

Cause Related Marketing An Effective Use Of A Promising Marketing Tool

Sonia Lohia

Assistant Professor

University of Delhi Club drive road, Ch.mahender farm, gadaipur ext.

New Delhi, India

soniabcomh@hotmail.com

Abstract

This study elucidates how cause related marketing is an innovative and potentially powerful tool to improve the lives and well-being of individuals thereby creating an environment that supports social objectives, reorient social services to be customer driven ,develop social capital and lead to improved public policies .It is simply a marketing with a worthy cause that uses both business and charity (good causes) and helps to benefit both. This paper identifies some of the influential work in CRM area, highlighting the concept, meaning and different dimensions of CRM. The paper also outlines the evaluation of CRM program and recommendations and suggestions drawn there from.

Keywords: Cause related marketing, societal objectives, consumer perception

Introduction

A marketing strategy which involves the cooperative efforts of both organizations, for -profit and not-for-profit for mutual benefit is termed as cause –related marketing, it is an effort done by the marketer to achieve the societal and other charitable causes, with in-house marketing efforts by non-profit organizations. Due to the growing realization in the economy, cause related marketing (CRM) has emerged as a top management priority in the last decade and is viewed as the most valuable intangible tool by the firms which helps them gain better corporate image from internal as well as external customers and also helps in achieving societal benefits. It represents the confluence of perspective from different specialized areas of in-quiry such as marketing for nonprofit organizations, corporate philanthropy, the promotion mix, corporate social responsibility, and public relations. Cause marketing is different from corporate philanthropy as the latter usually involves a specific donation that is tax deductible, while cause marketing is a

marketing association not necessarily based on a donation. Furthermore, CRM is fundamentally a marketing activity that focuses on achieving two major objectives i.e. improve corporate performance and facilitate worthy causes by involving fund raising for the benefit of a cause to the purchase the firm’s product and services.CRM can be viewed as a tactical as well as a strategic marketing tool. The concept of cause-related marketing came into attention when it was used by American Express where it tried to raise money for the restoration of the Statue of Liberty. After this campaign, American Express’ new card holders increased by 45 percent. Also their card usage grew by 28 percent. It was able to raise \$1.7 million for the restoration purposes and this objective was achieved within 3-4 months of the campaign. American Express Company (1987). Cause Related Marketing (CRM) is the amalgam of product advertising and corporate public relations. He also mentioned that there are six major types of CRM arrangements. The first four communicate the standard corporate practices and they are: providing cause’s message, advertising,

public relations, organized for tying up with nonprofit communities ;corporate as a sponsor, providing financial assistance to an event; licensing, where a business pays to make use of a charity logo on its products or services; direct marketing, where both a profit and a non-profit organizations raise funds and promote brand awareness; purchase-triggered donations, in this company contributes a specified amount from the price of product to a social or charitable cause. CRM has become an extreme need for today's corporate world as it provides multiple advantages like positive word of mouth, survival and competitive advantage .

Objectives of the study

- To examine the issues in the execution of cause related marketing.
- To develop and standardize a measure for evaluating social cause related marketing.
- To highlight the recommendations and suggestions drawn there from.
- To open new vista for further researchers.

Data and Methodology

This study is an exploratory in nature; various published sources, books and websites have been the tool for data collection.

Review of literature

Business Literature has examined rationales for corporate philanthropy: through the firm giving corporate statesmanship; and profit motivated giving (Fry, Keim ,and Meiners 1982).

Varadarajan (1986) examined CRM as a form of horizontal cooperative sales promotion ,as a tie – in between sales promotion (Grahm, Laverty and Hannaford ,1987) and corporate philanthropy.

Varandarajan and Menon (1988) have examined cause related marketing in the early stages but in a projective way. According to them cause related marketing is a process of formulating and implementing marketing programs and activities

that are featured by an offer from the firm to contribute a specified amount to a designated cause when people involve in revenue –providing exchanges that satisfy both organizational and societal objectives. They also identified six major objectives which seemed to be promising i.e. increase in sales ,boosting firm's image ,customer pacification ,facilitating market entry, thwarting negative publicity and increasing the level of merchandising activities.

Josephson (1984) explored that CRM helps in supporting popular and respected causes to augment the stature of a sponsoring firm as a consequence of association .It helps the organization to achieve national visibility, thereby improving the corporate image of the organization , and express social responsibility and patriotism.

Stroup and Neubart (1987) characterize that the emerging era as of “doing better by doing good”, where in corporate social responsibility is viewed as an investment, given that CRM is basically a marketing program with a philanthropic linkage, and because of current emphasis on obtaining a substantial return on philanthropic assistance, many organizations are likely to adopt a bottom – line course in evaluating their investments in CRM programs and activities.

Sheikh and Zee (2011) have revealed in their study that the concepts like CSR and CRM effect on customers' attitudes and behaviors. They have also highlighted that CRM might be more cost-efficient, its positive effects are limited to customers with high cause affinity. In difference, CRM has a negative effect on customers as well with low cause affinity, or who oppose the cause. CRM affects both the external customer and the internal customer i.e. the employees. Internal customers strongly help the firms' involvement and support in cause-related programs and the firm is positively perceived or viewed as an employer, by both the business and non-business groups.

Babu and Mohiuddin (2008) conducted a study using demographic variables,which have great influence on the purchasing decision making

process of customer. The findings have showed that a customer is influenced by the companies' cause related marketing programs while adopting a new brand or executing its purchase intention and the customers prefer to support generally health and life saving issues.

Managerial dimensions of cause related marketing

- **Cause related objectives**

The broad vision of Cause related Marketing Programs (CRMPs) is to create awareness of the mission ,its cause and the programs and activities that eventually helps in promoting direct contributions to the cause from the public(e. g individuals and retailers). Illustratively, a distinct feature of the Procter and Gamble /Special Olympics CRMP during the certain years has been P &G's offer to link donations to Special Olympics by consumers and retailers, dollar for dollar up to a particular maximum amount. (Maier 1985)

- **Association level**

The level of association can be viewed at the organizational level, the product line level and the brand level. The organizations have opted to involve the number of their brand offerings in a CRMP. The corporate name is given a crucial place in such programs. Furthermore, companies have also given prominence to the product line in CRMPs Finally; an organization may opt to develop the program which involves the specific brands in the portfolio.

- **Nature of use: strategic vs. tactical tool**

CRM can be viewed as a strategic as well as a tactical marketing tool. The main indicators of an organization use of CRM as a strategic tool involves top management's support and involvement in core decisions about the program and activities and considerable investment of resources and assets towards the development and implementation of the program. Tactical perspective of CRM can be best exemplified by its

use as means for enhancing the effectiveness of a firm's sales promotion tools by differentiating the firm's sales promotion efforts from those of its competitors through tie –ins with worthy causes.

Social dimensions: Cause Exploitative or Cause –Related?

Cause related marketing encompasses a wide range of commercial activities that line up a company with a cause to generate charitable advantages and initiate campaigns which impact societal behavior of the people. Geographically, the programs and activities of CRM have outlined from national to regional and local levels. It has become a powerful business marketing strategy in North America and there have been numerous worthy causes due to such programs, but still it has been an issue of controversy (Gratz and Fettmann 1985a ,b;Kinsley 1985).A major reason has been that it is not philanthropic ,i.e. it is a strategy for selling and not for making charitable contributions.(Williams 1986).Some consumers who are unaware of the minor effect of their individual participation and contribution in a program, might feel that they fulfilled their philanthropic obligations and other may be oblivious to the entire program.

Cause related marketing by brands in India: Campaigns

1. P&G launches SHIKSHA'08, you can now help educate more underprivileged children via simple brand choices. In this campaign, P&G entrust Rs. 1 crore, to its partner CRY, which will be allocated to projects centered on facilitating the child's right to education. This project called ,Shiksha is part of P&G's global philanthropy program P&G Live, Learn and prosper that focuses on the development of children in need across the world, with Education of Children via Shiksha being the priority in India. Till now, Shiksha has set 67,000 children across 435 communities and groups on the way to the right to education with a contribution of over Rs.4 crore with a slogan of “Padhega India, Badhega India”,

this program is set to achieve the objective of providing education to all for a brighter India. This campaign is being supported by celebrities like Konkona Sen, Tabu, Soha Ali Khan, Sushmita Sen, Rahul Bose, Lara Dutta, Preity Zinta, Sanjana Kapoor, Kiran Bedi, Jatin Das, Shaan and others, this program was launched by Bollywood actors Kajol and Sharmila Tagore.

2. IDEA Cellular launched a new brand campaign which became popular as , What an Idea, Sirji! series, to demonstrate the command of telephony, in a country where 22,000 dialects and 850 mother tongues are spoken. India is a territory of a billion people talking in 22 recognized languages and 850 mother tongues; it is a land of opportunities for the young Indians who are aspiring and ambitious, and have dreams in their eyes. However, this mixture and vastness, at times, poses a obstacle in the growth of the youth of this country. Taking note of this rising concern of the nation, this effective project, IDEA Cellular has set out to demonstrate how an easy solution can build bridges between people speaking different languages. The advertisement of IDEA Cellular shows a greater concern for increasing population of India and somehow they have also reflected another problem i.e. frequent power cut in the country.

Consumers perception towards CRMPS

An important aspect for the marketers is to understand and know how the consumers response, and what are their perception and attitude towards a CRMPs, and ultimately they would understand how effective is their program and activities. Trade responses to these promotions are evaluated in terms of such behavior and responses as percentage increase in sales to retailers, and other merchandising efforts. However, research on consumer's perception and attitude towards CRMPs is lacking .For instance: do consumers view such programs as cause-related or cause-exploitative, is a topic for discussion. There are many consumers who think

that they are being exploited in the name of cause, only a few percentage of consumers are ready to support the cause which helps in achieving societal benefits. Differences, if any, in consumer's response to CRMPs designed to benefit different types of causes (e.g. culture, arts, education, health, human services) require closer investigation. CRM promotes the notion of "painless giving, however the consumer makes a purchase, not a gift, and is not a donor" Also , consumers participating in any program have less need to examine the cause they believe are best administered and worthy of support.

Evaluation of cause related marketing program

- Any program related to CRM can be evaluated in terms of its relative effectiveness of the marketing efforts of the company. Numerous studies have been conducted to show that cause –related marketing has helped to increase the organization's profits. For instance: one of the campaigns by American Express (to which the term cause marketing is attributed), the company saw a 17% increase in new users and a 28% increase in card usage.
- A different perspective for the evaluation of CRMPs is that it should be based on effectiveness of social benefits of such programs and not solely depends on the marketing considerations such as effectiveness of sales outcome and increase in company's profits. The quatrategic perspective of CRM emphasizes on effective realization of marketing objectives by activities and programs formed built around the concept of CRM through the integrated use of advertising, personal selling, sales promotion and promotion mix.

Suggestions for creating a winning cause related marketing strategy in today's world

- Ensuring that the cause associated fits in with the image of the brand, because brands which have low association with the cause may not be able to help increase the sales of the firm and eventually company's profits.

- It should be shown to the customers that the brand has actually benefitted the cause associated so that they are assured that their association with company has led to some improvement in a cause which is close to their heart.
- Choose a cause which people relate with. A cause which is appropriate in one country may not attract much positive response from another country.
- The brand must actually believe in the cause. In order to have a mutual benefit, there must be a long standing association between the two. For a long-term understanding, it is imperative that the two believe in each other's ideologies.
- The marketer should not make the program too difficult and ensure that it is easy for customers to participate in it and they can easily understand the cause's message.
- Making too much sound about the association of the brand with a cause may not attract too many customers; in fact it may turn them off. The impact should be created by the association of the brand and the cause. The publicity must be subtle.

References

American Express Company (1987), *American Express Public Responsibility: A Report of Recent Activities*. New York: American Express Company

Scott Paper Company. (1986), *Helping hand*, Philadelphia. Scott Paper Company.

Gratz, Roberta B. and Eric Fettmann (1985a), *The selling of miss liberty*, *The nation* (November 9), 465-76

Fry, Louis W., Gesald d Keim and Roger E Meiners (1982), *Corporate contributions: Altruistic or for-profit?*, *academy of management journal*, 25(March), 94-106

Varadarajan, P.R, Menon, A. (1988), *Cause-Related Marketing: A Co-alignment of Marketing Strategy and Corporate*

Philanthropy, *J. Market*, Vol. 52 (7), pp. 58-74.

Josephson, Nancy .(1984), *AmEx raises corporate giving to market act*, *advertising age* (January 23), M-10

Stroup ,Margaret A and Ralph L.Newbart.(1987), *The evolution of social responsibility*, *business horizons*, 30 (March-April), 22-4

Sheikh S.R.and, Zee R.B., (2011), *Corporate social responsibility or cause-related marketing? The role of cause specificity of CSR*, *Journal of Consumer Marketing*, Vol. 28(1), pp. 27-39.

Babu, M.M. and Mohiuddin, M. (2008), *Cause Related Marketing and Its Impact on the Purchasing Behaviour of the Customers of Bangladesh: An Empirical Study*, *AIUB Business and Economics Working Social Cause Related Marketing And Its Impact On Customer Brand Preferences*

Bagozzi Richard P. (1982) *A field investigation of casual relations among cognitions, affect, intentions, and behavior*, *journal of marketing research*, 19 (November), 562-83

Maier, Joseph S.(1985), *The Big Event and the Sales Promotion Campaign*, " in *Handbook of Sales promotion*, Stanley M.Ulanoff, ed. New York :Mc Graw –Hill Book Company.

Kinsley, Michael.(1985), *Curing hunger by reinventing the wheel*, *Wall street journal* (October 31), 29

Rajput Sneha, TyagiNitin, BhakarShailja, *Social cause related marketing and its impact on customer brand preferences*, *Prestige International Journal of Management & IT- Sanchayan*,

Vol. 2(1), 2013. ISSN: 2277-1689
(Print), 2278 – 8441 (Online)
Bloom, P.N., Hoeffler, S., Keller,
K.L., and Meza, C.E.B. (2006),

MIT Sloan Management Review,
Vol. 47 (2), pp. 49-55.