7
ASSESSMENT OF MYOPIA IN CAUSE RELATED MARKETING

Asmita Dwivedi
Management Student
Delhi Institute of Advanced Studies

Abstract

This article looks at the subject of cause-related marketing which is used by companies in their marketing communication activities to showcase their commitment towards corporate social responsibility. It is believed that cause-related marketing is a communications tool for building brand equity and increasing customer loyalty. Customer perception regarding the reasons for a company's involvement in cause-related programmes and the amount of help given to the cause by the company comes out to be an important factor to bring about a positive change in a company's image because of cause- related marketing campaigns. Apart from this the general attitude of consumers towards marketing campaigns of the companies and scepticism also affect their response to cause-related marketing campaigns. Findings of the study are relevant in eliminating myopia in this area.

Keywords: Cause-related Marketing, Consumer perception, Purchase decision

Introduction

Cause related marketing (CRM) is a novel idea through which organizations can increase their sales while appearing to enhance their focus on social responsibility. While marketing in general is focused on the process of selling, influencing and persuading the end user to purchase a product, organizations need to satisfy the human needs of their customers (Kotler and Levy, 1969) and of their other internal and external publics (Kotler, 1972). This becomes imperative for the business organizations due to their obligation to society and to achieve a positive image in the eyes of their consumers which ultimately leads to the benefits of customer loyalty brand equity and revenue increase. Cause related marketing allows the organizations to reach their customers and publics in a favourable manner by tying a company's "economic activity to a higher social purpose" (Kotler and Levy, 1969, p. 15).

Varadarajan and Menon (1988) define cause related marketing 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." In other words, cause related marketing commonly refers to promotional strategy in which a firm's sales are linked to a charity or other public cause towards which a percentage of the sales revenue is donated. Cause Related Marketing is a commercial activity by which businesses and charities (or causes) form a partnership with each other to market an image, product or service for mutual benefit. It is a marketing tool used to help address the contemporary social issues by providing resources and funding, while addressing important business objectives at the same time.

Cause-related marketing campaigns vary in their scope and design. Though the most common type of CRM is in which a company donates a portion of each purchase made by its customers during a specific period of time to some nonprofit entity, there are several variations in this and not all CRM campaigns channel money to causes; some engage principally in educational or awareness-building activities. Present day business environment is characterised by a multitude of products of similar quality, price and service. Therefore, the companies have a need to differentiate themselves and their product. For this, many companies are turning to the use of cause-related marketing (CRM) as a communications tool. Basically, the concept entails firms communicating about their corporate social responsibility, namely their affiliation or work with non-profit organisations or support for causes through their advertising, packaging and promotions in order to attract consumers wanting to make a difference in society through their purchasing.

There are many examples of cause related marketing in India. Proctor and Gamble initiated Shiksha, its social responsibility programme in India in 2005 after its research revealed that education is an important cause for which Indian consumers would like to contribute by choosing brands of P&G. Novartis India Ltd., in a cause-related marketing scheme, donated 2% of the value of sales of Ovaltine Plus towards CRY's Gujarat rehabilitation operations. As part of the "Chhotte Kadam Pragati Ki Aur" initiative, every time a woman chooses to buy a bottle of Nihar Shanti Amla, 2%

of all proceeds will be contributed to the cause of children's education in partnership with NGO Child Rights and You (CRY) India. For every four Classmate Notebooks purchased, ITC contributes Re. 1 to its social development initiative that supports primary education along with various other projects. Tata tea advertisements which showcase the "Jaago Re" campaign to create awareness about social issues are an example of cause related marketing where donations from sales proceeds are not being made. Although cause related marketing has become increasingly popular, academic researchers are still exploring the various aspects of how consumers respond to it. CRM can be an important tool for differentiating a brand from its competitors (Murphy 1997; Tate 1995) and, therefore, improving its odds of being purchased. Given the complexity and uncertainty associated with the evaluation of CRM campaigns (Tate 1995), research is needed that provides insight into whether and when corporate sponsorship of social causes enhances brand choice. The present paper examines in depth how consumers perceive cause-related marketing and how it affects their preference for brands.

Conceptual Background

Cause-related marketing (CRM) is defined as the process of formulating and implementing marketing activities that are characterised by contributing a specific amount to a designated non-profit effort that, in turn, causes customers to engage in revenue providing exchanges (Mullen, 1997). According to Mullen, it is a 'dramatic way to build brand equity … as it creates the most added value and most directly enhances financial performance'. It (societal marketing) can generate the long-term value needed for a company to survive and achieve competitive advantage (Collins, 1993). Cause-related marketing has a great potential in helping marketers to stay in tune with the mood of the public, as it is more sensitive, trustworthy and relevant to society (Duncan & Moriarty, 1997). Duncan (1995) refers to CRM as 'mission marketing' (MM)

which integrates a non-commercial, socially redeeming system into a company's business plan and operations. CRM or MM is 'the ultimate brand contact, the manifestation of a company's mission and philosophy, which can drive communication campaigns and even strategy' (Duncan & Moriarty, 1997).

Companies view CRM as a tool to achieve their economic and social objectives. Consumers on the other hand, view the purchase of a brand linked to a cause as a form of charity and socially conscious decision which fulfils the self-esteem needs of the consumers. Thus, consumers may respond favourably to CRM as their purchase of such brands would show their behaviour to be pro-social.

Similarly, CRM finds basis in the theory of social exchange which looks at human interaction in terms of dynamic social process in which parties exchange resources, commodities or skills in order to maximize their returns in minimum possible cost. In CRM the parties involved are the company, the cause and the consumer. Consumers may take CRM positively if they feel that it is a way in which they are getting satisfaction at very little or no extra cost.

Concluding about the potential for a company's cause related marketing to affect consumer choice is difficult because existing evidence is equivocal regarding the effectiveness of CRM campaigns. In some studies, CRM has been found to have a favourable effect on attitudes (Brown and Dacin 1997; Ross, Patterson, and Stutts 1992; Tate 1995) and purchase intentions (Kroll 1996; Murphy 1997; Ross et al. 1992; Sen and Morwitz 1996; Smith and Stodghill 1994). However, in certain other studies CRM has been found to foster negative perceptions about a company's motivation for engaging in such activities (Smith and Stodghill 1994).

When properly executed, CRM helps in

increasing the sale of products, enhances image and motivates employees. However, CRM can be a dangerous area for companies to venture into if not done properly. According to Duncan and Moriarty (1997), this means, among other things, tying the cause to the organization's mission, making it long term, not using it as a short-term tactic to increase sales, and understanding that the effects are not always easy to measure and whatever effects there are, normally through enhanced reputation, are very long term.

Methodology of Study

Objectives: This study was undertaken to find out what consumers feel about cause related marketing and how do they respond to CRM campaigns so as to provide insights to marketers about effective use of CRM. Specifically, the study was designed to answer the following questions:

- Do consumers perceive CRM as a good idea for supporting a cause?
- Do consumers pay attention to cause related advertisement and remember them?
- Do consumers purchase a product due to CRM?
- Do consumers switch from their preferred brand if it is not related to a cause to the one which is related to a cause?
- Does the amount of contribution to the cause affect consumer purchase decision?
- Does proximity affect consumer preference to donate to a cause?
- What type of causes are the Indian consumers more likely to support?
- Do some demographic groups react more favourably to CRM than others?
- Are consumers sceptical about CRM?
- Does this scepticism affect their purchase decision?

Sample and Methods: The sample consisted of 214 respondents from all over India. The mean age of the respondents was 36.8 years (standard deviation = 10.4 years); 68 per cent

were male, 32 per cent female; 57 per cent were married, 43 per cent widowed, divorced or unmarried; 74 per cent were salaried and 26 per cent self-employed. The most common income category was Rs. 30,000 to Rs. 50,000 and most of the respondents were graduates.

Questionnaires were sent through personalized e-mails. 300 e-mails were sent out of which 27 were returned by the mail servers, 42 questionnaires were not returned and 17 were returned incomplete. Thus 214 complete responses were recorded yielding 71.3 per cent response rate.

Question items used, in most cases, were adapted from prior literature and were close ended. A definition of cause related marketing was given to the respondents in the beginning of the questionnaire. The questionnaire was pretested with 10 consumers. The feedback from the pilot test was used to improve the readability and the quality of the questions in the instrument.

Research Findings

Do consumers perceive CRM as a good idea for supporting a cause?
Over 62 percent of the consumers believe that cause related marketing is a good way of supporting a cause by the company and consumers. 14 percent were unsure and the rest did not believe CRM to be a good idea for supporting a cause (Table 1).

Table 1: Consumers' Perception about Cause Related Marketing.

Respo- nses	Overall %age	% Male	% Female
CRM is a good idea	62.3	54.1	70.5
Not sure about CRM	14	14.4	13.2
CRM is a bad idea	23.7	31.5	16.3

Do consumers pay attention to cause related advertisement and remember them?
73 percent of the respondents could recall one or more CRM advertisements (Table 2). Out of 25 companies named along with the causes they support the CRM advertisements which most of the respondents remembered were of Procter and Gamble, ITC Classmate, Idea Cellular and Tata Tea.

Table 2: Consumers' tendency to recall cause related advertisement or promotion.

Responses	Overall Percentage
None	27.1
1 - 4 advertisements	65.9
Morethan4 advertisements	7

Do consumers purchase a product due to CRM?
34 percent of the respondents stated that they have purchased a product because they wanted to support the cause shown in a CRM advertisement (Table 3). More women than men said that they have purchased a product for supporting the related cause.

Table 3: Influence of CRM on consumers' purchase decision for a product.

Respo- nses	Overall Percent- age	Percent Male	Percent Female
Have purchased a product due to CRM	34.1	28.1	39.3
Have not purchased a product due to CRM	65.9	71.9	60.7

Do consumers switch from their preferred brand if it is not related to a cause to the one which is related to a cause?
Respondents were asked to give the likelihood that they would purchase a brand advertised in a CRM promotion when they normally purchase the product category but of some other brand. 53 percent of the respondents stated that they would try a new brand if they regularly use the product category and found the cause it is related to worthwhile (Table 4). Again women showed more likelihood of trying the CRM brand in comparison to men.

Table 4: Consumers' likelihood to switch from their preferred brand if it is not related to a cause to the one which is related to a cause.

Likelihood of purchase	Overall Percentage
Likely	52.8
Not sure	9.3
Unlikely	37.9

Does the amount of contribution to the cause affect consumer purchase decision?
Around 62 percent of the respondents stated that they would be influenced by the amount of contribution towards the cause, 23 percent stated that they would not be influenced by the amount of contribution while the rest 15 percent were undecided about it (Table 5). The cross tabulation of these responses on demographic grounds did not yield any significant difference.

Table 5: Effect of Amount of Contribution to the cause on Purchase Decision.

Response	Overall Percentage
Likely to affect	62.1
Not sure	14.9
Unlikely to affect	23

Does proximity affect consumer preference to donate to a cause?
In terms of CRM, the proximity may be differentiated as local, regional, national or international and consumers' responses may need to be investigated (Varadarajan and Menon, 1988). 44 percent of the respondents

stated they would prefer to support a local cause, 13 percent stated they would prefer to support a regional cause, 37 percent stated they would prefer to support a national cause while 6 percent stated they would prefer to support an international cause (Table 6).

Table 6: Effect of proximity to the cause on Purchase Decision.

Scope of Cause	Overall Percentage
Local	43.9
Regional	13.1
National	36.9
International	6.1

What type of causes are the Indian consumers more likely to support?
Table 7 shows that people in India are more likely to support causes aimed at food security, education, reducing child labour, disaster relief, providing shelter to homeless and curing a disease.

Table 7: Preference to support the type of cause.

Types of Cause	%age likely to support
Food security	78
Education	73.8
Disaster relief	68.7
Reducing child labour	59.8
Providing shelter to homeless	47.1
Research and treatment for curing a disease	38.3
Protect environment	34.5
Support for vaccination campaigns	28.9
Supporting a sport	23.8
Supporting alcoholics help groups	14.4

Are consumers sceptical about CRM?
The addition of scepticism as an influence on purchase intent arises from several key findings in the existing literature which demonstrate the overriding influence of a consumer's level of scepticism about a product, service or company on their decision making process. Scepticism has been defined as a tendency toward disbelief (Obermiller and Spangenberg, 2001), or the overall tendency to question (Kantner and Mirvis, 1989; Boush et al., 1993).

In the case of cause-related marketing, consumers are often likely to be sceptical about a company's motivation for participating in such a program, especially when the company publicizes its participation (Webb and Mohr, 1998). Specifically, consumer scepticism is often determined by whether the cause-related marketing programs are perceived by the consumer to be cause-beneficial, or cause exploitative (Varadarajan and Menon, 1988; Ross et al., 1991; Andreasan, 1996). Low levels of scepticism tend to occur when customers believe that CSR program is being driven by altruistic intentions rather than by the desire to increase sales.

28 percent of the respondents stated that they were sceptical about the intentions of the companies running cause related marketing campaigns.

Does this scepticism affect their purchase decision?
Positive influence on intent to purchase the CRM product is believed to be stronger when the customer scepticism toward the sponsoring company's motivation to participate in a cause related marketing program is low than when it is high. To test this the sample was split into three segments, representing respondents with a high, medium and low level of scepticism about the company's motivations respectively and their purchase of CRM brands was evaluated. Purchase intent was low for those respondents who were more sceptical about the company's motivations for CRM.

Discussion

This research supports previous results reported in the literature, suggesting that a substantial, viable, and identifiable market segment exists that considers a company's level of social responsibility in its purchase decisions. Companies have an opportunity to appeal to this group while simultaneously meeting their business objectives and making a contribution to society. One of Andreasen's (1995) suggestions for supporting people in the maintenance stage of behaviour change is to "make the hidden benefits visible". Based on this, managers could develop CRM campaigns for marketing communications that provide details about how their companies have helped address specific social issues to make a differentiation in the market and give the company a competitive edge. Differentiating your company/brand through the image of care and compassion to society is a strategy that can be highly rewarded. However, only a consistent, believable contribution to a cause (or non-profit organisation) can build brand image and brand equity.

Stakeholders' support for a business is based on their relationship and interaction with the brand as well as the way they perceive the brand and its company. Webb and Mohr (1998) suggest that companies clearly communicate the terms of the offer and the results as a CRM campaign progresses.

Female consumers are more likely to respond favourably to CRM as found in the study. Therefore, companies could try to create CRM campaigns specially focussed on women and their importance in taking the decisions for the family.

Consumers are more likely to support a local or a national cause as compared to a regional or international one as they find themselves more attached to and responsible towards their local causes or have a patriotic feeling when they contribute towards a national cause. Similarly, the Indian consumers are more ready to contribute towards some causes like food security and education more than other types of causes.

For customers it is important that they believe

the campaign is trustworthy. Honesty, long-term commitment to a cause and involvement of non-profit organisations are factors that help to overcome customers' scepticism towards CRM. The motives for CSR are often questioned and therefore companies need to engage in credible CSR programs that consumers believe are motivated, at least partially, by a desire to help others. This may require assuring consumers that the company has not increased prices or lowered product quality in exchange for a higher level of social responsibility.

Research suggests that knowledge has a negative effect on a person's scepticism level (Szyckman et al., 1997). This implies that companies should emphasise on the awareness of corporate social responsibility and its benefits among consumers. Consumer education programs could be conducted to teach people about CSR issues and about their role in encouraging CSR in order to promote a greater understanding among the public of why this is important and how the community benefits.

Finally, at the level of policymakers and regulators, policies need to be designed to discourage abuse of CRM by unscrupulous marketers. In addition to consumer education programs to help consumers understand all the information available on companies, regulation may be necessary. Self-regulating industry group or NGOs to monitor social responsibility claims would help protect the consumers against false or misleading claims.

References

1. Andreasan, A.R. (1996), "Profits for nonprofits: find a corporate partner", *Harvard Business Review*, Vol. 74 No. 6, pp. 47-59.

2. Barone, M. J., Miyazaki, A. D., & Taylor, K. A. (2000). The influence of cause-related marketing on consumer choice: does one good turn deserve another? *Journal of the academy of marketing Science*, 28(2), 248-262.

3. Boush, D.M., Kim, C.-H., Khale, L.R. and Batra, R. (1993), "Cynicism and conformity as correlates of trust in product information sources", *Journal of Current Issues and Research in Advertising*, Vol. 15 No. 2, pp. 71-79.

4. Brown, T.J. and Dacin, P.A. (1997), "The company and the product: corporate associations and consumer product responses", *Journal of Marketing*, Vol. 61 No. 1, pp. 68-84.

5. Collins, M. (1993) 'Global corporate philanthropy – marketing beyond the call of the duty?', *European Journal of Marketing*, 27(2), 46–58.

6. Drumwright, M.E. (1996), "Company advertising with a social dimension: the role of non-economic criteria", *Journal of Marketing*, Vol. 60 No. 4, pp. 71-87.

7. Duncan, T. (1995) 'Why mission marketing is more strategic and long-term than cause marketing', *Winter Educator's Conference*, Vol. 6.

8. Duncan, T. & Moriarty, S. (1997) Driving Brand Value: Using Integrated Marketing to Manage Profitable Stakeholder Relationships. New York: McGraw-Hill.

9. Gupta, S., & Pirsch, J. (2006). The company-cause-customer fit decision in cause-related marketing. *Journal of Consumer Marketing*, 23(6), 314-326.

10. Kantner, D.L. and Mirvis, P.H. (1989), Thy Cynical Americans: Living and Working in an Age of Discontent and Disillusion, Jossey-Bass Publishers, San Francisco, CA.

11. Kotler, P. (1972), "A generic concept of marketing", *Journal of Marketing*, Vol. 36 No. 2, pp. 45-54.

12. Kotler, P. and Levy, S. (1969), "Broadening the concept of marketing", *Journal of Marketing*, Vol. 23 No. 1, pp. 10-15.

13. Kroll, Carol. 1996. "Consumers Note Marketers' Good Causes: Roper." *Advertising Age*, November 11, p. 51.

14. Landreth, S., Pirsch, J. and Garretson, J. (2004), "Cause related marketing", in Scammon, D., Mason, M. and Mayer, R. (Eds), Marketing and Public Policy Proceedings, Salt Lake City, UT, pp. 116-8.

15. Murphy, I. P. 1997. "Pillsbury Proves Charity, Marketing Begins at Home." *Marketing News*, February 17, p.16.

16. Obermiller, Carl and Eric Spangenberg. 1997. "Development of a Scale to Measure Consumer Skepticism Toward Advertising." *Journal of Consumer Psychology* 7 (2): 159-186.

17. Ross III, J. K., Stutts, M. A., & Patterson, L. (1991). Tactical considerations for the effective use of cause-related marketing. *Journal of Applied Business Research (JABR)*, 7(2), 58-65.

18. Ross, J.K., Patterson, L.T. and Stutts, M.A. (1992), "Consumer perceptions of organizations that use cause related marketing", *Journal of the Academy of Marketing Science*, Vol. 20 No. 1, pp. 93-7.

19. Sen, Sankar and Vicki G. Morwitz. 1996. "Consumer Reactions to a Provider's Position on Social Issues: The Effect of Varying Frames of Reference." *Journal of Consumer Psychology* 5 (1): 27-48.

20. Smith, Geoffrey and Ron Stodghill III. 1994. "Are Good Causes Good Marketing?" *Business Week*, March 21, pp. 64, 66.

21. Szykman, R.L., Bloom, N.P. & Levy, S.A. (1997) 'A proposed model of the

use of package claims and nutrition labels', Journal of Public Policy & Marketing, 16(2), 228–241.

22. *Tate, Nancy T. 1995. "And Now a Word From Our Sponsor." American Demographics, June, p. 46.*

23. *Varadarajan, P.R. and Menon, A. (1988), "Cause related marketing: a co-alignment of marketing strategy and corporate philanthropy", Journal of Marketing, Vol. 52, No. 3, pp. 58-74.*

24. *Webb, D.J. and Mohr, L.A. (1998), "A typology of consumer responses to cause related marketing: from skeptics to socially concerned", Journal of Public Policy and Marketing, Vol. 17 No. 2, pp. 226-38ll*