

A study on Cause Related Marketing: An insight into Indian Consumer's perception

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Abstract - Cause-Related Marketing is considered as a strategic innovative business tool to market the products and to strengthen consumer attachment with organizations. This empirical study has attempted to understand the consumer's perception towards the CRM campaign and try to explore whether CRM played a pivotal role for its brand association with consumers, the pricing strategy for CRM products, preferred cause for donation of CRM product and the kind of image generates for CRM product. Quantitative data was collected from 216 consumers of varied demography. The results showed that health and Education are most preferred cause which appeal customer more for donation by way of purchasing the products and about 2/3 customers of survey revealed that CRM generates a positive image about the organizations and products. From managerial perspective, CRM is a win-win strategy for both parties (commercial organization & non-profit organization) and customer feel happiness as they are serving for the betterment of the society. This research also highlights the importance of choosing NGO because it matters a lot for customers. Cause related marketing has become increasingly popular, it is explored by survey method in this study how consumers respond, and how consumers think and feel about cause-related marketing.

keywords - Cause related marketing, strategy, business tool

I. INTRODUCTION

In today's business world sales and profit margins are subdued due to fierce competition and thus firms are finding new ways to attract customers. Earlier firms used heavily budgeted advertisements and personal selling to target their customers. They used every possible way to attract the customers but currently, the techniques to capture market and promote products have totally transformed due to advancement of consumer knowledge. New Integrated marketing communication (IMCs) tools are introduced like Cause-Related Marketing (CRM) which guide firms to nurture the brand name. Now Cause Related Marketing (CRM) has become first choice among organizations to market their products. This approach basically combines the marketing objective of a company with a social cause in order to promote a product or service to achieve the desired business objective. CRM is a mutual effort between a profit making brand and a not for profit organization for the shared benefits of both i.e. Marketing by profit making brands by contributing to a social cause. The two kinds of CRM area venture between for - and not for - profit organizations and a brand engaged with a social cause. CRM are employed by any company to achieve a number of marketing objectives, such as, repositioning the brand, gaining visibility, generating increased sales, promoting repetitive purchases, increasing brand recognition, enhancing and reinforcing brand image, broadening customer base and facilitating entry.

Examples are: Paper Boat donated Rs.20 towards children's education for every paper boat image that is shared on any social network, ITC donates 1 INR for every four Classmate notebooks sold, Nihar naturals donates 2% of every oil bottle to CRY for child welfare and many more.

The various researches on Cause Related Marketing (CRM) have revealed that consumers have positive image of firms those work for welfare and good causes in compared to those that do not. They believe that the partnership between corporations and Not for profit organizations have a positive impact on overall good of society. Though consumers are aware that corporations themselves benefit from this partnership, but for concerning good causes, consumers prefer to support them. The researchers noticed that an individual connection with a cause might have considerable influence on consumer attitudes and behavior in relation to a specific cause. There have been several studies & researches on the same.

This research basically revolves around studying to understand the perception of Indian consumer with regard to CRM and his thinking about the brand/products associated with various Causes. The study involves defining the problem, carrying out the secondary search, identifying the key attributes of the information to be captured with respect to the study, identifying the target respondents, developing the questionnaire, data collection by way of conducting the online survey and detailed analysis etc. More than 216 responses were captured as part of data collection through survey.

II. REVIEW OF LITERATURE

The work of Bhattacharya and Sen (2004) summarized that the outcome Cause-Related Marketing bring about positive response for organization who adopt it as a marketing communication tool. For instance, the collaboration between Marriott and March of Dimes whose objective was cost efficient promotion and media coverage for their 200 acres' family amusement center. Their main objective was to increase fund raising and motivate people about it. This promotional technique was conducted at that time in 6 to 7 cities of USA and was the foremost winning promotion in the history of USA (Griffin & Hauser, 1993).

In their seminal piece on CRM (Cause Related Marketing), Varadarajan and Menon (1988) provide a comprehensive conceptual examination of CRM and define it as the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives. However, Varadarajan and Menon alert firms to the dangers. Regardless of increased sales and good publicity, firms can be perceived as exploiters of causes and charities, which can ultimately become bad publicity. Early concerns centered around CRM's Contemporary Management Research impact on philanthropy and NPOs (Gurin, 1987). Although these concerns persist (Andreasen, 1996), it is becoming increasingly apparent that the firms involved are more often the target of negative consumer affective and behavioral responses than are the nonprofit recipients (Ellen, Mohr and Webb, 1997). Preliminary research efforts to examine consumer responses to CRM have focused on describing general responses to the concept and measuring how the elements of CRM campaigns affect attitudes and purchase intent.

According to Heinrich (2005) Cause-Related Marketing (CRM) is considered as the initial step of corporate world where corporations take steps for the welfare and betterment of the community. It is also proved by the study of UK borders that Cause-Related Marketing is one the most influential elements regarding buying behavior of consumer and other vital factors are price and the quality of the product/service

The research "The impact of cause related marketing on consumer attitude to the brand and purchase intention (2004)" by Katheleen J Westberg, Griffith University supports for the preposition that consumers will have a more positive attitude toward a sponsorship or sales promotion. This study further highlights the importance of firm choosing the appropriate cause to partner with, as this association will impact on the ability of this strategy to positively influence the brand attitude.

Another research conducted by Paul N. Bloom, Steve Hoeffler, et al research scholar of MIT, Sloan "How Social-Cause Marketing Affects Consumer Perceptions (2006)" indicates that a market research technique called conjoint analysis can help managers and could be a valuable market research tool to help companies to predict what kind of affinity marketing program is likely to offer the best return on investment for their brand. Further this research has examined a range of initiatives, including cause-related marketing (in which every unit sold of a brand triggers a donation to a cause), green marketing (in which the environmental friendliness of a company or brand is stressed as a differentiating attribute), cause sponsorship (in which a brand is clearly identified as a cause supporter) and social advertising (in which a cause is promoted in a brand's ads. It is found by the study that exposure to any type of well-conceived promotional initiative for a brand leads to more positive feelings and judgments about the brand in a consumer's mind.

Francisca Farache and et all in his study "Cause related marketing: consumers' perceptions and benefits for profit and non-profits organizations" attempted to understand consumers' perceptions regarding CRM. The research findings based on a survey of 200 consumers in the Brighton area and the research aim was focused on the consumers' perception of the alliance between corporations and non-profit organizations. The research indicates that consumers have a better perception of firms that work with charities and good causes than those that do not. Study further emphasized the consumer perceptions that the partnership between corporations and charities has an impact on the good of society, however, they are aware that corporations themselves benefit from this partnership. It is found in the study that consumers prefer mostly to support those causes which are related to Children followed by health research and third world. The researchers noticed that an individual connection with a cause might have considerable influence on consumer attitudes and behavior in relation to a specific cause.

In an another study by Marcela Sefora Sana from Babeş Bolyai University and Teodora Mihaela Tarcza from University of Oradea in his paper "Cause-related Marketing: A Strategic Orientation in Business Research" illustrated the CRM in a precise manner in the following words "A long time economic and social objectives have been seen as competing, but academic researchers underline that this two directions may converge in certain situations. Companies belong to communities where they develop their activities. When the social goals of the communities are related to the main objectives of the company, sustaining a social cause could produce economic benefits. Cause-related marketing is a marketing concept that gained more interest in the last three decades and exemplifies how social and economic objectives are achieved in a strategic manner in promoting campaigns".

They further emphasize that researches in business and non-profit organizations reveal that cause-related marketing campaigns sustain the growth of market share and sales, and help at improving brands image. More and more companies and non-profit organizations find CRM as a strategic tool suitable for building long term relations to the customers, for increasing brand awareness, for gaining a social responsible corporative image, for supporting local community or for producing transformation in sustaining causes at global or international level.

In one more study on CRM by Hae Joo Kim of University of Toronto, Jae-Il Kim and Woong Hee Han of Seoul National University Seoul, Korea, "The Effects of Cause-Related Marketing on Company and Brand Attitudes" termed the CRM as a practice of strategic philanthropy. Study stated that Cause-related marketing has gained currency among firms seeking both social and economic benefits simultaneously. Unlike previous findings that have mainly shown the positive effects of CRM, this study focuses on when CRM efforts can backfire. According to the results, attitude toward the company was mainly affected by the level of corporate credibility. Participants in the low corporate credibility condition showed a less favorable company attitude. In addition to the main effect of corporate credibility, product-cause relatedness determined consumers' attitude toward the brand; cause-related marketing adversely affected brand attitude when there was an association between the cause and the product's risk.

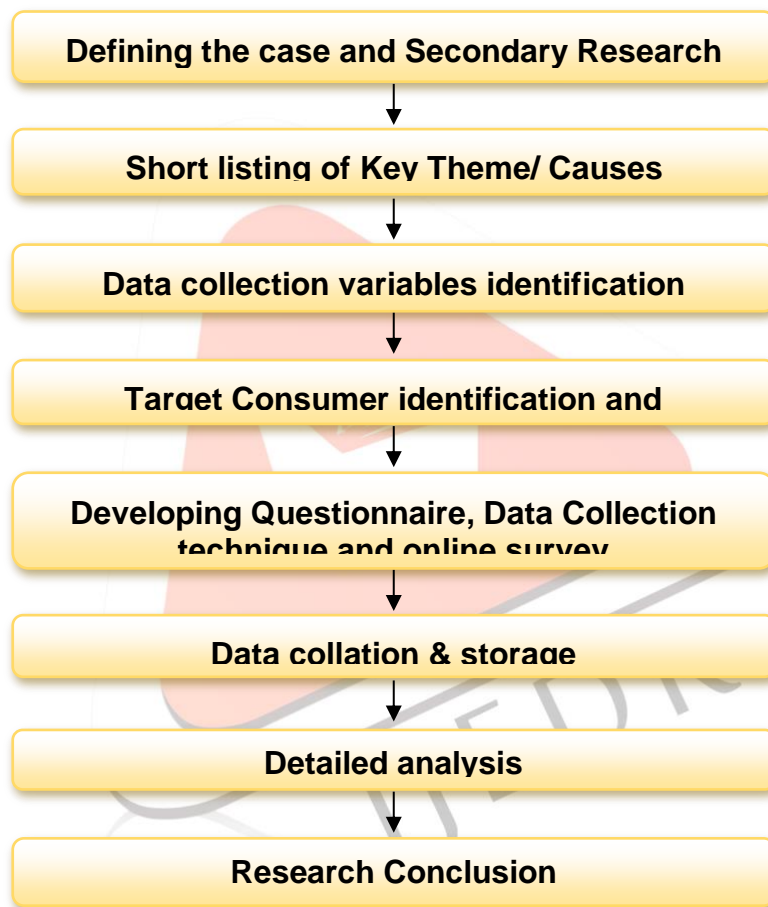
III. OBJECTIVE

The objective of this research is to study and analyze the awareness, knowledge believes and perceptions of the consumers towards the brands/ products involving Cause Related Marketing and identifying the most preferred cause accepted by the consumers.

- To study and assess of the awareness and knowledge of the consumers.
- To understanding the people's perceptions & believes towards CRM.
- To analyze the consumer choice and preferences along with acceptability and effectiveness of various cause options.

IV. METHODOLOGY

This section describes the methodology adopted in research on the subject "Cause Related Marketing: An insight into Indian consumer's perception". The focus of this research is on consumer perceptions. Therefore, a consumer survey was conducted in order to examine how the alliance between for-profit and non-profit organizations is perceived among the consumers. Based on the aims and CRM literature, the authors developed the research questions. The study followed a mix of Quantitative research methodology and Descriptive Research Design approach where in the various thematic causes were identified and shortlisted using the various search techniques, target consumers were identified and categorized, primary search using data collection through online questionnaire survey was conducted and detailed analysis was done to study the consumers attitude towards the products and thematic areas of using Cause Related Marketing. Study adopted a dynamic approach in order to address and take in account the problems which may arise while carrying out study and the required strategic decisions would taken to overcome these challenges.



Methodology Flowchart

V. DISCUSSION & FINDINGS

As part of the data collection activity a total of 216 responses were collected. Demographic profile of sample included different age groups, income brackets, education background, gender etc. The point wise discussions and findings are as follows:

[\(Table-1\) Demographic Profile of Customers \(Sample N=216\)](#)

Demographic Profile of sample (N=216)	
Customer Age (in years)	
18 – 30 yrs	54
30 – 45 yrs	146
45 – 60 yrs	15
More than 60 yrs	1
Total	216
Gender:	
Female	31
Male	185
Total	216

Education Level:	
Up to 12 th	02
Graduate	90
Post Graduate	85
Professional	36
Others	03
Total	216
Working Status:	
Student	5
Working	199
Neither studying nor working	12
Total	216

The respondents' demographic information showed in (Table-1), presented that majority of respondent are male which represent 86 % of total sample size. With respect to age group, people of age group 30- 45 years are interested in Cause-Related marketed products which represent 68% of sample and 25% of respondents are of age group 18-30 yrs. Majority of sample consists of Service class which is 92% of sample size.. The occupation of respondents showed that majority of respondents are engaged in doing their own business with accounted for 38% followed by private jobs that accounted to 31.4%. As for as education is concerned, 42% respondents are Graduate, 39% are Post Graduate and 17% are having professional degree.

Graphical representation of Demographic Profile of Customers

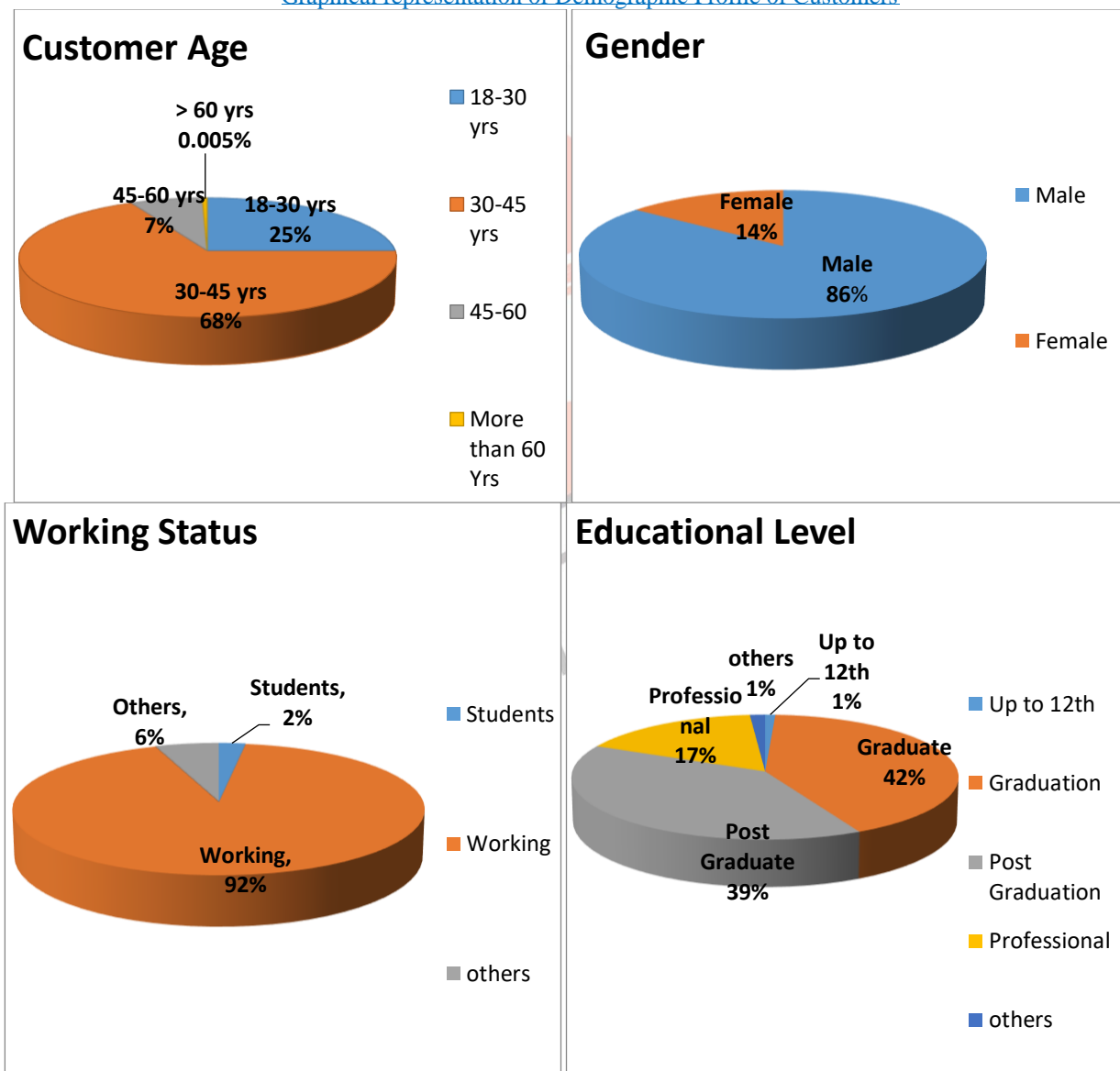


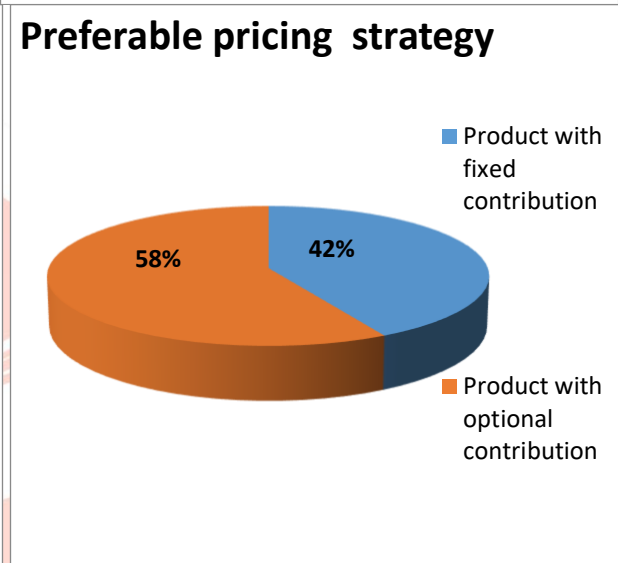
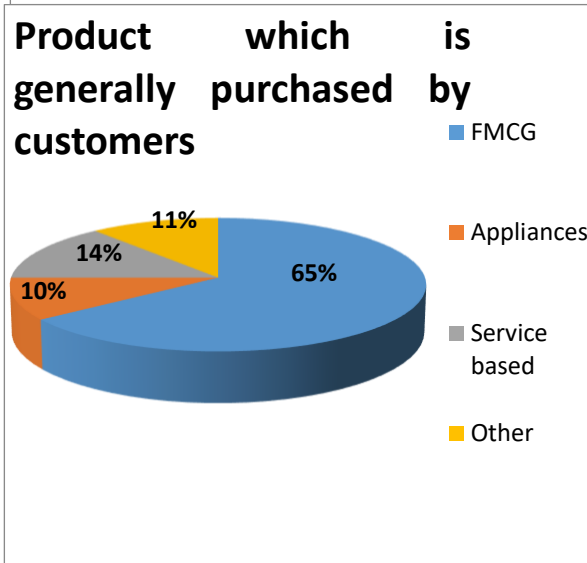
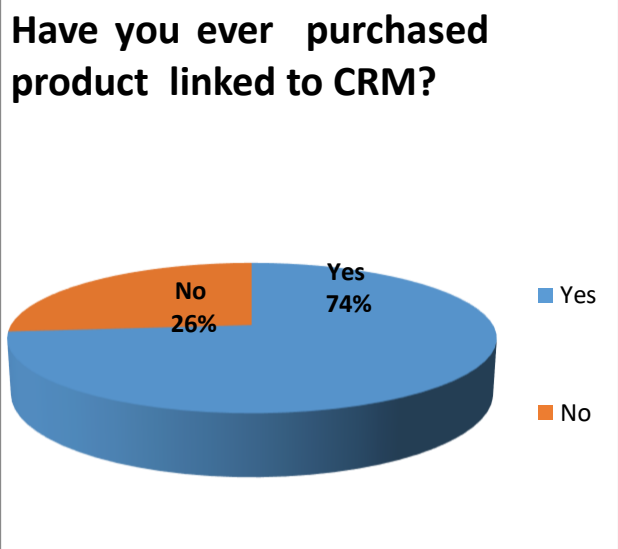
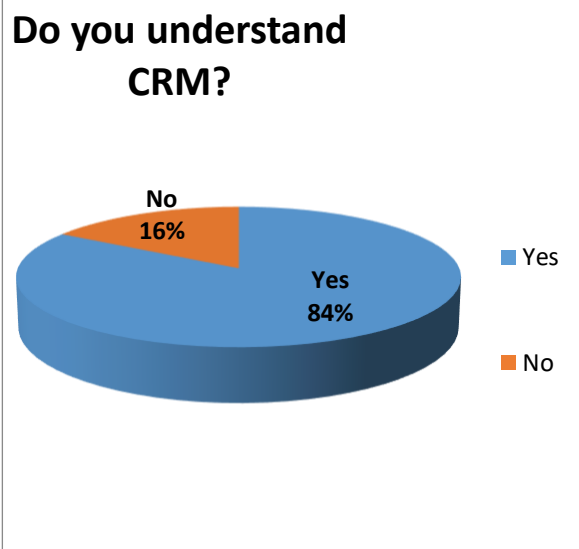
Table-2 CRM related response of respondents (N=216)

In given table the responses of customers are tabulated with respect to Cause related Marketing, purchase products, their perception on various pricing strategy for CRM products, their feeling and sentiments about the CRM products and money expand, brand image of product and the preferred cause for which they would like to donate etc.

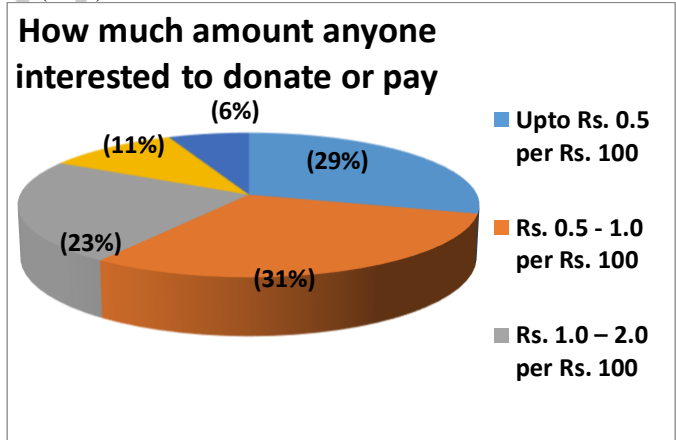
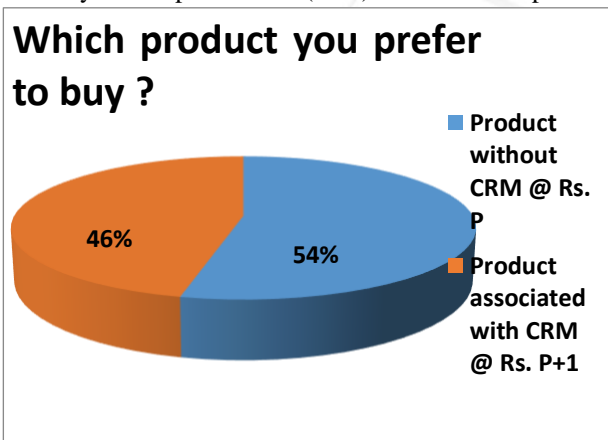
Do you understand Cause Related Marketing (CRM)?	
Yes	181

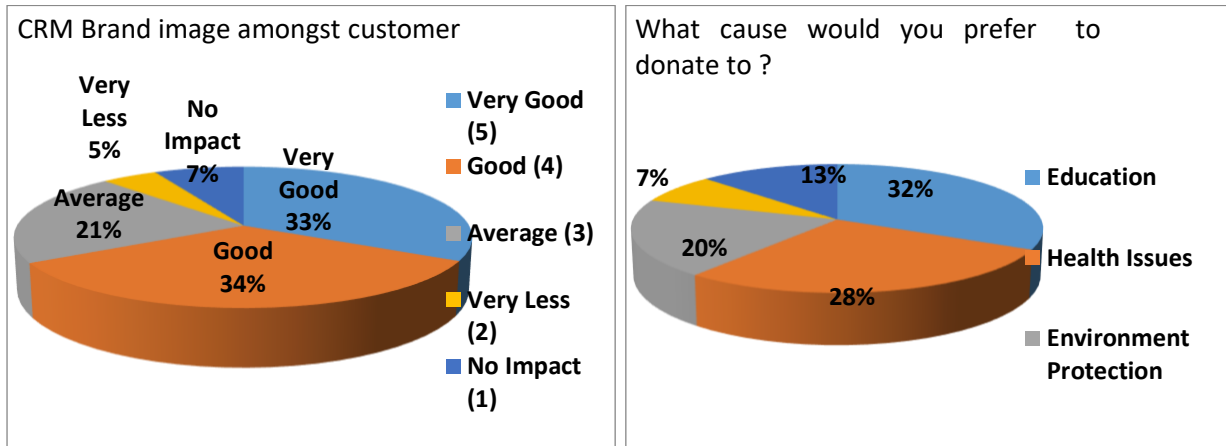
No	35
Total	216

Have you purchased any product associated to CRM?	
Yes	159
No	57
Total	216
What kind of product would you generally purchase?	
FMCG	140
Appliances	22
Service based	30
Other	24
Total	216
What kind of revenue collection strategy would you prefer while buying product?	
A product with fixed contribution	91
A product with optional contribution	125
Total	216
Which product you likely to buy?	
Product without CRM @ Rs. P	116
Product with CRM @ Rs. P+1	100
Total	216
How much would you be interested to donate or pay?	
Up to Rs. 0.5 per 100 Rupees	63
Rs. 0.5 - 1.0 per 100 Rupees	66
Rs. 1.0 – 2.0 per 100 Rupees	50
More than Rs. 2.0 per 100 Rupees	23
Others	14
Total	216
Do you think that a CRM linked product has positive image amongst the customer?	
Very Good (5)	71
Good (4)	73
Average (3)	46
Very Less (2)	10
No Impact (1)	16
Total	216
What cause would you prefer or feel important to donate to?	
Education	70
Health Issues	61
Environment Protection	42
Welfare	16
Disaster Management	27
Total	216
Do you think that the money so collected in CRM campaign is used in proper way?	
Yes	109
No	89
Can't say	17
Total	216
What would be your response in switching over to brand which used CRM to promote its brand?	
Switch	160
Do not Switch	21
Neutral	35
Total	216
What kind of feeling is generated on seeing the advertisement associated with CRM?	
Positive	140
Negative	15
Neutral	42
do not bother	19
Total	216

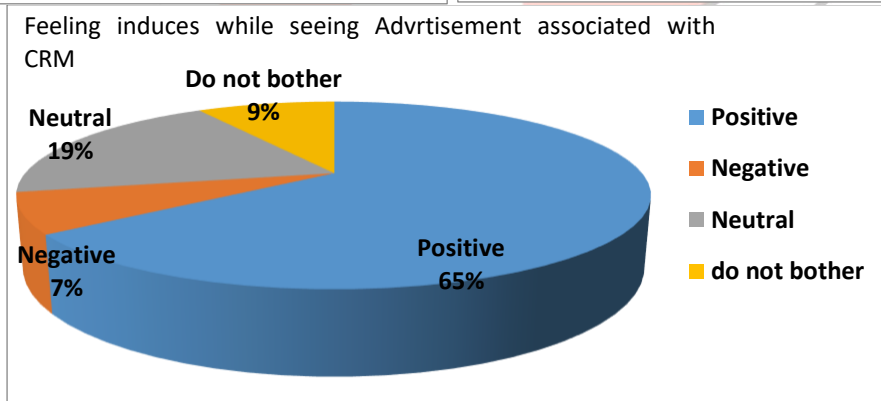
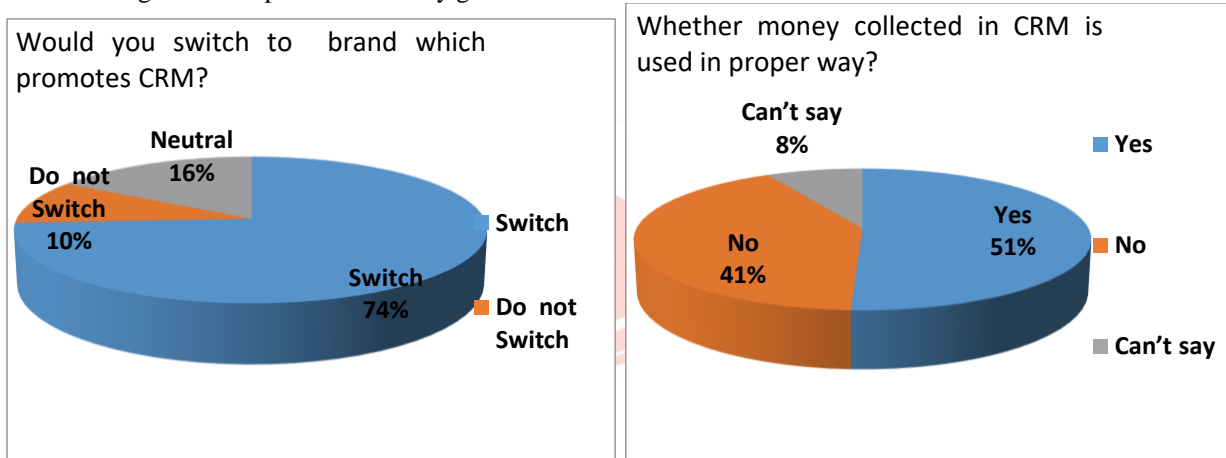


Data collected from sample population and above pie chart reveals that 84% respondents understand Cause Related Marketing and 74 % accepted that they have purchased the Products linked with CRM. Fast Moving Consumers Goods (FMCG) are the mostly purchased product (65%) by Indian consumers followed by service based products (14%). Data reveals that consumers prefers Product without CRM (54%) over Product with CRM(46%) but if they have to purchase the Product with CRM then Consumers prefer product with optional contribution (58%) as compared to product with fixed contribution (42%). On enquiring about the how much amount one is interested to pay for CRM products, consumers prefer to pay Rs 0.5 to 1 per Rs 100 (31%) followed by Rs 0.5 per Rs 100 (29%) and Rs 1 to 2 per Rs 100(23%).





Preferred cause for donation can be understood by the above chart, where 32 % consumers prefer the Education (32%) as the main cause for which they are willing to donate followed by Health(32%), Environment(20%), Disaster Management(13) and Welfare(7%). From the data shown above 34 % consumers have accepted that brand image of CRM product are good and 33% said that brand image of CRM products are very good.



74 % consumers said that they will happily switch over to brand which promotes Cause Related Marketing. 51 % customers believe that the money collected through CRM is used in proper way however 41 % do not believe. 65 % consumers say that positive feeling is induced when they see the advertisement associated with CRM whereas only 7% consumers say that negative feeling is induced.

VI. CONCLUSION

This study found that consumers have a better perception of firms that work with charities and good causes. However, they are aware that corporations themselves benefit from this partnership.

- After analyzing data of 216 respondents and their preferences, understanding and feeling towards CRM, it is concluded that around 84% respondents understand Cause Related Marketing. Most of the respondents (Approx 90%) were youth in the age bracket of 18-45 yrs. 65% respondents generally purchased the FMCG products and therefore FMCG companies may reap the benefit by cause related marketing.
- Most preferred cause for donation is Education, Health and Environment. Therefore companies may design their CRM keeping in view these three main causes as part of CRM strategy and companies may attach these priority causes with the products/ brands while developing their marketing strategy. It is also felt that brand may actually benefitted through if it is

assured to consumer that their association with company has led to some improvement in a cause which is close to their heart.

- Another noticeable is that the cost of product/service should preferably in the range of 0.5% to 1.0% of the real price of the product and it is better if it is not more than 2.0%, otherwise the people choice may shift to the other non CRM products/brands.
- It may also concluded from the study that brand image of company who practices CRM is positive and 67% consumers accept that the Brand image of CRM Product is either very good or Good and it is the take away for the whole study for the companies and want to generate positive brand image of its products,
- Another important observation of the study is that 74% consumers believe that they can switch to the brand which promotes CRM and cause close to their heart, 65% consumers stated that the positive feeling are induced after seeing the Advertisement associated with CRM and which promotes any cause.

VII. LIMITATIONS & SCOPE FOR FURTHER STUDIES

Limitations

- This case study has attempts to investigate the impact of the cause related marketing on consumer purchase behavior. For this purpose the data was collected via online mode and surveys were floated using social networking means. Due the time and budget constraints convenience sampling was done. The analysis is based on approx two hundred respondents, as soon as we increase the respondents, result may vary.
- Since the data collection was done using online survey technique, the responses are received online only; the study left out the responses/ does not have responses from people who do not have access to the internet/online social networks.
- Few of the respondents of this study were consumers who were unfamiliar with the CRM campaigns, so they may not be the correct target respondents.

Further Scope of Study

- The findings of this research may not relate to specific goods or services because this research did not focus on specific goods or services so future research is suggested to validate the findings of this research with specific goods or services. The sample size of the respondents should also be increased for further studies. This study can be replicated using a number of other brands and product categories to determine whether these results can be extended to other conditions.
- Furthermore this study can be replicated with other sample to determine whether these findings can be generalized to the overall population. Most importantly, repetition of this study may clarify the impact of cause related marketing on brand performance in comparison to other communication strategies.

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