order to facilitate and create an environment beneficial for both society and business. The importance of Corporate Social Responsibility (CSR) has risen

considerably over past years. It has now become usual for consumers to assess brands on the basis of how an organisation behaves with respect to social welfare. Several studies also suggest the idea of good or bad corporate behavior to be rewarded or punished consequently by such consumers.

Environmental and social issues have gained public attention, whereby business organisations have begun to associate their products with a wide range of popular causes (Yechiam, Barron, Erev, & Erez, 2002). Association with good causes has become striking for many business organisations, particularly those who are directly connected to consumers (Till & Nowak, 2000).

Cause Related Marketing (CRM) has emerged as the correct way for representing a corporation's social commitment. CRM has been recognized as a marketing strategy used by business organisations to form a partnership with non-profit organisations for shared benefit or a good cause (Pringle & Thompson, 1999). However, CRM has begun in the early 1980's but the alliances between business and non-profit organisations have risen significantly in last decade (Adkins, 2000). The uninterrupted growth in this particular area is the outcome of positive results of organisations in their CRM partnerships (Barone, Miyazaki, & Taylor, 2000).

Reputation, corporate image, employee relation, sales and profit are the key areas benefited from CRM and its allied strategies (Adkins, 2000; Drumwright, 1996; File & Prince, 1998; Kotler, 2003; Pringle & Thompson, 1999). Except business corporations, non-profit organisations and social causes also get benefited through financial gains and support (Docherty & Hibbert, 2003; Polonsky & Wood, 2001). In addition to the cause, business organisations as well attain free publicity and public awareness with the help of successful CRM Campaign (Andreasen, 1996; Wood, 1998). Business corporations can be benefited through consumer surveys which provide corporate managers to recognize and place their product or service in the desired area which ultimately boost their sales, brand image, customer loyalty and corporate standing in the market (Endacott, 2004).

II. CAUSE RELATED MARKETING (CRM)

Varadarajan and Menon (1988) were amongst the initial writers on CRM who coined the term as: "The process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-producing exchanges that satisfy organisational and individual objectives.

Corporations have been participating for the support of society from a quite long time. However, a dramatic shift was observed when a successful cause-related marketing program was implemented in the business and non-profit partnership. Some corporate develop a balance between business objectives and societal needs fulfilling the need for support to the community. Therefore, CRM is functional in the sense that purchase of a product by consumer alters the amount of donation spend by a company. Hence, products turnover decides the total amount donated to the cause by an organisation.

According to Fine (1990), the accomplishment of CRM campaign leads to financial and marketing aims, which in turn provides emotional, social and functional value to the consumers. Moreover, the prime focus should be that the organisation must possess one non-economic objective for the welfare of society (Drumwright and Murphy, 2001, p. 164). Generally Business Organisations (BO) collaborates with Non-Profit Organisations (NPO) that has capability in supporting a particular cause (Lin *et al.*, 2009).

According to the words of Lin *et al.* (2009), business organisations have a positive impact of image transfer from the NPO and its social and ecological aims for the company. For the non-profit organisations, irrespective of the turnover related donation, a wide reach to the public symbolises a major benefit that increases public awareness of the NPO as well as the chosen cause (Du *et al.*, 2008).

Several studies signify that consumers showed positive attitude when they were asked to assess CRM programmes (Machado & Damacena, 2006). Some researchers also emphasize on the part of modifying these attitudes such as the supported cause by the organisation and the association between the cause and the business. The implementation of American Express campaign in the United States has transformed CRM as an entrenched marketing tool (Webb & Mohr, 1998). The concept of CRM was firstly introduced by American Express in 1982 in the USA (Till & Nowak, 2000). Whenever anyone used the card, the donation of 5 cents got transferred to several arts organisations that have taken part in the San Francisco Festival. Its successful completion made the business corporation to apply the same efforts on a national platform. In the similar manner, an initial CRM programme was developed by American Express for the renovation of the Statue of Liberty in 1983 which was perhaps declared as the first CRM programme to gain worldwide popularity. According to Barone *et al.* (2000), the positive experience and outcomes of various business organisations gave a new shift to the era of Cause-Related Marketing (CRM) programmes.

According to Drumwright (1994), business corporation's sales, market share, brand image, employee motivation and public awareness are increased. Adkins (2000), states that cause-related marketing is another good business opportunity for both BO and NPO and does not consider it to be a mere philanthropy. She referred it to be mutual benefit for the business corporations, charities and cause. The organisations are benefited through increase in brand awareness and funds / profits. However, increased contribution and generating awareness is the applicability of CRM towards the cause.

The Conceptual Relationship between CRM and CSR

CSR and CRM are the two terms which are quite often used simultaneously but are closely different from each other. According to Mohr *et al.* (2001), CSR is a wider concept and more multifaceted due to its multiplicity of the area of social responsibility. However, as per the words of Sheikh & Beise-Zee (2011), Cause-Related Marketing (CRM) is generally subsumed under Corporate Social Responsibility (CSR) but in application CSR and CRM acts as different public relations tools. In this regard, CSR has become part of a corporate brand strategy.

Business organisations who have seriously worked for CSR, easily win their support to a cause through a CRM initiative (Endacott, 2004). CRM is not a synonym but a manifestation of CSR. Though causes are fundamental part of the execution of CSR, extension of support to a cause as a marketing tool was formerly referred to as cause-related marketing.

III. CORPORATIONS / BUSINESS ORGANISATIONS (BO) PERSPECTIVES

CRM is a form of funding which relates to the acquisition of an organisation's brands to the amount of donations for a specific cause. Various previous studies around the world signify that CRM can positively impact business organisation's performance through:

- Customer support creation.
- Establishing competitive advantage.
- Improving company's financial performance.
- Enhancing organisation's identity.
- Developing corporate legitimacy.
- Talented employees' database.
- Improving corporate image.
- Developing customer purchase intention.
- Establishing business credibility.

A. Association Between CRM and Corporations Reputation

Reputation of an organisation is directly linked to the connection of CRM and overall corporate performance. Corporation's

success is determined by reputation of an organisation which in gratifying the stakeholders expectations. CRM helps in building reputation of a firm which serves as a competitive advantage for an organisation.

B. Cause Related Marketing and Benefits for Corporations

Adkins (2000), states that CRM is a favorable situation which ultimately provides an advantage to the business organisations, non-profit organisations and the consumers.

Here, the benefits for business corporations are shown. According to Drumwright (1996) and Polonsky & Wood, (2001), the prominent benefits for the business organisation occur inside the business corporation itself leading to increase employee morale and staff satisfaction. This ultimately makes employees more passionate about their jobs and finally increases their loyalty which serves as an influential internal marketing tool for an organisation (Cone *et al.*, 2003; Wragg, 1994).

According to File & Prince (1998), Kotler (2003) and Polonsky & Wood (2001), business corporation image and reputation can be benefited through CRM but it is not a resolution for spoiled reputation (Cone *et al.*, 2003). However, it acts a competitive advantage to the organisations by creating importance and worth of social wellbeing done by the corporations to convince rising consumer demands (Pringle & Thompson, 1999). In the words of Docherty & Hibbert (2003), CRM raises funds for a good cause by expressing corporation awareness for societal concerns.

V. CONCLUSION

When cause-related marketing was launched in the 1980's, it was considered as a fledgling idea. However, now-a-days cause-related marketing is a global phenomenon that has developed into a new way for businesses and non-profit organisations to support causes and work simultaneously to achieve mutual benefits. The importance of Cause-Related Marketing (CRM) has risen significantly over recent years. It has now become essential for many consumers to evaluate brands on the basis of how an organisation behaves with regard to social welfare.

We showed that consumers are receptive to company's motivation to engage in a CRM campaign which signifies that companies need to consider CRM not just a marketing tool but they also need to encourage consumers of their serious interest in this concern. Today, cause-related marketing can include product sales, promotions, and program-driven collaborations between companies and non-profit causes. Consequently, the companies should be wise to choose causes that are similar to their own corporate philosophy and vision.

Business Organisations (BO) are highly concerned about cause partnerships as they have analyzed the value of these corporate marketing relationships and their benefits beyond traditional

philanthropic contributions. If projected in the right manner, Cause-Related Marketing (CRM) can facilitate in achieving mission, generate additional revenue, publicity, convey important messages, change behaviors, social welfare and enhance awareness of the chosen cause along with reputation of business corporations in the consumers mind and society at large.

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